

PROVIDENCE GOLD MINES INC.
(Formerly Red Hut Metals Inc.)

CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine months ended September 30, 2017

(Stated in Canadian Dollars)

(Unaudited)

NOTICE TO READER OF THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

The unaudited condensed interim financial statements for the period ended September 30, 2017 have been prepared by and are the responsibility of the Company's management. These financial statements have not been reviewed or audited by the Company's auditors.

PROVIDENCE GOLD MINES INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Stated in Canadian Dollars)
(Unaudited)

	September 30, 2017	December 31, 2016
<u>ASSETS</u>		
Current assets		
Cash	\$ 562,925	\$ 20,460
Accounts receivable	4,634	1,198
Prepaid expenses and advances	24,065	-
Total Current Assets	591,624	21,658
Non-Current assets		
Equipment, net	9,344	-
Exploration and evaluation assets – Note 3	396,898	-
Total Non-Current Assets	406,242	-
Total Assets	\$ 997,866	\$ 21,658
<u>LIABILITIES</u>		
Current liabilities		
Trade and other payables – Note 5	\$ 110,484	\$ 73,125
<u>EQUITY</u>		
Share capital – Note 4	2,541,653	1,277,317
Equity reserve	103,664	-
Foreign currency translation reserve	(5,916)	-
Accumulated deficit	(1,752,019)	(1,328,784)
Total Equity	887,382	(51,467)
Total Liabilities and Equity	\$ 997,866	\$ 21,658

Basis of Preparation – Note 2

APPROVED ON BEHALF OF THE DIRECTORS:

<u>“Ronald Coombes”</u> Ronald Coombes	Director	<u>“Gary Arca”</u> Gary Arca	Director
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The accompanying notes form an integral part of these condensed interim financial statements

PROVIDENCE GOLD MINES INC.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Stated in Canadian Dollars)
(Unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2017	2016	2017	2016
Other Income:				
Gain on forgiveness of debt	\$ -	\$ 28,457	\$ -	\$ 28,457
Interest revenue	-	224	-	224
Recovery of property cost	5,526	-	5,526	-
Total Other Income	5,526	28,681	5,526	28,681
Expenses:				
Accounting and audit fees – Note 5	2,215	3,000	6,497	5,630
Amortization	461	-	461	-
Finance cost	484	-	484	-
Foreign exchange loss	6,882	-	7,190	-
Legal and corporate services – Note 5	16,500	3,526	36,604	49,526
Marketing activities	140,000	-	140,000	-
Management activities	101,169	15,000	134,503	45,187
Office, rent and administration – Note 5	11,726	3,267	18,343	16,720
Property investigation and exploration	-	-	10,000	-
Shareholder communications – Note 5	36,857	2,520	45,102	21,037
Transfer agent and filing fees	3,788	7,615	29,577	22,907
Total expenses	(320,082)	(34,928)	(428,761)	(161,007)
Total loss and comprehensive loss for the period	\$ (314,556)	\$ (6,247)	\$ (423,235)	\$ (132,326)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.02)
Weighted average shares outstanding – basic and diluted – Note 7	21,381,747	7,606,701	18,470,850	7,168,102

The accompanying notes form an integral part of these condensed interim financial statements

PROVIDENCE GOLD MINES INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Stated in Canadian Dollars)
(Unaudited)

For the nine months ended September 30,	2017	2016
Operating Activities:		
Loss for the period	\$ (423,235)	\$ (132,326)
Items not involving cash:		
Amortization	461	-
Stock Based Compensation	90,000	-
Gain on forgiveness of debt	-	(28,457)
Changes in non-cash working capital items:		
Accounts receivable	(3,436)	13,849
Prepaid expenses and advances	(24,065)	-
Trade and other payables	37,359	124,004
Cash (outflows) from operating activities	(322,916)	(22,930)
Investing Activities:		
Investment in equipment	(9,805)	-
Investment in exploration and evaluation assets	(223,898)	-
Cash (outflows) from operating activities	(233,703)	-
Financing Activities:		
Proceeds from share issuance	1,105,000	-
Total increase (decrease) in cash during the period	548,381	(22,930)
Effect of foreign exchange rate changes on cash	(5,916)	-
Cash, beginning of the period	20,460	42,141
Cash, end of the period	\$ 562,925	\$ 19,211

The accompanying notes form an integral part of these condensed interim financial statements

PROVIDENCE GOLD MINES INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the nine months ended September 30, 2017 and 2016
(Stated in Canadian Dollars)
(Unaudited)

	Number of Shares Outstanding	Share capital	Equity reserve	Foreign currency translation reserve	Accumulated deficit	Total equity
Balance – December 31, 2015	6,950,001	\$ 1,092,346	\$ 206,750	\$ -	\$ (1,368,663)	\$ (69,567)
Common shares issued pursuant to:						
- Settlement of debt - at \$0.13	1,422,850	184,971	-	-	-	184,971
Net loss for the period	-	-	-	-	(132,326)	(132,326)
Balance – September 30, 2016	8,372,851	1,277,317	206,750	-	(1,500,989)	(16,922)
Options expired and cancelled	-	-	(206,750)	-	206,750	-
Net loss for the period	-	-	-	-	(34,545)	(34,545)
Balance – December 31, 2016	8,372,851	1,277,317	-	-	(1,328,784)	(51,467)
Common shares issued pursuant to:						
- Private placement - at \$0.10	1,450,000	145,000	-	-	-	145,000
- Private placement - at \$0.10	9,600,000	960,000	-	-	-	960,000
- Agent cost - at \$0.10	98,000	9,800	-	-	-	9,800
- Agent cost - at \$0.10	585,200	58,520	-	-	-	58,520
- Property acquisition - at \$0.10	1,730,000	173,000	-	-	-	173,000
Share issue cost:						
- Agent cost	-	(11,760)	1,960	-	-	(9,800)
- Agent cost	-	(70,224)	11,704	-	-	(58,520)
Stock based compensation	-	-	90,000	-	-	90,000
Foreign currency translation differences	-	-	-	(5,916)	-	(5,916)
Net loss for the period	-	-	-	-	(423,235)	(423,235)
Balance – September 30, 2017	21,836,051	\$ 2,541,653	\$ 103,664	\$ (5,916)	\$ (1,752,019)	\$ 887,382

The accompanying notes form an integral part of these condensed interim financial statements

PROVIDENCE GOLD MINES INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
September 30, 2017 and 2016
(Unaudited)
(Stated in Canadian Dollars)

Note 1 **Corporate Information**

Providence Gold Mines Inc. (the “Company”) was incorporated on February 16, 2010 under the Business Corporations Act of British Columbia as 0874036 BC Ltd. It commenced operations in April 18, 2011 and, on December 20, 2011, changed its name to Red Hut Metals Inc. and on July 12, 2017, the Company changed its name to Providence Gold Mines. The Company is in the process of exploring and evaluating its mineral property located in, California, United States and British Columbia, Canada.

On December 11, 2012, the Company completed its Initial Public Offering (“IPO”) and began trading on the TSX Venture Exchange (“TSX-V”). The Company’s trading symbol is “PHD”.

The address of the Company’s corporate office and principal place of business is 750 – 580 Hornby Street, Vancouver, British Columbia, Canada.

Note 2 **Basis of Preparation**

a) Statement of Compliance

These unaudited condensed interim financial statements for the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. These condensed interim financial statements, for the nine months ended September 30, 2017, have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting, however, they do not include all the information required for full annual financial statements.

These condensed interim financial should be read in conjunction with the Company’s 2016 audited annual financial statements. The financial statements were authorized by the Board of Directors for issue on November 28, 2017.

b) Basis of Measurement

The financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The financial statements are presented in Canadian dollars, which is also the Company’s functional currency and all values are rounded to the nearest dollar, unless otherwise indicated.

PROVIDENCE GOLD MINES INC.

Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2017 (Unaudited)

(Stated in Canadian Dollars) - Page 2

Note 2 **Basis of Preparation** - (cont'd)

b) Basis of Measurement - (cont'd)

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 of the Company's 2016 audited annual financial statements. The Company continues to follow the same accounting policies and methods of computation as previously disclosed under Note 3 of the Company's 2016 audited annual financial statements.

c) Going Concern of Operations

The Company has not generated revenue from operations. The Company incurred a loss of \$423,235 during the period ended September 30, 2017, and, as of that date, the Company's accumulated deficit was \$1,752,019. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, as at September 30, 2017, the Company has sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting year.

As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures.

These financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of operations, and at amounts different from those in the accompanying financial statements.

PROVIDENCE GOLD MINES INC.

Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2017 (Unaudited)

(Stated in Canadian Dollars) - Page 3

Note 3 Exploration and Evaluation Assets

	Tuolumne Property
Acquisition Cost:	
Balance, December 31, 2016	\$ -
Cash Payments	67,125
1,500,000 common shares at \$0.10	150,000
230,000 finder's fees common shares at \$0.10	23,000
Balance, September 30, 2017	240,125
Exploration Costs:	
Balance, December 31, 2016	-
Geological	65,190
Claim maintenance	4,562
Mapping and reports	3,161
Field cost	66,036
Sample analysis	1,430
Staking	16,394
Balance, September 30, 2017	156,773
Exploration and evaluation assets, December 31, 2016	\$ -
Exploration and evaluation assets, September 30, 2017	\$ 396,898

Tuolumne Property

On March 28, 2017, the Company entered into an agreement (the "Agreement") with 0999940 BC Ltd, a private B.C. company, (collectively the "Assignors") whereby the Company can acquire by way of assignment all of the contractual interests held by the Assignors in various patented and located mineral claims in Tuolumne County, California (the "Property") with a history of gold mineralization in Western California, USA (the "Transaction").

The Property includes six parcels which have been fully patented and are owned in fee simple, and thirteen 20-acre mining claims on Bureau of Land Management and US Forest Service property (260 acres), which include several historic mines and a mill site. The Assignors have also staked a further nine claims contiguous to the existing Providence located claims for a total of 6 patented and 22 located mining claims.

PROVIDENCE GOLD MINES INC.

Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2017 (Unaudited)

(Stated in Canadian Dollars) - Page 4

Note 3 Exploration and Evaluation Assets - (cont'd)

Tuolumne Property – (cont'd)

The Transaction

The Assignors have negotiated the general terms and provisions whereby they can earn a 50% joint venture interest in the Property, or alternatively buy a 100% interest in the Property. To earn a 50% interest in the Property requires the payment, to the Property owners and Assignors, of US\$175,000 and incurring C\$2,000,000 of expenditures on the Property over the course of three years, and issue 4,500,000 shares of the Company as follows:

- payment of US\$25,000 following regulatory approval (paid);
- payment of US\$25,000 and incurring C\$250,000 of expenditures by March 28, 2018;
- payment of US\$100,000 and incurring an additional C\$750,000 of expenditures by March 28, 2019; and
- incurring an additional C\$1,000,000 of expenditures by March 28, 2020.

Having earned a 50% interest, a joint venture would be formed with the Property owner. Alternatively, a 100% interest in the Property can be acquired for US\$5,000,000, at any time, of which one-half can be paid in shares.

As consideration for the assignment, the Company will assume all obligations of the Assignors to the Property owner and has agreed to pay the following to the Assignors:

- a. Following regulatory approval, the Company will make a cash payment US\$25,000 (paid) and issue 1,500,000 common shares (issued);
- b. After completing the recommended first year work program of at least C\$250,000, the Company will issue an additional 1,500,000 common shares;
- c. After completing the recommended second year work program of at least \$750,000, the Company will issue an additional 1,500,000 common shares;
- d. In the event the Company elects to acquire the Property for US\$5 million the Company will issue an additional 1,500,000 common shares.

One of the Assignors above, accounting for 50% of the cash and share issuances, is a company controlled by an individual who subsequently was appointed director and officer of the Company.

The Property owner will retain a 2.5% net smelter returns royalty (“NSR”), of which 1.5% NSR can be acquired for US\$1,000,000 if the option to acquire a 100% interest in the Property is exercised.

In consideration of their efforts to bring the parties together on the Transaction, the Company issued 230,000 shares as finder’s fee (note 4), with a further 465,620 shares to be issued after the Company meets its commitments in year 2.

PROVIDENCE GOLD MINES INC.

Notes to the Condensed Interim Financial Statements
For the nine months ended September 30, 2017 (Unaudited)
(Stated in Canadian Dollars) - Page 5

Note 3 Exploration and Evaluation Assets - (cont'd)

Conuma Property

On December 15, 2011, the Company acquired a 100% interest in 11 mineral claims located in the Alberni and Nanaimo Mining Divisions of British Columbia, more commonly known as the Conuma Property (the "Property") pursuant to a Letter of Agreement dated May 16, 2011 and as amended December 15, 2011 (the "Agreement").

Under the terms of the Agreement, the Company paid \$5,000 and issued 100,000 common shares with a fair value of \$5,000 to the Vendor. The Company's 100% interest in the Property is subject to a net smelter royalty ("NSR") of 2% of gross revenues from the Property less certain permissible deductions, payable to the Vendor.

During the year ended December 31, 2013, the Company acquired by staking, mineral tenure covering the Norgate prospect, which is adjacent to and contiguous with its Conuma property. The addition of the Norgate claim increases total claims held by the Company to 12 and total hectares to 6,098.

Management wrote the costs accumulated on the Conuma property to \$Nil as an asset impairment and continues to expense amounts related to this property net of tax refunds. While management still believes that the properties are of merit and warrant continued development, lack of activity due to market conditions warranted a write down under IFRS accounting guidance.

Environmental Protection Practices

The Company is subject to laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in a material liability to the Company.

Note 4 Share Capital and Equity Reserves

a) Common Shares

The Company is authorized to issue an unlimited number of no par value common shares, issuable in series. The holders of common shares are entitled to one vote per share at meetings of the Company and to receive dividends, which maybe declared from time-to-time.

No dividends have been declared by the Company since its inception. All shares are ranked equally with regard to the Company's residual net assets.

PROVIDENCE GOLD MINES INC.

Notes to the Condensed Interim Financial Statements
For the nine months ended September 30, 2017 (Unaudited)
(Stated in Canadian Dollars) - Page 6

Note 4 Share Capital and Equity Reserves - (cont'd)

a) Common Shares – (cont'd)

Issuances for Cash

On July 27, 2017 the Company completed a private placement, for proceeds of \$145,000 through the issuance of 1,450,000 units at a price of \$0.10 per Unit. Each Unit is comprised of one common share and one quarter of one common share purchase warrant with each whole warrant entitling the holder to purchase one common share of the Company at a price of \$0.25 per share for a period of one year. The fair value of the shares was equal to the proceeds raised in the private placement and as a result, no amount was allocated as the fair value of the warrants.

An aggregate of 98,000 common shares and 98,000 warrants containing the same terms as the Warrants attached to the Units were issued as finder's fees pursuant to the private placement. 50,000 Units were purchased by a director of the Company.

Share issue costs include \$9,800 calculated as the value of the shares and \$1,960 calculated as the fair value of the warrants.

On June 1, 2017, the Company the Company completed a private placement through the issuance of 9,600,000 units (the "Units") at \$0.10 per Unit, for proceeds of \$960,000.

Each Unit consisted of one common share of the Company and one quarter of one share purchase warrant with each whole warrant entitling the holder to acquire an additional share for one year at \$0.25 per share. The Company calculated the fair value of the share component to be equal to the market price for the shares on the date of grant, which was \$0.10 per share, and the offering price, which was \$0.10 per unit. The fair value of the shares was equal to the proceeds raised in the private placement and as a result, no amount was allocated as the fair value of the warrants.

An aggregate of 585,200 common shares and 585,200 warrants containing the same terms as the warrants attached to the Units were issued as finder's fees for the portion of the financing attributable to this finders' efforts. The Company valued these securities at \$0.10 per share with a net value of \$58,520.

Share issue costs include \$58,520 calculated as the value of the shares and \$11,704 calculated as the fair value of the warrants.

The fair value of agents' warrants above was determined using the Black-Scholes model with the following assumptions:

Stock price	\$0.10
Exercise price	\$0.25
Dividend rate	0%
Expected life	1 Year
Expected annual volatility	109.09% - 120.66%
Risk-free rate	1.24%

PROVIDENCE GOLD MINES INC.

Notes to the Condensed Interim Financial Statements
For the nine months ended September 30, 2017 (Unaudited)
(Stated in Canadian Dollars) - Page 7

Note 4 Share Capital and Equity Reserves - (cont'd)

a) Common Shares – (cont'd)

Issued Pursuant to Mineral Property Acquisition

On June 15, 2017, the Company issued 1,500,000 common shares valued at \$0.10 per share pursuant to the Tuolumne Property acquisition (Note 3). These shares are valued at market values on the date of issue of \$150,000 and have been excluded from the statement of cash flows. Exploration and evaluation assets costs include \$150,000 for the fair value of the shares. 750,000 of these shares were issued to a company controlled by an individual who subsequently was appointed director and officer of the Company.

An aggregate of 230,000 common shares were issued as finder's fee to a finder for their efforts to complete this transaction. Exploration and evaluation assets cost include \$23,000 for the fair value of the shares.

Debt Settlement

During the year ended December 31, 2016, the Company issued 1,422,850 common shares pursuant to a debt settlement of \$213,428 owed to five creditors, four of whom are directors of the Company. Based on the closing price of the common shares, as at the date of the debt settlement agreements, the Company determined the fair value of the shares at \$184,971 valued at \$0.13 per share. A gain on settlement of \$28,457 was recorded in the Company's profit or loss.

Reverse share split

On July 26, 2016, the Company consolidated its 13,900,001 then issued and outstanding common shares on the basis of every two common shares of the Company being consolidated into one new Common Share of the Company, such that 6,950,001 common shares were issued and outstanding as of the record date on July 26, 2016.

Numbers reflected in these statements are post-consolidation numbers unless indicated otherwise.

b) Share Purchase Warrants

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

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Life
Outstanding at December 31, 2016	-	-	-
Issued	3,445,700	\$0.25	0.69
Outstanding at September 30, 2017	3,445,700	\$0.25	0.69

PROVIDENCE GOLD MINES INC.

Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2017 (Unaudited)

(Stated in Canadian Dollars) - Page 8

Note 4 Share Capital and Equity Reserves - (cont'd)b) Share Purchase Warrants – (cont'd)

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

Number of Shares	Exercise Price	Expiry Date
2,985,200	\$0.25	June 1, 2018
460,500	\$0.25	July 27, 2018
3,445,700	\$0.25	

c) Stock options

The Company, in accordance with the policies of the TSX-V, is authorized to grant share purchase options to directors, officers, employees and service providers to acquire up to 10% of common stock outstanding (the "Plan").

Under the Plan, options may be granted at, not less than the discounted market price of the Company's share as defined by the TSX-V on the day preceding the grant for a maximum term of 5 years. No amounts are paid or payable by the recipient upon the grant of options and the options are not dependent on any performance-based criteria. Vesting of share purchase options is at the discretion of the Board but generally will vest when granted except where granted for investor relations activities which vest and may be exercised in accordance with the Plan's vesting provisions as to ¼ of the options each 3 months.

The following is a summary of outstanding equity-settled options as at September 30, 2017:

Grant Date mm/dd/yy	Expiry Date mm/dd/yy	Exercise Price	Opening Balance	During the period		Total & Unvested
				Granted	Exercised	
08/01/17	08/01/22	\$0.16	-	2,000,000	-	2,000,000
Weighted Average Exercise Price			\$	-	\$	0.16
			\$	0.16	\$	-
			\$	-	\$	0.16

During the period, the Company granted 2,000,000 stock options to directors, consultants and key employees at an exercise price equal to the market value on issue of \$0.16 with expiry terms of 5 years. The Company expensed \$90,000 for share-based payment transactions in the current period.

The fair value of stock options granted during the year have been estimated using the Black-Scholes option Pricing Model based on the following weighted average assumptions:

PROVIDENCE GOLD MINES INC.

Notes to the Condensed Interim Financial Statements
 For the nine months ended September 30, 2017 (Unaudited)
 (Stated in Canadian Dollars) - Page 9

Note 4 Share Capital and Equity Reserves - (cont'd)c) Stock options – (cont'd)

Stock price	\$0.10
Exercise price	\$0.16
Dividend rate	0%
Expected life	5 Years
Expected annual volatility	162.65%
Risk-free rate	1.77%

d) Expenses Arising from Share-Based Payment Transactions

Total expenses arising from share-based payment transactions recognized during the period as part of the Company's expenses is as follows:

	September 30, 2017	September 30, 2016
Legal and corporate services	\$ 13,500	\$ -
Management activities	54,000	-
Shareholder communications	15,750	-
Office, rent and administration	6,750	-
Total share-based compensation	\$ 90,000	\$ -

Note 5 Related Party Transactions – Note 4

The following is a summary of charges incurred by the Company with related parties for the periods ended September 30, 2017 and 2016.

Period ended September 30,	2017	2016
Accounting fees	\$ 4,500	\$ 4,500
Legal and Corporate services	9,000	9,000
Management fees	58,500	45,000
Office, rent and administration	9,000	9,000
Shareholder communications	9,500	19,500
Total	\$ 90,500	\$ 87,000

During the period ended September 30, 2017, the Company incurred operational expenses totalling \$90,500 (September 30, 2016 - \$87,000) from companies controlled by a director, a former director and an officer of the Company and where there are common officers with the Company.

During the period ended September 30, 2017 trade and other payables included \$108,900 (December 31, 2016 - \$42,125) owed to a company controlled by a director and an officer of the Company for operational expenses.

PROVIDENCE GOLD MINES INC.

Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2017 (Unaudited)

(Stated in Canadian Dollars) - Page 10

Note 6 **Segmented Reporting**

The Company is organized into business units based on mineral properties and has two reportable operating segments, being that of acquisition and E&E activities in Canada and United States. A summary of the segmented assets as at September 30, 2016 and December 31, 2016, and the Company's loss and comprehensive loss for the periods ended September 30, 2017 and 2016 is as follows:

	United States		Canada	September 30, 2017 Total
Loss for the period	\$	(945)	\$ (422,290)	\$ (423,235)
Exploration and evaluation assets		396,898	-	396,898
Segment assets	\$	430,307	\$ 567,559	\$ 997,866
				September 30, 2016 Total
		United States	Canada	Total
Loss for the period	\$	-	\$ (132,326)	\$ (132,326)
		United States	Canada	December 31, 2016 Total
Loss for the year	\$	-	\$ (166,871)	\$ (166,871)
Segment assets	\$	-	\$ 21,658	\$ 21,658

Note 7 **Loss Per Share**

The denominator for the calculation of loss per share, being the weighted average number of common shares for the period ended September 30, 2017 and 2016, is calculated as follows:

	Three months ended September 30, 2017		Nine months ended September 30, 2017	
	2017	2016	2017	2016
Issued and outstanding at the beginning of the period	20,288,051	6,950,001	8,372,851	6,950,001
Weighted average share issued during the period	1,093,696	656,700	10,097,999	218,101
Weighted average number of common shares (basic and diluted)	21,381,747	7,606,701	18,470,850	7,168,102

PROVIDENCE GOLD MINES INC.

Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2017 (Unaudited)

(Stated in Canadian Dollars) - Page 11

Note 8 Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

There have been no changes in the Company's approach to capital management during the period ended September 30, 2017.

Note 9 Financial Instruments

As at September 30, 2017, the Company's financial instruments consist of cash and trade and other payables.

The fair value of the Company's cash and trade and other payables approximate their carrying value, which is the amount on the statements of financial position, due to their short-term maturities or ability of prompt liquidation.

a) Interest Rate Risk

The Company's cash earns interest at a variable interest rate. Because of the nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of September 30, 2017. Future cash flows from interest income on cash will be affected by interest rate fluctuations. Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's exposure to interest rate fluctuations is minimal.

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk with respect to its cash, the balance of which at September 30, 2017 is \$562,925 (December 31, 2016 - \$20,460). As at that date, cash was held at a chartered Canadian financial institution and the Company does not consider the risks to be significant.

PROVIDENCE GOLD MINES INC.

Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2017 (Unaudited)

(Stated in Canadian Dollars) - Page 12

Note 9 Financial Instruments – (cont'd)

c) Liquidity Risk

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. Additional cash requirements could be met with the issuance of additional share capital, however there is no assurance it will be able to raise funds in this manner in the future. As at September 30, 2017, the Company was holding cash of \$562,925 (December 31, 2016 - \$20,460). The Company's trade and other payables are due in the short term.