

**ETHOS GOLD CORP.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016**

**(Stated in Canadian dollars)**

**NOTICE TO READER**

These condensed interim financial statements have been prepared by the management of Ethos Gold Corp. and have not been reviewed by the auditors of Ethos Gold Corp.

**ETHOS GOLD CORP.**  
**Condensed Interim Statements of Financial Position**  
**(Stated in Canadian Dollars)**  
**(Unaudited)**

	Note	September 30, 2017	December 31, 2016
<b>Assets</b>			
Current assets:			
Cash and cash equivalents		\$ 7,313,620	\$ 7,754,382
Amounts receivable		23,310	6,006
Prepaid expenses		39,249	21,703
		7,376,179	7,782,091
Mineral interests	3	1	1
		\$ 7,376,180	\$ 7,782,092
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 37,836	\$ 21,257
Due to related parties	5	-	5,515
		37,836	26,772
<b>Shareholders' Equity</b>			
Share capital	4	23,094,436	23,094,436
Share option reserve		2,457,068	2,457,068
Share warrant reserve		3,065,932	3,065,932
Deficit		(21,279,092)	(20,862,116)
		7,338,344	7,755,320
		\$ 7,376,180	\$ 7,782,092

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

Approved by the Board of Directors and authorized for issue on November 28, 2017.

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 "Darren Devine" Director

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 "Gary Freeman" Director

**ETHOS GOLD CORP.****Condensed Interim Statements of Loss and Comprehensive Loss****(Stated in Canadian Dollars)****(Unaudited)**

		<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>Note</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Expenses</b>					
Amortization of equipment		\$ -	\$ 1,534	\$ -	\$ 4,602
Consulting	5	74,606	76,638	257,033	197,622
Listing and filing fees		3,964	14,545	27,970	38,349
Office and administrative	5	11,909	20,665	39,264	51,640
Professional fees		31,048	17,523	69,075	27,086
Rent		9,216	7,273	27,648	14,784
Share-based compensation	7	-	-	-	228,994
Travel and expenses		11,487	10,428	43,635	25,540
Loss before the undernoted		(142,230)	(148,606)	(464,625)	(588,617)
<b>Other income (expenses)</b>					
Interest income		18,516	14,533	47,453	43,704
Foreign exchange (loss)/gain		196	43	196	(202)
<b>Net loss and comprehensive loss for the period</b>		<b>\$ (123,518)</b>	<b>\$ (134,030)</b>	<b>\$ (416,976)</b>	<b>\$ (545,115)</b>
<b>Basic and diluted loss per share</b>		<b>\$ (0.01)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of shares outstanding</b>		<b>47,335,381</b>	<b>47,335,381</b>	<b>47,335,381</b>	<b>45,453,737</b>

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

**ETHOS GOLD CORP.**  
**Condensed Interim Statements of Changes in Equity**  
**(Stated in Canadian Dollars)**  
**(Unaudited)**

	Share Capital		Share Reserves		Deficit	Total
	Number of Shares	Amount	Share Option Reserve	Share Warrant Reserve		
Balance, December 31, 2015	43,458,911	\$ 22,441,603	\$ 2,228,074	\$ 3,065,932	\$ (20,162,583)	\$ 7,573,026
Private placement, net of issuance costs (note 4(b)(i))	3,876,470	652,833	-	-	-	652,833
Share-based compensation	-	-	228,994	-	-	228,994
Net loss for the period	-	-	-	-	(545,115)	(545,115)
Balance, September 30, 2016	47,335,381	23,094,436	2,457,068	3,065,932	(20,707,698)	7,909,738
Net loss for the period	-	-	-	-	(154,418)	(154,418)
Balance, December 31, 2016	47,335,381	23,094,436	2,457,068	3,065,932	(20,862,116)	7,755,320
Net loss for the period	-	-	-	-	(416,976)	(416,976)
Balance, September 30, 2017	47,335,381	\$ 23,094,436	\$ 2,457,068	\$ 3,065,932	\$ (21,279,092)	\$ 7,338,344

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

**ETHOS GOLD CORP.**  
**Condensed Interim Statements of Cash Flows**  
**(Stated in Canadian Dollars)**  
**(Unaudited)**

	<b>For the nine months ended September 30,</b>	
	<b>2017</b>	<b>2016</b>
<b>Operating activities</b>		
Net loss for the period	\$ (416,976)	\$ (545,115)
Item not affecting cash:		
Amortization of equipment	-	4,602
Share-based compensation	-	228,994
	(416,976)	(311,519)
Changes in non-cash working capital components		
Amounts receivable	(17,304)	896
Prepaid expenses	(17,546)	4,425
Accounts payable and accrued liabilities	16,579	(43,776)
Due to related parties	(5,515)	6,959
Cash used in operating activities	(440,762)	(343,015)
<b>Financing activities</b>		
Common shares issued, net of share issuance costs	-	652,833
Cash provided by financing activities	-	652,833
<b>Increase (Decrease) in cash and cash equivalents</b>	<b>(440,762)</b>	<b>309,818</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>7,754,382</b>	<b>7,601,335</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 7,313,620</b>	<b>\$ 7,911,153</b>
<b>Cash and cash equivalents consisted of</b>		
Cash on deposit with a Canadian Senior Bank	\$ 7,273,478	\$ 7,871,111
Term deposits and Guaranteed investment certificates issued by a Canadian Senior Bank	40,142	40,042
	\$ 7,313,620	\$ 7,911,153

**Supplemental Cash Flow Information (note 6)**

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

# **ETHOS GOLD CORP.**

## **Notes to the Condensed Interim Financial Statements For the Nine Months Ended September 30, 2017 and 2016 (Expressed in Canadian Dollars) (Unaudited)**

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### **1. NATURE OF OPERATIONS**

Ethos Gold Corp. (the “Company” or “Ethos”) was incorporated on March 12, 2007 under the British Columbia Business Corporations Act. In 2009, it began trading on the TSX Venture Exchange (“TSX-V”) as a Tier 2 company under the symbol ECC. Its registered office is located at 1430 – 800 West Pender Street, Vancouver, BC, V6C 2V6. The Company’s principal business activities are the identification, exploration and development of economically viable mineral properties.

The Company’s operations during the nine months ended September 30, 2017 were solely directed towards the search for business opportunities in favorable jurisdictions.

These financial statements have been prepared on the basis that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The ability of the Company to continue as a going concern is dependent on obtaining additional financing and if required through the issuance of debt or equity. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect the adjustments or reclassifications that would be necessary if the Company were unable to continue operations in the normal course of business.

### **2. BASIS OF PREPARATION**

#### **Statement of compliance**

These condensed interim financial statements, including the comparative statements, have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting using the same accounting policies and methods as were used for the Company’s financial statements and the notes thereto for the year ended December 31, 2016 (“Annual Financial Statements”). These financial statements should be read in conjunction with the Annual Financial Statements.

#### **Basis of Preparation**

These financial statements have been prepared on a historical cost basis, except for cash and cash equivalents classified as fair value through profit or loss which has been measured at fair value.

#### **Changes in accounting standards not yet adopted**

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial impairment methods in IAS 39. The effective date for application of IFRS 9 was revised from annual periods beginning on or after January 1, 2015, to annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company is currently evaluating the impact of the adoption of the amendments on its financial statements; however, the impact, if any, is not expected to be significant.

# ETHOS GOLD CORP.

## Notes to the Condensed Interim Financial Statements For the Nine Months Ended September 30, 2017 and 2016 (Expressed in Canadian Dollars) (Unaudited)

### 3. MINERAL INTERESTS

	Yukon Canada	Total
<b>Acquisition Costs</b>		
Balance, December 31, 2016 and September 30, 2017	\$ 1	\$ 1

#### WC Property, Yukon

The Company staked a 44 claim property in 2012. This property will remain in good standing until 2018 with no further expenditures.

### 4. SHARE CAPITAL

#### (a) Authorized

Unlimited number of common shares without par value  
Unlimited number of preferred shares without par value

#### (b) Common shares – Issued and outstanding

Common shares - At September 30, 2017 and December 31, 2016 the Company had 47,335,381 common shares issued and outstanding.

Preferred shares – At September 30, 2017 and December 31, 2016 no preferred shares were issued and outstanding.

- i) On May 12, 2016, the Company completed a non-brokered private placement of 3,876,470 units at a price of \$0.17 per unit for gross proceeds of \$659,000. Each unit is comprised of one common share and one non-transferable common share purchase warrant exercisable for a term of two years. Each common share purchase warrant entitles the holder thereof to purchase one additional common share of the Company at an exercise price of \$0.30 per common share during the term of the warrant. The Company incurred \$6,167 in related expenses. No finder's fee was paid in connection with the private placement.

#### (c) Share purchase options

Share purchase options are granted at an exercise price equal to the estimated fair value of the Company's common shares on the date of the grant.

On June 22, 2010, the Company implemented a new Share Option Plan for the benefit of directors, employees, management company employees and consultants of the Company. The Plan provides that the directors of the Company may grant options to purchase common shares on terms that the directors may determine. The maximum aggregate number of common shares that may be reserved for issuance under the Plan is 10% of the issued and outstanding common shares of the Company at the time of grant. At September 30, 2017, 2,840,000 share purchase options were outstanding.

# ETHOS GOLD CORP.

## Notes to the Condensed Interim Financial Statements For the Nine Months Ended September 30, 2017 and 2016 (Expressed in Canadian Dollars) (Unaudited)

### 4. SHARE CAPITAL (continued)

#### (c) Share purchase options (continued)

A summary of the status of the Company's share purchase options outstanding is presented below:

	September 30, 2017		December 31, 2016	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding, beginning of period	3,190,000	\$0.28	2,085,000	\$0.31
Granted	-	-	1,340,000	\$0.30
Expired	-	-	(235,000)	\$0.69
Cancelled	(350,000)	(\$0.24)	-	-
Outstanding, end of period	2,840,000	\$0.29	3,190,000	\$0.28

As at September 30, 2017, the following share purchase options were outstanding and exercisable:

Expiry date	Outstanding Options	Weighted Average Exercise Price	Weighted Average Remaining contractual life (in years)	Exercisable Options
May 16, 2018	900,000	\$0.36	0.88	900,000
Aug 2, 2019	100,000	\$0.20	2.09	100,000
Jul 29, 2020	575,000	\$0.15	3.08	575,000
Jun 22, 2021	1,265,000	\$0.30	3.98	1,265,000
	2,840,000	\$0.28	2.23	2,840,000

The weighted average grant-date fair value of share purchase options granted during the nine months ended September 30, 2017 was \$nil (Year ended December 31, 2016 - \$0.17) per share purchase option. The Company determines the fair value of options granted using the Black-Scholes model for share purchase options issued to employees. The Company determines the fair value of share purchase options issued to non-employees using the value of services provided by the non-employees.

# ETHOS GOLD CORP.

## Notes to the Condensed Interim Financial Statements For the Nine Months Ended September 30, 2017 and 2016 (Expressed in Canadian Dollars) (Unaudited)

### 4. SHARE CAPITAL (continued)

#### (c) Share purchase options (continued)

The following weighted-average grant date assumptions were used in valuing share purchase options granted during the nine months ended September 30, 2017 and the year ended December 31, 2016 to directors, officers and employees:

	September 30, 2017	December 31, 2016
Weighted average share price	n/a	\$0.30
Weighted average exercise price	n/a	\$0.30
Risk-free interest rate	n/a	0.70%
Expected volatility <sup>(1)</sup>	n/a	69%
Expected years of option life <sup>(2)</sup>	n/a	5
Expected dividends	n/a	Nil

<sup>(1)</sup> Expected volatility was determined based on the historical volatility of the Company over a period commensurate with the expected option life

<sup>(2)</sup> The effects of early exercise were not incorporated into the model as the options are expected to be held for the contractual life.

#### (d) Share purchase warrants

As at September 30, 2017 the Company had 3,876,470 (December 31, 2016 – 3,876,470) share purchase warrants outstanding entitling the holders to acquire common shares as follows:

Exercise Price	Expiry Date	Outstanding, December 31, 2016	Issued	Expired	Outstanding, September 30, 2017
\$0.30	May 12, 2018	3,876,470	-	-	3,876,470
		3,876,470	-	-	3,876,470

# ETHOS GOLD CORP.

## Notes to the Condensed Interim Financial Statements For the Nine Months Ended September 30, 2017 and 2016 (Expressed in Canadian Dollars) (Unaudited)

### 5. RELATED PARTY TRANSACTIONS

Related party transactions are recorded at the exchange amount as agreed to by the parties. Related party transactions not otherwise disclosed in these financial statements are:

- (a) The Company paid \$202,500 during the nine months ended September 30, 2017 (2016 - \$102,750) in consulting fees to private companies controlled by certain directors and officers of the Company.
- (b) As at September 30, 2017, \$nil (December 31, 2016 – \$5,515) was due to related parties. These amounts are non-interest bearing and are payable on demand.

#### Key personnel compensation

	For the three months ended September 30,	
	2017	2016
Consulting fees	\$ 67,500	\$ 67,500
Directors fees	4,800	7,200
Share-based compensation	-	-
	<u>\$ 72,300</u>	<u>\$ 74,700</u>

	For the nine months ended September 30,	
	2017	2016
Consulting fees	\$ 202,500	\$ 170,250
Directors fees	16,800	21,600
Share-based compensation	-	217,886
	<u>\$ 219,300</u>	<u>\$ 409,736</u>

### 6. SUPPLEMENTAL CASH FLOW INFORMATION

	2017	2016
Interest received	\$ 47,453	\$ 43,704

### 7. SEGMENT INFORMATION

- (a) The Company operates in one industry segment (note 1).
- (b) At September 30, 2017 and December 31, 2016, the Company's mineral interests were located as follows:

	September 30, 2017	December 31, 2016
<b>Mineral interests</b>		
Yukon, Canada	\$ 1	\$ 1

The Company's other assets and liabilities and net expenses are attributable to its corporate office and exploration and project evaluation activities in Canada.

# **ETHOS GOLD CORP.**

## **Notes to the Condensed Interim Financial Statements For the Nine Months Ended September 30, 2017 and 2016 (Expressed in Canadian Dollars) (Unaudited)**

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### **8. COMMITMENT AND CONTINGENCIES**

The Company's exploration activities in the Yukon Territory are subject to various federal, provincial and state laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment, and believes its operations are materially in compliance with all applicable laws and regulations. The Company makes, and expects to make in the future, expenditures to comply with such laws and regulations, including any reclamation at its mineral properties, on a continuous basis.

### **9. MANAGEMENT OF CAPITAL**

The Company's objectives when managing capital are to safeguard its ability to pursue its objectives. The Company measures its capital as its shareholders' equity. The Company's primary source of capital is the issuance of equity.

The Company manages and adjusts its capital structure whenever changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek additional funding.

The Company may require additional funding to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required, but recognizes there will be risks involved that may be beyond its control.

The Company expects its current capital resources will be sufficient to carry out its exploration plans and operations through at least the next twelve months. There are no external restrictions on the Company's capital.

### **10. FINANCIAL INSTRUMENTS**

The Company is exposed to credit risk, liquidity risk and interest rate risk from its financial instruments which include cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities. The Company is not exposed to significant market or other price risks.

#### Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash and short term investments are on deposit at a major financial institution. Amounts receivable consist primarily of goods and services tax refunds due from the Government of Canada and are neither past due nor impaired. As such, the Company considers its exposure to credit risk to be minimal.

#### Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due. The Company is exposed to liquidity risk through its accounts payable, accrued liabilities and amounts due to related parties, which are all due on demand. The Company uses cash forecasts to ensure as far as possible that there is sufficient cash on hand to meet short-term business requirements. Cash is invested in highly liquid investments which are available to discharge obligations when they come due.

# ETHOS GOLD CORP.

## Notes to the Condensed Interim Financial Statements For the Nine Months Ended September 30, 2017 and 2016 (Expressed in Canadian Dollars) (Unaudited)

### 10. FINANCIAL INSTRUMENTS (continued)

#### Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the fair value or future cash flows of the Company's financial instruments. The Company is exposed from time to time to interest rate risk as a result of holding fixed rate temporary investments of varying maturities. The Company reduces the risk that it will realize a loss as a result of a decline in the fair value of these investments by limiting these investments to highly liquid securities with short-term maturities.

As at September 30, 2017, the Company estimates that a 1% change in prevailing interest rates would change the fair value of future cash flows from the Company's financial instruments by approximately \$1,000 (December 31, 2016 - \$1,000).

### 11. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

- (a) On November 24, 2017, the Company, through its wholly owned Mexican subsidiary, Compañía Minera Roca Dorada, S.A. de C.V., entered into an option to purchase agreement whereby the Company owns the right to acquire a 100% interest in the La Purisima project, located in Chihuahua, Mexico. Pursuant to the option purchase agreement, the Company can exercise the option to acquire 100% of the La Purisima project by making cash payments totaling US\$3,495,000; issuing 3,000,000 common shares of the Company over a 72-month period (as set out in the table below) and on exercising the option grants a 2% net smelter returns royalty of which 1% can be repurchased for US\$1 million.

	<b>Cash</b>	<b>Shares</b>
On date of signing	US\$45,000	50,000
12 months from the date of signing	US\$100,000	100,000
24 months from the date of signing	US\$250,000	250,000
36 months from the date of signing	US\$350,000	350,000
48 months from the date of signing	US\$500,000	500,000
60 months from the date of signing	US\$750,000	750,000
72 months from the date of signing	US\$1,500,000	1,000,000