

PINECREST RESOURCES LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Funds - Unaudited)

For the Nine Months Ended September 30, 2017

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. In accordance with National Instrument 51-102, the Company discloses that its independent auditors have not reviewed the condensed interim consolidated financial statements for the period ended September 30, 2017.

Pinecrest Resources Ltd.
CONSOLIDATED BALANCE SHEETS
(Expressed in Canadian Funds - Unaudited)

	September 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash	\$ 1,232,211	\$ 25,899
Short-term investment	1,038,569	1,106,915
GST and other receivables	4,734	1,605
Prepaid expenses	8,634	24,348
	<u>2,284,149</u>	<u>1,158,768</u>
Non-current assets		
Property and equipment	69,716	76,049
Exploration and evaluation assets (Note 4)	12,316,040	12,812,085
	<u>14,669,905</u>	<u>14,046,901</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade and other payables	\$ 44,495	\$ 54,798
Non-current liability		
Provision for bonus payment	112,457	112,457
	<u>156,952</u>	<u>167,255</u>
Shareholders' equity		
Share capital	11,590,022	10,063,165
Share-based payments reserve	1,471,533	828,143
Warrants reserve	2,460,252	2,466,622
Accumulated other comprehensive income	2,413,865	3,222,259
Accumulated deficit	(3,422,720)	(2,700,543)
	<u>14,512,953</u>	<u>13,879,647</u>
	<u>\$ 14,669,905</u>	<u>\$ 14,046,901</u>

Nature of Operations and Basis of Presentation (Note 1)

On behalf of the Audit Committee:

"Douglas Forster"

Director

"Edward Farrauto"

Director

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

Pinecrest Resources Ltd.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Funds - Unaudited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

	Common shares		Share-based payments reserve	Warrants reserves	Accum. other comprehensive income (loss)	Accum. deficit	Total
	Number	Amount					
Balance – January 1, 2017	54,916,547	\$ 10,063,165	\$ 828,143	\$ 2,466,622	\$ 3,222,259	\$ (2,700,543)	\$ 13,879,647
Issued for cash (<i>Note 5(a)</i>)	7,150,000	1,490,487	-	-	-	-	1,490,487
Issued on exercise of warrants	100,000	36,370	-	(6,370)	-	-	30,000
Share-based compensation	-	-	643,390	-	-	-	643,390
Foreign currency translation	-	-	-	-	(808,394)	-	(808,394)
Net loss for the period	-	-	-	-	-	(722,177)	(722,177)
Balance – September 30, 2017	62,166,547	\$ 11,590,022	\$ 1,471,533	\$ 2,460,252	\$ 2,413,865	\$ (3,422,720)	\$ 14,512,953

	Common shares		Share-based payments reserve	Warrants reserves	Accum. other comprehensive income (loss)	Accum. deficit	Total
	Number	Amount					
Balance – January 1, 2016	54,916,547	\$ 10,063,165	\$ 727,395	\$ 2,197,787	\$ 3,574,868	\$ (2,173,700)	\$ 14,389,516
Share-based compensation	-	-	90,949	-	-	-	90,949
Foreign currency translation	-	-	-	-	(597,090)	-	(597,090)
Net loss for the period	-	-	-	-	-	(190,171)	(190,171)
Balance – September 30, 2016	54,916,547	\$ 10,063,165	\$ 818,344	\$ 2,197,787	\$ 2,977,778	\$ (2,363,871)	\$ 13,693,203

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

Pinecrest Resources Ltd.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (INCOME)**

(Expressed in Canadian Funds - Unaudited)

	For the Three Months Ended September 30, 2017	For the Three Months Ended September 30, 2016	For the Nine Months Ended September 30, 2017	For the Nine Months Ended September 30, 2016
EXPENSES				
Accounting and audit fees	\$ 6,428	\$ 9,873	\$ 24,177	\$ 25,618
Amortization	237	393	876	1,284
Consultants	40,501	-	40,501	-
Foreign exchange loss	29,140	1,335	55,013	4,006
Insurance	6,454	6,679	19,350	20,025
Legal	791	400	6,307	4,139
Management fees	20,288	12,600	48,300	37,800
Office	8,096	6,263	21,235	18,412
Rent	2,481	7,346	13,790	31,811
Share-based compensation	167,571	6,515	483,118	51,419
Shareholder relations, marketing and conferences	4,226	81	7,689	2,488
Transfer agent and regulatory fees	1,989	3,272	13,708	13,139
	<u>\$ 288,203</u>	<u>\$ 54,757</u>	<u>\$ 734,064</u>	<u>\$ 210,141</u>
OTHER INCOME				
Interest income	(233)	(19,666)	(11,887)	(19,970)
	<u>\$ 287,970</u>	<u>\$ 35,091</u>	<u>\$ 722,177</u>	<u>\$ 190,171</u>
OTHER COMPREHENSIVE LOSS (INCOME)				
Items that will be reclassified subsequently to profit or loss:				
Foreign currency translation	430,392	(87,398)	808,394	597,090
	<u>\$ 718,362</u>	<u>\$ (52,307)</u>	<u>\$ 1,530,571</u>	<u>\$ 787,261</u>
Comprehensive loss (income) for the period				
	<u>\$ 718,362</u>	<u>\$ (52,307)</u>	<u>\$ 1,530,571</u>	<u>\$ 787,261</u>
Loss per share – basic and diluted	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.01</u>	<u>\$ 0.00</u>
Weighted average number of shares outstanding:				
Basic and fully diluted	<u>62,166,547</u>	<u>54,916,547</u>	<u>59,635,595</u>	<u>54,916,547</u>

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

Pinecrest Resources Ltd.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in Canadian Funds - Unaudited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30

	2017	2016
CASH PROVIDED BY (USED IN):		
Cash flows from operating activities:		
Loss for the period	\$ (722,177)	\$ (190,171)
Non-cash items:		
Share-based compensation	483,118	51,419
Unrealized foreign exchange	13,736	7,458
Amortization	876	1,284
Changes in non-cash working capital:		
Trade and other receivables	(3,130)	1,685
Prepaid expenses	15,714	15,068
Trade and other payables	(21,705)	(39,131)
	<u>(233,567)</u>	<u>(152,388)</u>
Cash flows from investing activities:		
Redemption of short-term investment	68,346	313,085
Exploration and evaluation costs	(140,676)	(144,450)
	<u>(72,330)</u>	<u>168,635</u>
Cash flows from financing activities:		
Proceeds from issuance of shares, net of share issuance costs	1,490,487	-
Exercise of warrants	30,000	-
	<u>1,520,487</u>	<u>-</u>
Effect of exchange rate on cash	<u>(8,279)</u>	<u>(3,255)</u>
Increase in cash	1,206,312	12,992
Cash – beginning of period	<u>25,899</u>	<u>36,576</u>
Cash – end of period	\$ 1,232,211	\$ 49,568

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

Pinecrest Resources Ltd.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Funds - Unaudited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Pinecrest Resources Ltd. and its subsidiary (collectively, “Pinecrest or the “Company”) engage principally in the acquisition, advancement and development of precious mineral properties particularly its Enchi Gold Project in Ghana. Pinecrest Resources Ltd., the parent, was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (British Columbia) on January 18, 2010. Pinecrest is a public company listed on the TSX Venture Exchange (the “Exchange”) (TSX-V: PCR) and its head office is located at Suite 413 – 595 Burrard Street, Vancouver, British Columbia, V7X 1J1.

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information and footnotes required by the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board for full annual financial statements and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2016. The same accounting policies and methods of computation are used in the preparation of these unaudited condensed interim consolidated financial statements as for the most recent audited annual financial statements and reflect all the adjustments necessary for fair presentation in accordance with IFRS for the interim periods presented.

The unaudited condensed interim consolidated financial statements were authorized for issue by the Audit Committee on November 1, 2017.

2. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company’s financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. The areas that require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Impairment of exploration and evaluation assets

Management assesses its exploration and evaluation assets for impairment indicators at the end of each reporting period. Such assessment is based on the facts and circumstances for each project, which considers the Company’s intentions for a property. If any impairment indicator exists, an estimate of the recoverable amount is undertaken. If the asset’s carrying amount exceeds its recoverable amount, an impairment loss is recognized in the statement of loss and comprehensive loss.

In calculating recoverable amount, the Company uses discounted cash flow techniques to determine fair value when it is not possible to determine fair value either by quotes from an active market or a binding sales agreement. The determination of discounted cash flows is dependent on a number of factors, including future metal prices, the amount of reserves, the cost of bringing the project into production, production schedules, production costs, sustaining capital expenditures, and site closure, restoration and environmental rehabilitation costs. Additionally, the reviews take into account factors such as political, social and legal, and environmental regulations. These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount. The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding its projects.

Pinecrest Resources Ltd.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Funds - Unaudited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

2. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd.)

Fair value of warrants and share-based payments

The Company uses the fair-value method of accounting for share-based payments related to incentive stock options and warrants issued, modified or settled. Under this method, compensation cost attributable to options is measured at fair value at the grant date and expensed over the vesting period. Proceeds from the issuance of units is allocated between common shares and common share purchase warrants on a pro-rata basis on a relative fair value basis, wherein the fair value of the common share purchase warrants is determined using the Black-Scholes pricing model. In determining the fair value of the options or warrants, the Company makes estimates of the expected volatility of the stock, the expected life of the options or warrants, and an estimated risk-free interest rate. Changes to these estimates could result in the fair value of the options and warrants being less than or greater than the amount recorded.

3. CHANGES IN ACCOUNTING POLICIES

A number of new standards and amendments to standards and interpretations have not been applied in preparing these consolidated financial statements. Those standards with the potential to impact the Company are as follows:

IFRS 9, Financial Instruments ("IFRS 9"), addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("OCI") and FVTPL. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at FVTPL. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Company is currently assessing the impact of IFRS 9.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Pinecrest Resources Ltd.**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Funds - Unaudited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017**4. EXPLORATION AND EVALUATION ASSETS**

	September 30, 2017	December 31, 2016
Acquisition costs		
Balance, beginning of period	\$ 8,356,926	\$ 8,356,926
Balance, end of period	\$ 8,356,926	\$ 8,356,926
Exploration and evaluation costs		
Balance, beginning of period	\$ 1,228,062	\$ 1,015,497
Camp costs	7,661	7,277
Concession fees, mining permits, and licenses	-	26,836
Drilling	30,200	-
Geological	55,617	34,690
General and administration	627	1,180
Management fees	31,950	21,600
Public relations	60	-
Resource estimate and studies	300	1,732
Salaries and wages	5,938	69,617
Share-based compensation	160,272	43,140
Vehicle rental	8,573	6,494
Balance, end of period	\$ 1,529,260	\$ 1,228,062
Foreign exchange impact	2,429,854	3,227,097
Total exploration and evaluation assets	\$ 12,316,040	\$ 12,812,085

During the period ended September 30, 2017, the Company signed a contract with an arms-length consultant to supervise the drilling program on the Enchi Gold Project. The cost of the contract is estimated to be US\$65,000. Upon signing the contract, the Company paid the consultant US\$20,000 (equivalent to \$26,939).

On October 11, 2017, the Company signed a contract with a drilling company to complete a minimum of 3,000 meters of drilling on the Enchi Gold Project. The total cost of the contract cannot be reasonably estimated given the many cost variables. Upon signing the contract, the Company paid a deposit of US\$20,000 (equivalent to \$24,924) to the drilling company.

5. SHARE CAPITAL

The authorized share capital of the Company is comprised of an unlimited number of common shares without par value.

(a) Private Placement

During the period ended September 30, 2017, the Company completed a non-brokered private placement for gross proceeds of \$1,501,500 by issuing 7,150,000 common shares. No finder's fees were paid in connection with the private placement. Total share issue costs associated with the financing amounted to \$11,013. Of the 7,150,000 common shares, 5,096,000 common shares were subscribed to by insiders of the Company.

Pinecrest Resources Ltd.**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Funds - Unaudited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017**5. SHARE CAPITAL (cont'd.)**(b) Stock Options

During the period ended September 30, 2017, the Company granted 2,600,000 stock options at a price of \$0.45 and \$0.53 per share for a period of five years to directors, officers, and consultants of the Company. The fair value of the stock options granted has been estimated at the grant date using the Black-Scholes option pricing model with the following assumptions:

Range of stock prices on grant dates	\$0.45 to \$0.53
Weighted average risk-free interest rate	1.03%
Weighted average expected option life	5 years
Weighted average expected stock volatility	116.57%
Weighted average expected dividend yield	Nil

The total fair value of share-based compensation that vested during the period ending September 30, 2017 was \$643,390 of which \$483,118 was expensed and \$160,272 was capitalized into exploration and evaluation assets.

A summary of the Company's stock options as at September 30, 2017 is as follows:

Exercise price	January 1, 2017	Granted	September 30, 2017	Expiry date	Remaining contractual life in years	Number of options vested
\$0.48	127,500	-	127,500	October 29, 2017	0.08	127,500*
\$0.22	3,050,000	-	3,050,000	December 4, 2019	2.18	3,050,000
\$0.10	2,850,000	-	2,850,000	December 21, 2020	3.23	2,850,000
\$0.45	-	2,350,000	2,350,000	April 13, 2022	4.54	587,500
\$0.53	-	250,000	250,000	May 24, 2022	4.65	62,500
	6,027,500	2,600,000	8,627,500			6,677,500
	\$0.17	\$0.46	\$0.26	Weighted average exercise price		

*Expired subsequent to the period ended September 30, 2017.

(c) Warrants

During the period ended September 30, 2017, a total of 100,000 share purchase warrants with an exercise price of \$0.30 per share were exercised into common shares of the Company for gross proceeds of \$30,000.

A summary of the Company's share purchase warrants as at September 30, 2017 is as follows:

Exercise price	January 1, 2017	Exercised	September 30, 2017	Expiry date	Remaining contractual life in years
\$0.30	5,000,000	-	5,000,000	December 4, 2019	2.18
\$0.30	18,000,000	(100,000)	17,900,000	December 4, 2019	2.18
	23,000,000	(100,000)	22,900,000		
	\$0.30	\$0.30	\$0.30	Weighted average exercise price	

Pinecrest Resources Ltd.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Funds - Unaudited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

6. RELATED PARTY TRANSACTIONS

(a) Trading transactions

The Company shares office space with related parties in order to minimize operational costs. During the period ending September 30, 2017, the Company paid or accrued \$13,790 (2016 - \$31,811) for office rent to related companies.

Sandstorm Gold Ltd. sold its 10,000,000 common shares to two directors of the Company at a price of \$0.21 per share.

The Company had a payable balance to related parties of \$10,111 as at September 30, 2017 (December 31, 2016 - \$214). These payable amounts relate to consulting invoices, office rent, and expense reimbursements. All related party transactions were recorded at the amount agreed upon by the related parties. There are no ongoing contractual or other commitments resulting from the above transactions.

(b) Compensation of key management personnel

Key management personnel include directors and officers that provide management and consulting services to the Company. Key management remuneration is reflected in the financial statements as follows:

	September 30, 2017	September 30, 2016
Management fees	\$ 80,250	\$ 54,000
Share-based compensation	545,779	68,698
Total	\$ 626,029	\$ 122,698
Expensed in:		
General and administrative	\$ 471,658	\$ 79,629
Capitalized in:		
Exploration and evaluation assets	154,371	43,069
Total	\$ 626,029	\$ 122,698

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial Instruments by Category

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Cash and short-term investment are measured at fair value. Trade and other receivables and trade and other payables are the same as or approximately equal to their respective fair values due to their short-term maturity or capacity of prompt liquidation.

Pinecrest Resources Ltd.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Funds - Unaudited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd.)

The following provides the carrying amount and fair values of each classification of financial instrument as at September 30, 2017:

		Carrying amount		Fair value
<u>Financial assets</u>				
<i>Loans and receivables</i>				
Cash	\$	1,232,211	\$	1,232,211
Short-term investment	\$	1,038,569	\$	1,038,569
GST and other receivables	\$	4,734	\$	4,734
<u>Financial liabilities</u>				
<i>Other financial liabilities</i>				
Trade and other payables	\$	44,495	\$	44,495
Provision for bonus payment	\$	112,457	\$	112,457

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures there is sufficient capital to meet short-term business requirements. One of management's goals is to maintain an optimal level of liquidity through the active management of the Company's assets, liabilities, and cash flows. The Company's cash which are held as cash deposits and short-term investment are available on demand to fund the Company's short-term financial obligations.

(c) Credit Risk and Concentration Risk

The Company's credit risk is primarily attributable to its cash, short-term investment, and GST and other receivables. The risk exposure is limited to their carrying values at the balance sheet date. Cash and short-term investment are held with counterparties that carry investment grade ratings as assessed by external rating agencies. The Company does not invest in asset-backed deposits or investments. GST and other receivables consist of GST credits reimbursable to the Company. Concentration risk exists in cash and short-term investment because significant balances are maintained with one financial institution. The risk is mitigated because the instruments are maintained with a large Canadian financial institution.

(d) Market Risks

The significant market risk to which the Company is exposed is interest rate risk. The Company's interest rate risk arises primarily from the interest earned on cash and short-term investment. Deposits are invested on a short-term basis to enable adequate liquidity for payment of operational and capital expenditures. The Company's short-term investment reflects funds invested in guaranteed investment certificates. Other financial assets and liabilities of the Company are not subject to interest rate risk since they do not bear interest.

Pinecrest Resources Ltd.**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Funds - Unaudited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017**8. SEGMENTED INFORMATION**

The Company's business is the acquisition, exploration, evaluation, and development of mineral resource properties, which is currently conducted principally in Ghana. The Company is in the exploration stage and accordingly, has no reportable segment revenues for any of the periods presented in these condensed interim consolidated financial statements.

	September 30,		September 30,
	2017		2016
<hr/>			
Assets by geographic segment, at cost			
<i>Canada</i>			
Total assets	\$ 2,177,625	\$	1,176,661
Total liabilities	\$ 145,551	\$	135,762
Net loss	\$ 714,404	\$	181,999
<i>Ghana</i>			
Total assets	\$ 12,492,280	\$	12,657,737
Total liabilities	\$ 11,401	\$	5,433
Net loss	\$ 7,773	\$	8,172
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