SPADA GOLD LTD.

FINANCIAL STATEMENTS

For the year ended December 31, 2016 and from incorporation on June 23, 2015 to December 31, 2015

MANNING ELLIOTT
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Spada Gold Ltd.

We have audited the accompanying financial statements of Spada Gold Ltd. which comprise the statements of financial position as at December 31, 2016 and December 31, 2015, and the statements of comprehensive loss, changes in equity and cash flows for the year ended December 31, 2016 and the period from incorporation on June 23, 2015 to December 31, 2015 and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained based on our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Spada Gold Ltd. as at December 31, 2016 and December 31, 2015, and its financial performance and its cash flows for the year ended December 31, 2016 and the period from incorporation on June 23, 2015 to December 31, 2015 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 2 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Spada Gold Ltd. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
April 12, 2017

SPADA GOLD LTD.
Statements of Financial Position
(Stated in Canadian Dollars)

ASSETS

	December 31, 2016	December 31, 2015
Current		
Cash	$ 398,270	$ 284,526
GST receivable	2,213	7
	$ 400,483	$ 284,533

LIABILITIES

Current		
Accounts payable and accrued liabilities	$ 12,836	$ 16,096

SHAREHOLDERS' EQUITY

Share capital – Note 6	$ 445,002	$ 300,000
Reserves	22,045	-
Deficit	(79,400)	(31,563)
	387,647	268,437
	$ 400,483	$ 284,533

Going Concern - Note 2

APPROVED ON BEHALF OF THE BOARD:

"Ron Ho" Director *"Chris Buss"* Director

The accompanying notes are an integral part of these financial statements.

SPADA GOLD LTD.
Statements of Loss and Comprehensive Loss
(Stated in Canadian Dollars)

	Year ended December 31, 2016	June 23, 2015 to December 31, 2015
General and administrative expenses		
Listing fees	$ 18,707	$ 18,948
Share-based compensation – Note 6	16,431	-
Audit and accounting fees	8,000	5,000
Consulting fees	2,740	-
Legal fees	1,831	7,418
Bank charges	128	197
Net loss and comprehensive loss for the period	$ (47,837)	$ (31,563)
Weighted average number of common shares outstanding	7,426,231	2,890,053
Basic and diluted loss per share	$ (0.01)	$ (0.01)

The accompanying notes are an integral part of these financial statements.

SPADA GOLD LTD.
Statements of Changes in Shareholders' Equity
(Stated in Canadian Dollars)

	Shares	Share Capital	Reserves	Deficit	Total
Balance at June 23, 2015	-	$ -	$ -	$ -	$ -
Share issued	1	-	-	-	-
Private placement	6,000,000	300,000	-	-	300,000
Comprehensive loss for the period	-	-	-	(31,563)	(31,563)
Balance at December 31, 2015	6,000,001	$ 300,000	$ -	$ (31,563)	$ 268,437
Initial public offering	2,000,000	200,000	-	-	200,000
Share issuance costs – Note 6	-	(54,998)	5,614	-	(49,384)
Share-based compensation – Note 6	-	-	16,431	-	16,431
Comprehensive loss for the year	-	-	-	(47,837)	(47,837)
Balance at December 31, 2016	8,000,001	$ 445,002	$ 22,045	$ (79,400)	$ 387,647

The accompanying notes are an integral part of these financial statements.

SPADA GOLD LTD.
Statements of Cash Flows
(Stated in Canadian Dollars)

	Year ended December 31, 2016	June 23, 2015 to December 31, 2015
Operating activities:		
Net loss for the period	$ (47,837)	$ (31,563)
Share-based compensation	16,431	-
Changes in non-cash working capital items:		
Increase in GST receivable	(2,206)	(7)
Increase (decrease) in accounts payable and accrued liabilities	(3,260)	16,096
Cash used in operating activities	(36,872)	(15,474)
Financing activities:		
Issuance of common shares	200,000	300,000
Share issuance costs	(49,384)	-
Cash provided by financing activities	150,616	300,000
Increase in cash	113,744	284,526
Cash, beginning of the period	284,526	-
Cash, end of the period	$ 398,270	$ 284,526
Supplemental disclosure of cash flow information:		
Interest paid in cash	$ -	$ -
Income taxes paid in cash	$ -	$ -

The accompanying notes are an integral part of these financial statements.

Note 1 Nature of Operations

Spada Gold Ltd. (the "Company") was incorporated under the Business Corporations Act of British Columbia on June 23, 2015. On April 14, 2016, the Company completed an initial public offering and became a capital pool company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. The Company intends to engage in the acquisition and exploration of mineral properties in Canada with a view to completing a Qualifying Transaction ("QT"). The Company has not commenced operations. Given the nature of the activities, no separate segmented information is reported. The Company is required to complete its QT on or before two years from the date the Company receives regulatory approval as a capital pool company.

The head office, principal address and registered office of the Company are located at 2297 Bowser Avenue, North Vancouver, British Columbia.

These financial statements were authorized for issue by the board of directors of the Company on April 12, 2017.

Note 2 Going Concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has incurred operating losses to date and has no source of revenues. The Company's ability to continue as a going concern is dependent upon raising additional capital to acquire mineral properties and develop a profitable business. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary to the statement of financial position classifications used. Such adjustments could be material.

Note 3 Basis of Presentation

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of Presentation

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value and presented in Canadian dollars which is the functional currency of the Company. All amounts are rounded to the nearest dollar.

Note 3 Basis of Presentation – (cont'd)

Critical accounting estimates and judgements

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Estimates:

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. The most significant accounts that require estimates as the basis for determining the stated amounts include the valuation of deferred income tax and share-based compensation.

Judgements:

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include the assessment of the Company's ability to continue as a going concern and the recoverability of the Company's deferred tax assets.

Note 4 Significant Accounting Policies

Cash and cash equivalents

Cash is comprised of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with maturities within three months when acquired. The Company did not have any cash equivalents as of December 31, 2016 and 2015.

Exploration and evaluation costs

Pre-exploration costs are expensed in the period in which they are incurred. Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss.

Note 4 Significant Accounting Policies – (cont'd)

Once technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Exploration and evaluation expenditures are classified as intangible assets.

Income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used are those that are substantively enacted by the end of the reporting date.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financing reporting. The change in the net deferred income tax asset or liability is included in income except for deferred income tax relating to equity items which is recognized directly in equity. The income tax effects of differences in the periods when revenue and expenses are recognized, in accordance with Company accounting practices, and the periods they are recognized for income tax purposes are reflected as deferred income tax assets or liabilities. Deferred income tax assets and liabilities are measured using the substantively enacted statutory income tax rates which are expected to apply to taxable income in the years in which the assets are realized or the liabilities settled. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity and are intended to be settled on a net basis.

The determination of current and deferred taxes requires interpretations of tax legislation, estimates of expected timing of reversal of deferred tax assets and liabilities, and estimates of future earnings.

Share-based compensation

The stock option plan allows the Company's employees and directors to acquire shares of the Company. The fair value of the options granted is recognized as share-based compensation expense with a corresponding increase in equity. Consideration paid on the exercise of the stock options is credited to share capital and the fair value of the options is reclassified from reserves to share capital. In situations where equity instruments are issued to non-employees and some or all of the services received by the entity as consideration cannot be specifically identified, they are all measured at the fair value of the share-based compensation; otherwise share-based compensation is measured at the fair value of the services received.

Note 4 Significant Accounting Policies – (cont'd)

The fair value is measured at grant date and each tranche is recognized over the period during which options vest. The fair value of the options granted is measured using the Black Scholes options pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options and share purchase warrants are classified as equity instruments.

The fair value of the common shares issued in a private placement unit of shares and warrants is determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted price on the issuance date. The remaining proceeds, if any, are allocated to the attached warrants. Warrants issued to agents are measured at their fair value on the date of grant using the Black-Scholes option pricing model and recognized in equity as a deduction from the proceeds. Costs directly attributable to the issue of new shares are recognized in equity as a deduction from the proceeds. Costs attributable to the listing of existing shares are expensed as incurred.

Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares issued and outstanding during the period. Diluted loss per share is calculated assuming that outstanding share purchase options, with an average market price that exceeds the average exercise prices of the options and warrants for the period, are exercised and the proceeds are used to repurchase shares of the Company at the average market price of the common shares for the period.

Financial instruments

Financial instruments are defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

Financial assets are classified as fair value through profit or loss ("FVTPL") when they are held for trading. A financial instrument is held for trading if it was acquired for the purpose of selling in the near term. Financial instruments classified as FVTPL are stated at fair value with any changes in fair value recognized in earnings for the period. The Company's cash and cash equivalents are classified as FVTPL.

Other financial liabilities are initially recorded at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. The Company's accounts payable are classified as financial liabilities.

Note 4 Significant Accounting Policies – (cont'd)

New accounting standards issued but not yet effective

New accounting standards effective January 1, 2018:

IFRS 9 – Financial Instruments, classification and measurement

IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 Financial Instruments – Recognition and Measurement for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 was subsequently amended in November 2013 to add new general hedge accounting requirements. The final version of IFRS 9 was issued in July 2014 and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

The Company does not believe the adoption of the above future accounting standard changes will have a material impact on its financial statements.

(Stated in Canadian dollars)

Note 5 Related party transactions

Key management compensation

The Company considers the directors and officers of the Company as key management personnel. Key management compensation consists of the following:

		December 31, 2016		December 31, 2015
Share-based compensation	$	16,431	$	-

During the period from incorporation on June 23, 2015 to December 31, 2015, the following related party transactions occurred:

- An officer and director of the Company subscribed for 1,800,000 in common shares for gross proceeds of $90,000.
- Three individual directors subscribed for 100,000 in common shares each, for gross aggregate proceeds of $15,000.

During the year ended December 31, 2016, the following related party transaction occurred:

- An officer and director of the Company subscribed for 37,500 in common shares for gross proceeds of $3,750.

Note 6 Share Capital

a) Authorized: The Company is authorized to issue an unlimited number of common shares with no par value.

b) Issued: 8,000,001 common shares.

c) Escrow shares: Included in share capital are 6,072,001 common shares held in escrow. These common shares will be fully released April 13, 2019. These escrow shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities.

During the period from incorporation on June 23, 2015 to December 31, 2015, the Company issued 1 founder's share for $nil proceeds and 6,000,000 shares at $0.05 per share for proceeds of $300,000.

On April 14, 2016, the Company completed an initial public offering as a capital pool company, issuing 2,000,000 shares for gross proceeds of $200,000. The Company incurred share issuance costs of $54,998 in conjunction with the offering.

(Stated in Canadian dollars)

Note 6 Share Capital – (cont'd)

Warrants

On April 14, 2016, the Company issued 200,000 share purchase warrants to the agent for the initial public offering. These share purchase warrants have an exercise price of $0.10 and expire on April 14, 2018. The Company recorded $5,614 in share issuance costs in connection with this grant using the Black-Scholes model with the following assumptions: a risk free rate of 0.60%, an expected volatility of 50%, an expected life of 2 years, a share price on grant date of $0.10 and an expected dividend of zero.

	Number of Warrants	Weighted Average Exercise Price
Balance, June 23, 2015 and December 31, 2015	-	-
Granted	200,000	0.10
Balance, December 31, 2016	200,000	0.10

Information regarding warrants outstanding as at December 31, 2016 is as follows:

Warrants	Average Exercise Price	Expiry
200,000	$0.10	April 14, 2018

The warrants outstanding at December 31, 2016 have a weighted average remaining life of 1.28 years.

Stock Options

On December 3, 2015, the Company approved the creation of a stock option plan and authorized 400,000 incentive stock options to be issued to directors upon the closing date of the Company's initial public offering.

These 400,000 incentive stock option were granted on April 14, 2016, have an exercise price of $0.10, expire on April 14, 2021 and vest 50% upon grant, 25% six months after the grant date and 25% 12 months after the grant date. As at December 31, 2016, 300,000 of these stock options were exercisable.

	Number of Options	Weighted Average Exercise Price
Balance, June 23, 2015 and December 31, 2015	-	-
Granted	400,000	0.10
Balance, December 31, 2016	400,000	0.10

(Stated in Canadian dollars)

Note 6 Share Capital – (cont'd)

Information regarding stock options outstanding as at December 31, 2016 is as follows:

Options	Average Exercise Price	Expiry
400,000	$0.10	April 14, 2021

The options outstanding at December 31, 2016 have a weighted average remaining life of 4.29 years.

Share-based compensation for stock options granted during the year ended December 31, 2016 was estimated using the following assumptions in the Black-Scholes option-pricing model:

	2016
Risk-free interest rate	0.75%
Expected life	5 years
Expected volatility	50%
Share price	$0.10
Expected dividends	-
Forfeiture rate	-

The stock options had a grant date fair value of $17,386 or $0.04 per option. During the year ended December 31, 2016 the Company recognized $16,431 in share-based compensation in connection with this grant.

Note 7 Financial Instruments and Risk Management

Financial instruments

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2016 and 2015, the Company's financial instruments consist of cash and accounts payable. Their fair values approximate their carrying amounts due to the short-term nature of these instruments. Cash is recorded at fair value on a recurring basis using a level 1 measurement.

Note 7 Financial Instruments and Risk Management – (cont'd)

Credit risk

The Company's credit risk was primarily attributable to bank balances. The Company limits its credit exposure on cash held in bank accounts firstly by holding its key transactional bank accounts with banks of international financial institutions. Significant credit risk exposures to any single counterparty or group of counterparty having similar characteristics were as follows:

	December 31, 2016	December 31, 2015
Bank deposit: Scotiabank	$398,270	284,526

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk. Management believes the risk of loss to be minimal.

Interest rate risk

The Company's interest rate risk arises primarily from the interest received on cash. No material risks were identified.

Other risks

None of the Company's future cash flows of financial instruments are subject to change from other price changes and currency risks.

Capital Risk Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity comprised of issued share capital and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements as at December 31, 2016 and 2015.

(Stated in Canadian dollars)

Note 8 Income Taxes

The provision for income taxes differs from the amount that would be obtained by applying the statutory income tax rate to loss before income taxes due to:

	December 31, 2016	December 31, 2015
Net Loss before income taxes for the year	$ (47,837)	$ (31,563)
Expected tax recovery at a combined federal and provincial rate of 26.0%	(12,438)	(8,206)
Permanent and other differences	(8,568)	-
Change in unrecognized tax assets	21,006	8,206
Income tax expense	$ -	$ -

The significant components of the Company's deferred income tax assets were as follows:

	December 31, 2016	December 31, 2015
Non-capital loss carry forwards	$ 18,940	$ 8,206
Share issuance costs	10,272	-
Deferred tax assets not recognized	(29,212)	(8,206)
	$ -	$ -

As at December 31, 2016, the Company had $72,845 (December 31, 2015 - $31,562) of non-capital loss carry forwards available to reduce taxable income for future years, of which $31,562 expire in 2035 and $41,283 expire in 2036.