



(An Exploration Stage Company)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED SEPTEMBER 30, 2017**

**(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)**

**NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of Logan Resources Ltd. (the “Company”) have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

LOGAN RESOURCES LTD.
(An Exploration Stage Company)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)
AS AT

	September 30, 2017	March 31, 2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 157,791	\$ 740,562
Marketable securities (Note 4)	6,867	8,077
Amounts receivable	3,621	8,990
Prepaid expenses (Note 5)	18,431	188,264
	186,710	945,893
DEPOSIT (Note 6)	11,500	11,500
EXPLORATION AND EVALUATION ASSETS (Note 7)	506,535	540,749
RECLAMATION BONDS (Note 7)	38,592	23,496
	556,627	575,745
	\$ 743,337	\$ 1,521,638
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 41,914	\$ 69,304
Due to related parties (Note 9)	503,313	453,653
	545,227	522,957
EQUITY		
Capital stock (Note 8)	18,677,052	18,677,052
Other equity reserves (Note 8)	1,667,446	1,604,881
Accumulated other comprehensive income (loss)	(14,964)	21,561
Deficit	(20,131,424)	(19,304,813)
	198,110	998,681
	\$ 743,337	\$ 1,521,638

Nature of operations and going concern (Note 1)

Subsequent events (Note 13)

Approved on November 27, 2017 on behalf of the Board of Directors:

Signed: “Stewart Wallis”

Signed: “Richard Grayston”

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

LOGAN RESOURCES LTD.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSSUnaudited – Prepared by Management
(Expressed in Canadian Dollars)

	Three Month Periods Ended September 30,		Six Month Periods Ended September 30,	
	2017	2016	2017	2016
OPERATING ITEMS				
Business development	\$ 28,569	\$ 20,373	\$ 42,183	\$ 66,902
Director fees (Note 9)	1,000	1,000	2,000	2,000
Exploration and evaluation (Note 7)	301,939	280,121	577,562	280,121
Office, rent and administration	13,869	10,367	37,580	13,212
Professional fees	13,285	9,903	18,015	14,633
Share-based payments (Note 8)	26,542	43,998	62,565	43,998
Transfer agent and filing fees	4,486	12,445	7,869	14,622
Travel	-	5,509	-	5,509
Wages and salaries (Note 9)	39,243	86,190	71,463	99,598
Finance income	(144)	(1,143)	(648)	(1,163)
Foreign exchange loss	5,086	2,400	6,812	2,396
Loss on settlement of debt (Note 8)	-	15,000	-	15,000
Unrealized loss (gain) on marketable securities (Note 4)	(132)	(1,043)	1,210	(4,511)
LOSS FOR THE PERIOD	(433,743)	(485,120)	(826,611)	(552,317)
Translation adjustment	(22,238)	17,280	(36,525)	17,280
COMPREHENSIVE LOSS FOR THE PERIOD	\$ (455,981)	\$ (467,840)	\$ (863,136)	\$ (535,037)
LOSS PER SHARE				
Basic and diluted	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.02)
WEIGHTED AVERAGE SHARES OUTSTANDING				
Basic and diluted	42,737,750	32,135,877	42,737,750	23,666,580

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

LOGAN RESOURCES LTD.
(An Exploration Stage Company)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

	Six Month Periods Ended September 30,	
	2017	2016
Operating activities:		
Loss for the period	\$ (826,611)	\$ (552,317)
Items not affecting cash:		
Loss on settlement of debt	-	15,000
Share-based payments	62,565	43,998
Unrealized loss (gain) on marketable securities	1,210	(4,511)
Net change in non-cash working capital items:		
Amounts receivable	5,369	(9,052)
Prepaid expenses	169,833	(129,811)
Accounts payable and accrued liabilities	5,940	47,816
Due to related parties	49,660	(49,572)
Cash used in operating activities	<u>(532,034)</u>	<u>(638,449)</u>
Investing activities:		
Advance royalty payment	(33,330)	-
Purchase of reclamation bond	(17,876)	(23,255)
Cash used in investing activities	<u>(51,206)</u>	<u>(23,255)</u>
Financing activities:		
Issuance of common shares	-	2,200,000
Share issue costs	-	(38,974)
Cash provided by financing activities	<u>-</u>	<u>2,161,026</u>
Net change in cash and cash equivalents during the period	(583,240)	1,499,322
Effect of foreign exchange on cash and cash equivalents	469	4,362
Cash and cash equivalents, beginning of the period	740,562	163,224
Cash and cash equivalents, end of the period	\$ 157,791	\$ 1,666,908
Cash and cash equivalents consist of:		
Cash	\$ 157,791	\$ 314,338
Liquid short term investments	-	1,352,570
	<u>\$ 157,791</u>	<u>\$ 1,666,908</u>
Cash received (paid) for:		
Interest	\$ 2,622	\$ 130
Taxes	\$ -	\$ -

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LOGAN RESOURCES LTD.
(An Exploration Stage Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (DEFICIENCY)
FOR THE SIX MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

	CAPITAL STOCK		OTHER EQUITY RESERVES	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	DEFICIT	TOTAL
	NUMBER	AMOUNT				
Balance, March 31, 2016	15,104,213	\$ 15,914,457	\$ 1,443,133	\$ -	\$ (17,814,341)	\$ (456,751)
Private placement (Note 8)	22,000,000	2,200,000	-	-	-	2,200,000
Share issue costs – cash (Note 8)	-	(38,974)	-	-	-	(38,974)
Common shares issued for finders' fees (Notes 8)	402,500	46,288	-	-	-	46,288
		(46,288)	-	-	-	(46,288)
Common shares issued for debt (Note 8)	1,000,000	115,000	-	-	-	115,000
Common shares issued for exploration and evaluation assets (Notes 7 and 8)	4,231,037	486,569	-	-	-	486,569
Share-based payments (Note 8)	-	-	43,998	-	-	43,998
Loss for the period	-	-	-	-	(552,317)	(552,317)
Translation adjustment	-	-	-	17,280	-	17,280
Balance, September 30, 2016	42,737,750	\$ 18,677,052	\$ 1,487,131	\$ 17,280	\$ (18,366,658)	\$ 1,814,805
Balance, March 31, 2017	42,737,750	\$ 18,677,052	\$ 1,604,881	\$ 21,561	\$ (19,304,813)	\$ 998,681
Share-based payments (Note 8)	-	-	62,565	-	-	62,565
Loss for the period	-	-	-	-	(826,611)	(826,611)
Translation adjustment	-	-	-	(36,525)	-	(36,525)
Balance, September 30, 2017	42,737,750	\$ 18,677,052	\$ 1,667,446	\$ (14,964)	\$ (20,131,424)	\$ 198,110

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

LOGAN RESOURCES LTD.
(An Exploration Stage Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED SEPTEMBER 30, 2017
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Logan Resources Ltd. (the “Company”) is an exploration stage company whose shares trade on the TSX Venture Exchange (“TSX-V” or the “Exchange”) and is in the business of acquiring, exploring and evaluating mineral resource interests in North America. There has been no determination whether properties held contain mineral reserves which are economically recoverable. In the ordinary course of business, the Company sells or options property interests to third parties, accepting as consideration cash and/or securities of the acquiring party. The address of the Company’s registered and records office is #1240 – 1140 West Pender Street, Vancouver, British Columbia, Canada, V6E 4G1.

To date, the Company has not earned significant revenues, and is considered to be in the exploration stage.

These condensed consolidated interim financial statements have been prepared using International Financial Reporting Standards (“IFRS”) on the going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future, and do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. The Company’s ability to continue its operations and to realize assets at their carrying values is dependent upon the continued support of its shareholders, obtaining additional financing, and generating revenues sufficient to cover its operating costs. These factors may cast significant doubt about the Company’s ability to continue as a going concern.

The Company had a working capital deficit of \$358,517 as at September 30, 2017, incurred a loss of \$826,611 during the six month period ended September 30, 2017 and had an accumulated deficit of \$20,131,424 as at September 30, 2017, which has been funded primarily by the issuance of equity. In the next twelve months, the Company will require additional funding to continue exploration activities, for maintaining exploration properties and for administrative overhead expenditures.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, *Interim Financial Reporting*. These condensed consolidated interim financial statements follow the same accounting policies and methods of computation as the most recent annual financial statements for the year ended March 31, 2017, which were prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”). Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company’s most recent annual financial statements.

Basis of measurement

These condensed consolidated interim financial statements have been prepared on an historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss which are stated at their fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These condensed consolidated interim financial statements are presented in Canadian dollars, unless otherwise stated.

Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary, Logan Resources USA, Inc. (“Logan USA”). A wholly owned subsidiary is an entity in which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. All intercompany transactions and balances have been eliminated on consolidation. The functional currency of the Company is the Canadian dollar and the functional currency of Logan USA is the United States dollar.

LOGAN RESOURCES LTD.
(An Exploration Stage Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED SEPTEMBER 30, 2017
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE *(continued)*

Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, equity (deficiency), income (loss), expenses and the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

Critical Judgments

The preparation of these condensed consolidated interim financial statements requires management to make judgments regarding the going concern of the Company, as previously discussed in Note 1.

Key Sources of Estimation Uncertainty

Significant estimates made by management affecting the condensed consolidated interim financial statements include:

Deferred tax assets and liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

Exploration and evaluation assets

The Company is in the process of exploring and evaluating its exploration and evaluation assets and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the development of those mineral reserves and upon future production or proceeds from the disposition thereof.

Share-based payments

Estimating the fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 3 to the audited consolidated financial statements for the year ended March 31, 2017, and have been consistently followed in the preparation of these condensed consolidated interim financial statements.

LOGAN RESOURCES LTD.
(An Exploration Stage Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED SEPTEMBER 30, 2017
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Recent Accounting Pronouncement

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or the International Financial Reporting Interpretations Committee (“IFRIC”) that are mandatory for accounting periods beginning on or after January 1, 2018. The following standard has not yet been adopted by the Company and is being evaluated to determine its impact:

- a) IFRS 9: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.

4. MARKETABLE SECURITIES

The Company’s marketable securities consist of shares held in First Mining Finance Corp. and Inform Resources Corp., both TSX-V listed companies. The shares were issued to the Company as part of option agreements on the Company’s Redford and Heidi properties (Note 7).

	First Mining Finance Corp.	Inform Resources Corp.	Total
Cost, March 31, 2016 and 2017 and September 30, 2017	\$ 40,000	\$ 32,500	\$ 72,500
Adjustment to fair value, March 31, 2016	\$ (36,145)	\$ (32,375)	\$ (68,520)
Fair value adjustment for the year	4,047	50	4,097
Adjustment to fair value, March 31, 2017	(32,098)	(32,325)	\$ (64,423)
Fair value adjustment for the period	(1,398)	188	(1,210)
Adjustment to fair value, September 30, 2017	\$ (33,496)	\$ (32,137)	\$ (65,633)
Fair value at March 31, 2017	\$ 7,902	\$ 175	\$ 8,077
Fair value at September 30, 2017	\$ 6,504	\$ 363	\$ 6,867

5. PREPAID EXPENSES

Prepaid expenses consist of the following:

	As at September 30, 2017	As at March 31, 2017
Property claims maintenance (Note 7)	\$ 5,300	\$ 154,108
Other prepaid expenses	5,867	19,488
Insurance	7,264	14,668
Total	\$ 18,431	\$ 188,264

6. DEPOSIT

As at September 30, 2017, the Company had \$11,500 (March 31, 2017 – \$11,500) as a deposit for a corporate credit card. The deposit is automatically renewed at maturity.

LOGAN RESOURCES LTD.

(An Exploration Stage Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED SEPTEMBER 30, 2017

Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES

Ownership in mineral interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral interests. The Company has investigated ownership of its mineral interests and, to the best of its knowledge, such ownership interests are in good standing.

Details of exploration and evaluation assets are as follows:

	Liberty USA		Angel Wing		Total
Acquisition costs, March 31, 2016	\$	-	\$	-	-
Common shares issued (Note 8)		486,569		-	486,569
Advance royalty payment		-		33,307	33,307
Effect of foreign currency translation		20,873		-	20,873
Acquisition costs, March 31, 2017		507,442		33,307	540,749
Effect of foreign currency translation		(32,106)		(2,108)	(34,214)
Acquisition costs, September 30, 2017	\$	475,336	\$	31,199	\$ 506,535

The Company incurred the following exploration and evaluation expenditures during the six month period ended September 30, 2017:

	Liberty USA									Angel Wing	Total
	Anchor	Antelope	Brik	Drum	Easter	Griffon	Sandy	Stateline	Viper		
Claim maintenance and staking	\$ 16,639	\$ 50,538	\$ 18,058	\$ 180,236	\$ 4,187	\$ 27,418	\$ 16,639	\$ 27,079	\$ 3,640	\$ -	\$ 344,434
Consulting	-	40,267	10,625	4,284	3,923	-	1,364	-	7,812	5,369	73,644
Drilling	-	131,664	162	-	-	-	-	-	-	-	131,826
Other	-	973	114	14	199	-	4	-	102	-	1,406
Reclamation	-	-	-	-	3,899	-	-	-	-	-	3,899
Travel	-	13,310	2,777	742	3,259	-	956	-	1,309	-	22,353
Total	\$ 16,639	\$ 236,752	\$ 31,736	\$ 185,276	\$ 15,467	\$ 27,418	\$ 18,963	\$ 27,079	\$ 12,863	\$ 5,369	\$ 577,562

LOGAN RESOURCES LTD.

(An Exploration Stage Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED SEPTEMBER 30, 2017

Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES *(continued)*

The Company incurred the following exploration and evaluation expenditures during the six month period ended September 30, 2016:

Liberty USA																				
		Anchor		Antelope		Brik		Drum		Easter		Griffon		Sandy		Stateline		Viper		Total
Claim maintenance and staking	\$	1,455	\$	52,543	\$	12,397	\$	52,945	\$	7,404	\$	14,323	\$	8,691	\$	16,386	\$	9,130	\$	175,274
Consulting		1,821		4,332		27,932		18,086		913		24,443		1,821		1,821		913		82,082
Drilling		-		-		622		622		-		-		-		-		-		1,244
Other		30		41		315		188		17		39		29		29		17		705
Travel		997		1,453		6,839		7,195		543		1,254		997		997		541		20,816
Total	\$	4,303	\$	58,369	\$	48,105	\$	79,036	\$	8,877	\$	40,059	\$	11,538	\$	19,233	\$	10,601	\$	280,121

Liberty Gold Properties (Nevada and Utah, USA)

On July 7, 2016, the Company and Logan USA entered into an option agreement with Pilot Gold (USA) Corp. (“Liberty USA”), a wholly owned subsidiary of Liberty Gold Corp. (formerly “Pilot Gold Inc.”) to acquire up to an 80% interest in certain gold mineral exploration properties located in Nevada and Utah, USA (the “Liberty Transaction”). The option agreement provided for the Company to evaluate a total of nine exploration properties until August 18, 2017, which included the Anchor, Antelope, Brik, Drum, Easter, Griffon, Sandy, Stateline and Viper properties. As of August 18, 2017, the Company satisfied the conditions of the option agreement with Liberty USA and earned a 51% participating interest in the Brik, Viper, Antelope, and Easter properties (the “Selected Properties”). The remaining five properties (Anchor, Drum, Griffon, Sandy and Stateline) were returned to Liberty USA.

The Company earned a 51% interest in the Selected Properties by:

- incurring US\$1,000,000 in cumulative exploration expenditures by August 18, 2017 (incurred);
- issuing common shares of the Company to Liberty USA equal to 9.9% of the issued and outstanding common shares of the Company after the closing of a concurrent financing (issued) (Note 8); and
- selecting four of the nine properties and returning the remaining five properties to Liberty USA with a minimum of one year of the holding costs paid for by the Company (completed).

The Company can earn a 70% interest in the Selected Properties by incurring additional expenditures of US\$2,000,000 by August 18, 2019 and issuing 1,000,000 common shares of the Company to Liberty USA.

The Company will then have the additional option to earn an 80% interest in any of the Selected Properties on which it has completed a prefeasibility study.

LOGAN RESOURCES LTD.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED SEPTEMBER 30, 2017

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES *(continued)*

Liberty Gold Properties (Nevada and Utah, USA) *(continued)*

Once the Company earns its 80% interest in a Selected Property, or earlier if the Company has earned at least a 51% or 70% interest and declines to exercise its additional option(s), the Company and Liberty USA shall form a joint venture and each party will thereafter be responsible for its pro rata share of expenditures on the Selected Property.

Advanced Minimum Royalties

The Company is required to pay advance minimum royalties on certain of the Selected Properties, as described below.

The Company is required to pay advance minimum royalty payments to the owners of the Antelope property which total US\$60,000 annually and are payable in November each year. Subsequent to the six month period ended September 30, 2017, Liberty USA and the owners of the Antelope property amended the advance minimum royalty payments due in November 2017 to defer one-half of the payments (US\$30,000) to May 2018. The Company paid the balance of the advance minimum royalties in the amount of US\$30,000 subsequent to the six month period ended September 30, 2017 (Note 13).

The Company is required to pay advance minimum royalty payments to the owners of the Viper property which are payable in January each year and amount to US\$2,270 annually for 2018 to 2020 and US\$2,510 thereafter.

Angel Wing Property (Nevada, USA)

On March 13, 2017, the Company and Logan USA entered into an option agreement pursuant to which the Company acquired a lease over certain unpatented gold mining claims located in Elko County, Nevada (the “Angel Wing Property”). The option agreement expires on March 13, 2037.

The Company is required to pay the following advance minimum royalty payments:

<u>Due Date</u>	<u>Advance Minimum Royalty Payment</u>
March 13, 2017 (paid)	US\$25,000
March 13, 2018	US\$35,000
March 13, 2019	US\$45,000
March 13, 2020	US\$55,000
Each anniversary date thereafter	US\$65,000

During the six month period ended September 30, 2017, the Company paid the advance minimum royalty due on March 13, 2017. The amount was included in accounts payable and accrued liabilities as at March 31, 2017.

The Angel Wing Property is subject to a 2% net smelter royalty (“NSR”). The Company can reduce the NSR to 1% by paying consideration of US\$1,000,000. Advance minimum royalty payments paid by the Company during the term of the lease shall be recoverable as a credit against the NSR payable on production and sale.

The Company has the option to purchase a 100% interest in the Angel Wing Property for a purchase price of US\$500,000 (the “Option Consideration”). In the event that the Company publishes a technical report in accordance with National Instrument 43-101 that discloses a mineral resource estimate of at least 500,000 ounces of gold on the Angel Wing Property, the Company may pay up to 50% of the Option Consideration by issuing common shares.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED SEPTEMBER 30, 2017

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES *(continued)*

Gorilla Lake Property (Saskatchewan)

During fiscal 2005, the Company staked claims on the Gorilla Lake Property (formerly referred to by the Company as the Carswell Dome Property), Saskatchewan. Pursuant to a series of option agreements, Alpha Exploration Inc. (“Alpha”), a wholly-owned subsidiary of ALX Uranium Corp., holds an 80% interest in these uranium claims.

The Company shall retain a 20% carried interest in the property and Alpha shall pay, perform and discharge all obligations in respect of the property and maintain the claims in good standing. This carried interest will continue until Alpha:

- a) Delivers a bankable feasibility study to the Company; or
- b) Transfers all of its interest in the property to the Company with no less than 2 years of good standing remaining.

After a bankable feasibility study is delivered to the Company, the carried interest in the property will convert to a 20% participating interest, and the Company will be obligated to fund and pay its proportionate share of any further expenditures on the property. If the Company fails to make payments for work carried out on the property, its interest in the property shall revert to a 2% gross overriding royalty and a 2% NSR.

Alpha has not yet provided the Company with a bankable feasibility study.

Heidi Property (Dawson and Mayo Mining Districts, Yukon Territory)

During fiscal 2008, the Company earned a 100% interest in the property, with certain gold claims subject to a 2% NSR. The Company has the right to purchase 50% of the NSR for \$2,000,000 and a right of first refusal with respect to purchasing the remaining 50%.

Redford Property (Alberni Mining Division, B.C.)

The Company retains a 100% interest in the Redford Property and has no immediate plans to advance the Redford Property.

Shell Creek Property (Dawson Mining District, Yukon Territory)

During fiscal 2008, the Company earned a 100% interest in the Shell Creek Property. Certain claims were acquired pursuant to an option agreement and are subject to a 2% NSR. The Company has the right to purchase 50% of the NSR retained by the optionor for a purchase price of \$2,000,000 and a right of first refusal with respect to purchasing the remaining 50% of the NSR.

Reclamation bonds

As at September 30, 2017, the balance of reclamation bonds is held by the United States Department of the Interior Bureau of Land Management and relates to the Brik and Antelope properties in the amounts of US\$17,636 (March 31, 2017 - US\$17,636) and US\$13,288 (March 31, 2017 - US\$Nil), respectively.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED SEPTEMBER 30, 2017

Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

8. CAPITAL STOCK AND OTHER EQUITY RESERVES

Authorized

Unlimited number of common shares without par value.

Share issuances

There were no common share issuances during the six month period ended September 30, 2017.

The Company issued the following common shares during the year ended March 31, 2017:

On August 3, 2016, the Company completed a private placement and issued 22,000,000 units for gross proceeds of \$2,200,000. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable to acquire one common share up to August 3, 2019 at an exercise price of \$0.30. The Company issued 402,500 common shares valued at \$46,288 for finders' fees which were recorded as share issue costs as an offset to capital stock. The Company also paid share issue costs in the amount of \$38,974 in connection with the private placement.

On August 3, 2016, the Company issued 1,000,000 common shares valued at \$115,000 to settle amounts payable to a third party in the amount of \$100,000, resulting in a loss on settlement of debt of \$15,000.

On August 18, 2016, the Company issued 4,231,037 common shares valued at \$486,569 and equal to 9.9% of the issued and outstanding common shares of the Company, in accordance with the Liberty Transaction (Note 7).

Stock options

The Company grants stock options to directors, officers, employees and consultants as compensation for services, pursuant to its Incentive Share Option Plan (the "Plan"). The maximum price shall not be less than the closing price of the common shares on the last trading day preceding the date on which the grant of options is approved by the Board of Directors. Options have a maximum expiry period of ten years from the grant date. The number of options that may be issued under the Plan is limited to no more than 10% of the Company's issued and outstanding shares immediately prior to the grant.

Pursuant to the Plan, options granted in respect of investor relations activities are subject to vesting restrictions, such that one-quarter of the options vest three months from the grant date and in each subsequent three-month period thereafter such that the entire option will have vested twelve months after the award date. Vesting restrictions may also be applied to certain other option grants, at the discretion of the directors.

The following is a summary of stock option activity for the six month period ended September 30, 2017 and the year ended March 31, 2017:

	Number of Stock Options	Weighted Average Exercise Price
Outstanding, March 31, 2016	-	\$ -
Granted	2,800,000	\$0.12
Outstanding, March 31, 2017	2,800,000	\$0.12
Granted	100,000	\$0.05
Outstanding, September 30, 2017	2,900,000	\$0.12

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8. CAPITAL STOCK AND OTHER EQUITY RESERVES *(continued)*

Stock options *(continued)*

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

Outstanding	Exercisable	Exercise Price	Remaining life (years)	Expiry Date
2,800,000	1,400,000	\$0.12	3.85	August 4, 2021
100,000	-	\$0.05	4.81	July 24, 2022
2,900,000	1,400,000			

Share-based payments

The Company recognizes share-based payments expense for all stock options granted using the fair value based method of accounting. The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares, forfeiture rate, and expected life of the options. During the six month period ended September 30, 2017, the Company recognized share-based payment expense of \$62,565 (September 30, 2016 - \$43,998).

The Company uses the Black-Scholes option pricing model to calculate the fair value of stock options granted. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. The following weighted average assumptions were used to estimate the weighted average grant date fair values during the six month periods ended September 30, 2017 and 2016:

	Six Month Periods Ended September 30,	
	2017	2016
Risk-free interest rate	1.55%	0.62%
Expected life	5 years	5 years
Annualized volatility	122.22%	122.76%
Dividend yield	0%	0%
Grant date fair value per option	\$0.04	\$0.10

Share purchase warrants

The following is a summary of share purchase warrant activity for the six month period ended September 30, 2017 and the year ended March 31, 2017:

	Number of Share Purchase Warrants	Weighted Average Exercise Price
Outstanding, March 31, 2016	-	\$ -
Issued	22,000,000	\$0.30
Outstanding, March 31, 2017 and September 30, 2017	22,000,000	\$0.30

As at September 30, 2017, the Company had the following share purchase warrants outstanding:

Outstanding	Exercise Price	Remaining Life (Years)	Expiry Date
22,000,000	\$0.30	1.84	August 3, 2019

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9. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the condensed consolidated interim financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	Six Month Periods Ended September 30,	
	2017	2016
Short-term benefits ⁽¹⁾	\$ 35,141	\$ 73,774
Share-based payments (Note 8)	50,242	35,749
Total	\$ 85,383	\$ 109,523

⁽¹⁾ Includes director fees and base salaries, pursuant to contractual employment or consultancy arrangements.

Other related parties

King & Bay West Management Corp. ("King & Bay West"): King & Bay West is an entity that is owned by Mark Morabito, a director and officer of the Company, and employs or retains certain directors, officers and consultants of the Company. King & Bay West provided administrative, management, geological, regulatory, legal, accounting, corporate development and corporate communications services to the Company. King & Bay West will continue to provide certain services to the Company in the future.

During the six month period ended September 30, 2017, transactions entered into with King & Bay West, other than key management personnel, amounted to \$95,160 (September 30, 2016 - \$134,523).

As of September 30, 2017, amounts due to related parties include amounts payable to King & Bay West of \$503,313 (March 31, 2017 - \$444,913). The amount payable to King & Bay West is non-interest bearing, unsecured, and has no fixed terms for payment.

As of September 30, 2017, amounts due to related parties include an amount payable to the Vice President of Exploration of the Company in the amount of \$Nil (March 31, 2017 - \$8,740) for consulting services. The amount payable is non-interest bearing, unsecured, and has no fixed terms for payment.

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10. SEGMENTED INFORMATION

The Company's operations are limited to a single industry segment being the acquisition, exploration and evaluation of exploration and evaluation assets in North America.

	As at September 30, 2017	As at March 31, 2017
<u>Deposit</u>		
Canada	\$ 11,500	\$ 11,500
<u>Exploration and Evaluation Assets</u>		
United States	\$ 506,535	\$ 540,749
<u>Reclamation Bonds</u>		
United States	\$ 38,592	\$ 23,496

11. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure for its projects for the benefit of its stakeholders, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares.

The Company includes the components of equity (deficiency) in its managed 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. To maintain or adjust the capital structure, the Company may attempt to issue new shares or debt.

The Company's investment policy is to invest its cash in investment instruments with high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

There were no changes to the Company's approach to capital management during the six month period ended September 30, 2017.

12. FINANCIAL INSTRUMENTS

As at September 30, 2017, the Company's financial instruments consist of cash and cash equivalents, marketable securities, amounts receivable, deposit, reclamation bonds, accounts payable and accrued liabilities and amounts due to related parties.

The Company's financial instruments are subject to certain risks.

Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, amounts receivable, deposit and reclamation bonds. The risk arises from the non-performance by counterparties of contractual financial obligations. To minimize credit risk, the Company places cash and cash equivalent and deposit with high credit quality financial institutions. The Company's policy is to invest excess cash in investment-grade short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts. Amounts receivable consist of input tax credits due from the Government of Canada and as such are exposed to insignificant credit risk. The reclamation bonds are held by the Bureau of Land Management of the United States Department of the Interior and as such are exposed to insignificant credit risk.

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12. FINANCIAL INSTRUMENTS *(continued)*

Liquidity risk

The Company's approach to managing liquidity risk is to provide reasonable assurance that it has sufficient capital to meet short-term financial obligations after taking into account its exploration obligations and cash on hand. The Company believes it has sufficient cash and cash equivalents to settle accounts payable and accrued liabilities but not amounts owing to related parties. In the next twelve months, the Company will need additional funding to continue exploration activities, for maintaining exploration properties, and for administrative overhead costs and working capital purposes. See also Notes 1 and 7.

Market risk

Market risks consist of interest rate risk, foreign exchange risk and other price risk.

Interest rate risk

The Company has cash and cash equivalents balances and no interest bearing debt. The interest earned on cash and cash equivalents approximates fair value rates and therefore the Company is not at a significant risk to fluctuating interest rates.

Currency risk

The Company has entered into option agreements with respect to properties located in the United States for which expenditures will be incurred in US dollars, exposing the Company to currency risk (Note 7). The Company's most recent financing was in Canadian dollars but any future equity raised may be in either US dollars or Canadian dollars. Approximately 43% of the Company's cash and cash equivalents are held in US dollar bank accounts as of September 30, 2017. A 10% change in the Canadian dollar versus the US dollar would affect the loss of the Company by approximately \$7,000.

Price risk

The Company is exposed to price risk with respect to its investments in publicly traded securities. The Company closely monitors those prices to determine the appropriate course of action to be taken by the Company. There can be no assurance that the Company can exit these positions, if required, resulting in proceeds approximating the carrying value of these securities.

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company's ability to raise capital to fund exploration and evaluation activities is subject to risks associated with fluctuations in the market price of gold and precious metals. The Company closely monitors commodity prices and marketable securities to determine the appropriate course of action to be taken.

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13. SUBSEQUENT EVENTS

The following events occurred subsequent to the six month period ended September 30, 2017:

- On October 13, 2017, the Company granted 500,000 stock options with an exercise price of \$0.05 and term of 5 years.
- On November 10, 2017, the Company paid an advance royalty in the amount of US\$15,000 on the Antelope property.
- On November 15, 2017, the Company paid additional advance royalties in the amount of US\$15,000 on the Antelope property.