

GOLDBANK MINING CORPORATION

Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

GOLDBANK MINING CORPORATION

September 30, 2017

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 the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

GOLDBANK MINING CORPORATION

Interim consolidated statements of financial position
(Expressed in Canadian dollars)

<u>ASSETS</u>	Note	September 30, 2017	December 31, 2016
Current assets			
Cash		\$ 440,531	\$ 3,049
Marketable securities		255,000	120,000
Amounts receivable		2,233	17,346
Loan receivable	4	-	-
Total current assets		<u>697,764</u>	<u>140,395</u>
Non-current assets			
Property and equipment	5	11,747	16,782
Exploration and evaluation assets	6	4,434,282	4,246,873
Total assets		<u>\$ 5,143,793</u>	<u>\$ 4,404,050</u>
 <u>LIABILITIES</u>			
Current liabilities			
Accounts payable and accrued liabilities	7	\$ 6,695,937	\$ 6,328,287
Loans payable	8	397,284	429,225
Due to related parties	9	10,848	10,848
Total liabilities		<u>7,104,069</u>	<u>6,768,360</u>
 <u>SHAREHOLDERS' EQUITY</u>			
Share capital		21,353,000	19,712,622
Share-based payment reserve		2,285,859	2,285,859
Share subscriptions received	10	276,500	362,400
Deficit		<u>(25,875,635)</u>	<u>(24,725,191)</u>
Total shareholders' equity		<u>(1,960,276)</u>	<u>(2,364,310)</u>
Total liabilities and shareholders' equity		<u>\$ 5,143,793</u>	<u>\$ 4,404,050</u>

Nature of operations and continuance of business (Note 1)
Contingency (Note 13)

Approved and authorized for issuance on behalf of the Board of Directors on November 28, 2017:

"James Boyce"

James Boyce, Director

"Barry Brown"

Barry Brown, Director

(The accompanying notes are an integral part of these consolidated financial statements)

GOLDBANK MINING CORPORATION

Interim consolidated statements of operations and comprehensive loss

(Expressed in Canadian dollars)

	Note	For the three months ended September 30,		For the nine months ended September 30,	
		2017	2016	2017	2016
Administrative expenses					
Consulting fees	9	\$ -	\$ -	\$ -	\$ 500
Depreciation		-	-	-	-
Filing fees		11,557	750	12,270	7,729
Interest and bank charges	9	393,760	291,521	1,131,567	828,833
Management fees	9	9,000	46,500	64,500	139,500
Office and miscellaneous	9	14,034	15,869	30,514	36,220
Professional fees	9	3,000	3,000	18,000	19,045
Property investigation	9	1,471	1,200	4,617	3,425
Rent	9	6,900	6,900	20,700	20,700
Transfer agent		1,242	1,172	3,276	2,790
Travel	9	-	-	-	-
Loss before other items		(440,964)	(366,912)	(1,285,444)	(1,058,742)
Other items:					
Gain/loss on disposition of marketable securities		-	-	-	22,000
Unrealized gain or loss on securities		-	(31,500)	135,000	26,000
Net loss and total comprehensive loss for the period		<u>\$ (440,964)</u>	<u>\$ (398,412)</u>	<u>\$ (1,150,444)</u>	<u>\$ (1,010,742)</u>
Basic and diluted loss per share		<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.03)</u>	<u>\$ (0.03)</u>
Weighted average number of common shares		<u>39,153,736</u>	<u>29,673,915</u>	<u>39,153,736</u>	<u>29,673,915</u>

(The accompanying notes are an integral part of these consolidated financial statements)

GOLDBANK MINING CORPORATION

Interim consolidated statements of changes in equity (deficit)
(Expressed in Canadian dollars)

	Share capital		Share subscriptions received \$	Contributed Surplus \$	Deficit \$	Total shareholders' equity \$
	Number of shares	Amount \$				
Balance, January 1, 2017	37,973,915	19,712,622	362,400	2,285,859	(24,725,191)	(2,364,310)
Shares issued pursuant to mineral property option agreement	300,000	25,500				25,500
Exercise of warrants \$0.125	2,752,630	344,078	(85,900)			258,178
Shares issued pursuant to private placement	10,000,000	750,000				750,000
Shares for debt	3,857,777	520,800				520,800
Share subscriptions received			-			-
Total comprehensive loss for the period	-	-	-	-	(1,150,444)	(1,150,444)
Balance, September 30, 2017	54,884,322	21,353,000	276,500	2,285,859	(25,875,635)	(1,960,276)

	Share capital		Share subscriptions received \$	Contributed Surplus \$	Deficit \$	Total shareholders' equity \$
	Number of shares	Amount \$				
Balance, January 1, 2016	29,673,915	19,285,622	362,400	2,285,859	(23,178,712)	(1,244,831)
Shares issued pursuant to mineral property option agreement	300,000	21,000	-			21,000
Share subscriptions received			275,000			275,000
Total comprehensive loss for the period	-	-	-	-	(1,010,742)	(1,010,742)
Balance, September 30, 2016	29,973,915	19,306,622	637,400	2,285,859	(24,189,454)	(1,959,573)

(The accompanying notes are an integral part of these consolidated financial statements)

GOLDBANK MINING CORPORATION

Interim consolidated statements of cash flows

(Expressed in Canadian dollars)

	Note	For the three months ended		For the nine months ended	
		September 30, <u>2017</u>	September 30, <u>2016</u>	September 30, <u>2017</u>	September 30, <u>2016</u>
Operating Activities					
Net loss		\$ (440,964)	\$ (398,412)	\$ (1,150,444)	\$ (1,010,742)
Add (deduct) items not affecting cash:					
Depreciation		-	-	-	-
Gain on settlement of loan receivable		-	-	-	(22,000)
Unrealized loss on marketable securities		-	31,500	(135,000)	(26,000)
Write-off of accounts payable		-	-	-	-
		<u>(440,964)</u>	<u>(366,912)</u>	<u>(1,285,444)</u>	<u>(1,058,742)</u>
Changes in non-cash working capital items:					
Amounts receivable		2,734	2,865	15,113	15,667
Accounts payable and accrued liabilities		159,896	193,739	886,950	839,870
Cash used in operating activities		<u>(278,334)</u>	<u>(170,308)</u>	<u>(383,381)</u>	<u>(203,205)</u>
Financing Activities					
Proceeds from loans payable and repayments		(127,166)	(93,724)	(31,941)	(83,524)
Shares subscription received		-	275,000	-	275,000
Proceeds from issuance of shares		812,850	-	1,008,178	-
Cash from financing activities		<u>685,684</u>	<u>181,276</u>	<u>976,237</u>	<u>191,476</u>
Investing Activities					
Acquisition of property and equipment		-	-	-	-
Exploration and evaluation assets expenditures		(30,162)	(7,871)	(155,374)	(32,604)
Cash used in investing activities		<u>(30,162)</u>	<u>(7,871)</u>	<u>(155,374)</u>	<u>(32,604)</u>
Decrease in cash		377,188	3,097	437,482	(44,333)
Cash, beginning of the period		<u>63,343</u>	<u>4,834</u>	<u>3,049</u>	<u>52,264</u>
Cash, end of the period		<u>\$ 440,531</u>	<u>\$ 7,931</u>	<u>\$ 440,531</u>	<u>\$ 7,931</u>

(The accompanying notes are an integral part of these consolidated financial statements)

GOLDBANK MINING CORPORATION

Notes to the interim consolidated financial statements

For the nine months ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

1. Nature of Operations and Continuance of Business

Goldbank Mining Corporation (the “Company”) was incorporated in the province of British Columbia on August 22, 1967. The Company is listed on the TSX Venture Exchange, under the symbol GLB. The Company’s registered address is located at Suite 702, 889 West Pender Street, Vancouver, BC, V6C 3B2.

The Company is an exploration stage company in the process of exploring its mineral property in Canada and has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of amounts spent for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its property, and upon future profitable production or proceeds from disposition of the properties. The operations of the Company will require various licences and permits from various governmental authorities which are or may be granted subject to various conditions and may be subject to renewal from time to time. There can be no assurance that the Company will be able to comply with such conditions and obtain or retain all necessary licences and permits that may be required to carry out exploration, development, and mining operations at its projects. Failure to comply with these conditions may render the licences liable to forfeiture.

These consolidated financial statements have been prepared 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. As at September 30, 2017, the Company has not generated any revenues from operations, has a working capital deficiency of \$6,406,305, and has an accumulated deficit of \$25,875,635. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is pursuing additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Basis of Presentation

These interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting of the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) on a going concern basis.

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries: Canadian incorporated subsidiaries, Goldbank Eastern Klondike Properties Inc.; Ballad Minerals Ltd. (inactive) and Ballad Technologies Ltd. (inactive); Peruvian incorporated subsidiaries: Ballad Enterprises Del Peru S.R. Ltda. (inactive), Ballad Exploration S.A. (inactive), and TVX Minera Del Peru S.A. (inactive); and Argentinian subsidiary, Compania Minera San Antonia (inactive). All significant inter-company balances and transactions have been eliminated on consolidation.

These consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is also the Company’s functional currency.

GOLDBANK MINING CORPORATION

Notes to the interim consolidated financial statements

For the nine months ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(b) Use of Estimates and Judgments

The preparation of these consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the allowance for doubtful accounts, useful life and recoverability of property and equipment, recoverability of exploration and evaluation assets, fair value of share-based compensation, determination of flow-through premiums, and unrecognized deferred income tax assets. Actual results could differ from those estimates.

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions may change if new information becomes available. If information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of comprehensive loss in the period when the new information becomes available.

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

(c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(d) Property and Equipment

The Company depreciates the cost of property and equipment over their estimated useful lives at the following annual rates:

Automotive	30%	declining balance basis
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(e) Exploration and Evaluation Expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are charged to operations.

Exploration and evaluation assets are assessed for impairment if: (i) sufficient data exists to determine technical feasibility and commercial viability; and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

GOLDBANK MINING CORPORATION

Notes to the interim consolidated financial statements

For the nine months ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(e) Exploration and Evaluation Expenditures (continued)

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Mineral Property Options

The Company does not record any expenditures made by the optionee in its accounts. It also does not recognize any gain or loss on its exploration and evaluation option arrangements but re-designates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the optionee is credited against costs previously capitalized.

(f) Impairment of Non-Current Assets

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there are any indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. The recoverable amount is determined as the higher of fair value less direct costs to sell and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. Estimated future cash flows are calculated using estimated recoverable reserves, estimated future commodity prices and the expected future operating and capital costs. The pre-tax discount rate applied to the estimated future cash flows reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount through an impairment charge to the statement of operations.

Assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed. When an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation, depletion and amortization) had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of impairment is recognized as a gain in the consolidated statement of operations.

GOLDBANK MINING CORPORATION

Notes to the interim consolidated financial statements

For the nine months ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(g) Reclamation and Remediation Provisions

The Company recognizes a provision for statutory, contractual, constructive or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability including risks specific to the countries in which the related operation is located.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mineral properties, plant and equipment. These costs are depreciated using either the unit-of-production or straight-line method depending on the asset to which the obligation relates.

The obligation is increased for the accretion and the corresponding amount is recognized as a finance expense. The obligation is also adjusted for changes in the estimated timing, amount of expected future cash flows, and changes in the discount rate. Such changes in estimates are added to or deducted from the related asset except where deductions are greater than the carrying value of the related asset in which case, the amount of the excess is recognized in the consolidated statements of operations.

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases and changes in interest rates, and as new information concerning the Company's closure and reclamation obligations becomes available.

(h) Financial Instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

GOLDBANK MINING CORPORATION

Notes to the interim consolidated financial statements

For the nine months ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(h) Financial Instruments (continued)

(i) Non-derivative financial assets (continued)

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in the consolidated statement of operations. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company's cash and marketable securities are classified as fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to the statement of operations. The Company does not have any assets classified as available-for-sale.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables are comprised of amounts receivable and loan receivable.

Impairment of financial assets

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to the consolidated statement of operations in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

GOLDBANK MINING CORPORATION

Notes to the interim consolidated financial statements

For the nine months ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(h) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of operations.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through the statement of operations are not reversed through the statement of operations. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

(ii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities, loans payable, and amounts due to related parties.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(iii) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

GOLDBANK MINING CORPORATION

Notes to the interim consolidated financial statements

For the nine months ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(i) Foreign Currency Translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the consolidated statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the consolidated statement of operations.

(j) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(k) Flow-through Shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the deferred income tax liability associated with the renounced tax deductions is recognized through the statement of operations with a pro-rata portion of the deferred premium.

(l) Comprehensive Loss

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of operations.

GOLDBANK MINING CORPORATION

Notes to the interim consolidated financial statements

For the nine months ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(m) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at September 30, 2017, the Company had 25,933,333 (December 31, 2016 – 24,091,227) potentially dilutive shares outstanding.

(n) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled, share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

The fair value of the options is measured at the grant date using the Black-Scholes option pricing model. The fair value is recognized as an expense over the vesting period, which is the period over which all of the specified vesting conditions are satisfied with a corresponding increase in equity. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period. Non-market vesting conditions are considered in making assumptions about the number of awards that are expected to vest. When the options are exercised, any proceeds received are credited to share capital along with the amount reflected in share-based payment reserve.

(o) Reclassifications

Certain of the prior year figures were reclassified to conform to the current year’s presentation.

(p) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2016, and have not been applied in preparing these consolidated financial statements.

New standard IFRS 9, “Financial Instruments”

Amended standard IFRS 2, “Share-based Payment”

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the Company’s consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s consolidated financial statements.

GOLDBANK MINING CORPORATION

Notes to the interim consolidated financial statements

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3. Marketable Securities

As at September 30, 2017, the Company held 1,500,000 (December 31, 2016 – 1,500,000) shares of Empire Metals Corp. (formerly Empire Rock Minerals Inc.) (“Empire”) with a fair value of \$255,000 (December 31, 2016 - \$120,000). During the nine months ended September 30, 2017, the Company recorded an unrealized gain of \$135,000 (December 31, 2016 – loss of \$158,000) which is included in the consolidated statement of operations. The fair value of the Empire shares was determined by the quoted market price on the consolidated statement of financial position date.

On March 31, 2016, the Company disposed of 733,333 common shares of Empire with a fair value of \$58,667 as settlement of outstanding accounts payable of \$58,667. Refer to Note 4 for details of Empire shares received on May 30, 2016.

4. Loan Receivable

On May 30, 2016, the Company received 1,500,000 common shares of Empire with a fair value of \$300,000 as settlement of the loan receivable of \$250,000, and recorded a gain on settlement of \$50,000 which is included in the consolidated statement of operations.

5. Property and Equipment

	Automotive \$
Cost:	
Balance, December 31, 2015 and 2016	50,333
Additions	-
Balance, September 30, 2017	50,333
Accumulated depreciation:	
Balance, December 31, 2015	26,359
Additions	7,192
Balance, December 31, 2016	33,551
Additions	5,035
Balance, September 30, 2017	38,586
Carrying amounts:	
As at December 31, 2016	16,782
As at September 30, 2017	11,747

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6. Exploration and Evaluation Assets

	Leota Gold \$
<i>Acquisition Costs:</i>	
Balance, December 31, 2016	2,019,005
Additions	125,500
Balance, September 30, 2017	2,144,505
<i>Exploration Costs:</i>	
Balance, December 31, 2016	2,227,868
Assays	-
Claims maintenance	-
Depreciation	5,035
Fieldwork (Note 9)	-
Professional fees	25,213
Exploration administration	27,000
Travel and accommodations	4,661
Balance, September 30, 2017	2,289,777
Net carrying value, September 30, 2017	4,434,282

	Leota Gold \$
<i>Acquisition Costs:</i>	
Balance, December 31, 2015	1,992,005
Option payment (Note 10(a))	27,000
Balance, December 31, 2016	2,019,005
<i>Exploration Costs:</i>	
Balance, December 31, 2015	2,005,698
Assays	16,508
Claims maintenance	10,999
Depreciation	7,192
Fieldwork (Note 9)	110,833
Professional fees	26,461
Travel and accommodations (Note 9)	50,177
Balance, December 31, 2016	2,227,868
Net carrying value, December 31, 2016	4,246,873

Leota Gold Project – Klondike, Yukon

On June 8, 2010, the Company entered into a property option agreement (the “Leota Agreement”) to acquire up to a 100% right, title and interest in 835 hard rock mining claims called the Leota Gold Property located on the Klondike Goldfields in the Dawson Mining District, Yukon Territory, Canada.

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6. Exploration and Evaluation Assets (continued)

Leota Gold Project – Klondike, Yukon (continued)

To earn this interest, the Company must issue a total of 2,400,000 common shares as follows:

To acquire 51% interest:

- 400,000 shares to be issued within 15 days of the date of TSX Venture Exchange acceptance for the filing of the Leota Agreement (issued); and
- 800,000 shares to be issued on or before the earlier of 10 days following receipt by the Company of a positive National Instrument 43-101 compliant report recommending further exploration or February 28, 2011 (issued).

To acquire an additional 24% interest:

- 400,000 shares to be issued on or before October 15, 2011 (issued); and
- 200,000 shares to be issued on or before October 15, 2012 (issued).

To acquire an additional 25% interest:

- 200,000 shares to be issued on or before October 15, 2013 (issued); and
- 400,000 shares to be issued on or before October 15, 2014 (issued).

Upon the Company receiving a positive feasibility study confirming more than 4 million ounces of gold or gold equivalent reserve on the Leota Gold Property, or if the Company produces more than 4 million ounces of gold from the Leota Gold Property, then the Company will, after regulatory approval, be required to allot and issue a further 400,000 common shares to the vendors.

The optionors retain a 3% net smelter royalty (“NSR”), up to one-half of which may be bought out by the Company at any time for one or more payments of \$500,000 for each 0.5% of the NSR totalling \$1,500,000. The Company is the operator.

The Company requested that the vendors complete a title transfer for the 75% interest acquired and filed a court action against the vendors to comply. On September 30, 2016, the Company acquired an additional 12.5% by issuing 300,000 common shares to one of the vendors. The vendor then transferred his 50% interest in the Leota Gold Property to the Company. The Company continued its claim against the other vendor to transfer 75% of the remaining 50% interest in the Leota Gold Property acquired by the Company. On June 6, 2017, the Company issued 300,000 common shares to complete the final acquisition payment for Leota and acquired a 100% legal and beneficial interest in the 1,043 quartz mining claims comprising the Leota Property, subject to a 3% NSR royalty, one half of which may be acquired for \$500,000 per each 0.5%. Refer to Note 10(a). All litigation respecting the Leota Property has ended.

Hasenfuss Gold Claims – Klondike, Yukon

On October 1, 2010, the Company entered into an option agreement to acquire two claims contiguous with the Company’s Leota Gold Project. The two Hasenfuss Quartz Mining claims had been optioned from two private individuals for a total of \$60,000. During the year ended December 31, 2010, the Company paid \$10,000 in acquisition costs. On July 6, 2011, the Company acquired 100% of the Hasenfuss Quartz mineral claims by making the \$50,000 payment. The acquisition costs were included with Leota Gold Project. The claims are subject to a 2% net smelter returns royalty.

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7. Accounts Payable and Accrued Liabilities

	September 30, 2017 \$	December 31, 2016 \$
Trade payables	123,987	83,163
Related party payables (Note 9)	6,549,136	6,219,728
Accrued professional fees	9,000	9,000
Accrued interest payable (Note 8)	13,814	16,396
	<u>6,695,937</u>	<u>6,328,287</u>

8. Loans Payable

- (a) As at September 30, 2017, the total amount of \$nil (December 31, 2016 - \$5,500) is owed to a significant shareholder of the Company. The amount due bears interest at 8% per annum, is unsecured, and is due on demand. As at September 30, 2017, the Company recorded accrued interest of \$33,755 (December 31, 2016 - \$332) in interest expense.
- (b) As at September 30, 2017, the total amount of \$363,529 (December 31, 2016 - \$423,725) is owed to a significant shareholder of the Company and companies controlled by the significant shareholder of the Company. The amounts due bear interest at 12% per annum compounded monthly, are unsecured, and are due on demand. As at September 30, 2017, the Company has recorded accrued interest of \$34,647 (December 31, 2016 - \$13,249) in interest expense.

9. Related Party Transactions

- (a) As at September 30, 2017, the amount of \$38,824 (December 31, 2016 - \$513,773) was owed to the President of the Company and a company controlled by the President of the Company. Of this amount, \$37,800 (December 31, 2016 - \$502,925) was recorded in accounts payable and accrued liabilities. The amounts due are non-interest bearing, unsecured, and due on demand.
- (b) As at September 30, 2017, the amount of \$6,923,999 (December 31, 2016 - \$5,716,804) was owed to a significant shareholder of the Company and companies controlled by the significant shareholder of the Company, which was recorded in accounts payable and accrued liabilities. Of this amount, \$6,397,007 (December 31, 2016 - \$5,549,766) bears interest at 2% per month, is unsecured, and is due on demand. In addition, \$53,247 (December 31, 2016 - \$53,247) of this amount bears interest at 10% per annum, is unsecured, and is due on demand. As at September 30, 2017, the Company has recorded accrued interest of \$5,456 (December 31, 2016 - \$2,815) in accounts payable and accrued liabilities. The remaining \$113,791 (December 31, 2016 - \$113,791) is non-interest bearing, unsecured, and due on demand.
- (c) During the nine months ended September 30, 2017, the Company incurred exploration administration and management fees of \$27,000 (December 31, 2016 - \$nil) and \$27,000 (December 31, 2016 - \$72,000), respectively, to a company controlled by the President of the Company.
- (d) During the nine months ended September 30, 2017, the Company incurred property investigation costs of \$4,617 (December 31, 2016 - \$4,425) to a company controlled by the Chief Financial Officer of the Company.
- (e) During the nine months ended September 30, 2017, the Company incurred consulting fees of \$nil (December 31, 2016 - \$500) to a company controlled by a director of the Company.
- (f) During the nine months ended September 30, 2017, the Company incurred interest expense of \$30,607 (December 31, 2016 - \$3,147) to a company with directors in common.

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9. Related Party Transactions (continued)

- (g) During the nine months ended September 30, 2017, the Company incurred the following expenditures to a significant shareholder of the Company and companies controlled by the significant shareholder of the Company:
- Corporate administration costs of \$nil (December 31, 2016 - \$57,682);
 - Interest expense of \$1,098,319 (December 31, 2016 - \$1,142,693);
 - Management fees of \$64,500 (December 31, 2016 - \$150,000);
 - Professional fees of \$9,000 (December 31, 2016 - \$12,000);
 - Rent of \$20,700 (December 31, 2016 - \$27,600);
 - Fieldwork of \$nil (December 31, 2016 - \$110,833); and
 - Travel and accommodations of \$4,662 (December 31, 2016 - \$50,177).

10. Share Capital

Authorized: Unlimited common shares without par value

Share transactions for the nine months ended September 30, 2017:

- (a) On June 6, 2017, the Company issued 300,000 common shares to complete the final acquisition payment for Leota and become registered owner of a 100% legal and beneficial interest in the 1,043 quartz mining claims. The Leota property is subject to a 3% NSR royalty, one half of which may be acquired for \$500,000 per each 0.5%. All litigation respecting the Leota Property has ended.
- (b) On June 16, 2017, the Company issued 52,632 common shares for proceeds of \$6,579 pursuant to the exercise of share purchase warrants.
- (c) On June 20, 2017, the Company issued 2,699,998 common shares for proceeds of \$337,500 pursuant to the exercise of share purchase warrants.
- (d) As at September 30, 2017, the Company had share subscriptions received of \$276,500 (December 31, 2016 - \$362,400) from a company controlled by the President of the Company.
- (e) On July 18, 2017, the Company closed its \$750,000 private placement comprised of 10,000,000 units at \$0.075 per unit. Each unit consists of one common share and one-half of one three-year transferable warrant with one warrant entitling the holder to purchase one additional share at a price of \$0.15 per share. \$336,250 was issued on a flow-through basis. The flow-through shares comprising the 4,483,334 flow-through units and 2,241,667 flow-through shares issuable upon exercise of the warrants comprising the flow-through units will entitle holders to receive the tax benefits applicable to flow-through shares in accordance with provisions of the Income Tax Act (Canada).
- (f) On August 18, 2017, the Company has agreed to issue 4,340,000 common shares in its capital at a deemed price of \$0.12 per share to one corporate creditor owned and controlled by a director to settle \$520,800.00 in debt. The debt settlement has been approved by independent directors. Goldbank is relying on an exemption from the related party requirements of MI 61-101. The issuance of the shares is subject to acceptance for filing by the TSX Venture Exchange.

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10. Share Capital (continued)

Share transactions for the year ended December 31, 2016:

- (a) On September 30, 2016, the Company issued 300,000 common shares with a fair value of \$27,000 pursuant to a mineral property option agreement. Refer to Note 6.
- (b) On November 27, 2016, the Company issued 8,000,000 flow-through units at \$0.05 per unit for total proceeds of \$400,000, of which 4,000,000 units for proceeds of \$200,000 were issued to a significant shareholder of the Company and 4,000,000 units for proceeds of \$200,000 were issued to a company under common control. Each unit consisted of one flow-through common share and one transferrable share purchase warrant with each warrant entitling the holder to purchase an additional flow-through common share at a price of \$0.06 per share expiring on November 27, 2020. There was no flow-through premium as the flow-through units were issued at a lower price than the closing price of the Company's common stock.

11. Share Purchase Warrants

The following table summarizes the continuity of common share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, December 31, 2015	16,691,227	0.08
Issued	8,000,000	0.06
Expired	(600,000)	0.50
Balance, December 31, 2016	24,091,227	0.06
Exercised	(2,752,630)	0.125
Expired	(405,264)	0.125
Issued	5,000,000	0.18
Balance, September 30, 2017	25,933,333	0.08

As at September 30, 2017, the following common share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
1,000,000	0.05	December 29, 2018
8,333,333	0.05	December 31, 2018
3,600,000	0.05	April 29, 2019
8,000,000	0.06	November 27, 2020
5,000,000	0.18	July 18, 2020
<u>25,933,333</u>		

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12. Stock Options

On July 8, 2014, the Company adopted a new stock option pursuant to which options may be granted to directors, officers, employees and consultants of the Company. The exercise price is determined by the Board of Directors, subject to the Discounted Market Price policies of the TSX Venture Exchange. The aggregate number of shares issuable pursuant to stock options granted under the plan is limited to 10% of the issued and outstanding shares at the time of grant. Options are granted for a maximum term of 10 years and are fully vested when granted unless otherwise stated. On July 10, 2015, shareholders of the Company did not re-approve the Company's stock option plan. On September 23, 2016, the Company was granted a waiver by the TSX Venture Exchange from the requirement to have a stock option plan. As at September 30, 2017, the Company does not have a stock option plan.

The following table summarizes the continuity of the Company's stock options:

	Number of stock options	Weighted average exercise price \$
Outstanding, December 31, 2015 and 2016	–	–
Expired	–	–
Outstanding, September 30, 2017	–	–

13. Segmented Information

The Company operates in one industry and geographic segment, the mineral resource industry with all current exploration activities conducted in Canada.

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14. Financial Instruments and Risks

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at September 30, 2017 as follows:

	Fair Value Measurements Using			Balance, September 30, 2017 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	440,531	–	–	440,531
Marketable securities	255,000	–	–	255,000
Total assets measured at fair value	695,531	–	–	695,531

The fair values of other financial instruments, which include amounts receivable, loan receivable, accounts payable and accrued liabilities, loans payable, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Amounts receivable consist of GST refunds due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(e) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

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15. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve, and share subscriptions received.

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

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2015.

16. Subsequent events

On October 4, 2017, the Company has closed its \$1,200,000 private placement comprised of 10,000,000 units at \$0.12 per unit. Each unit consists of one common share and one-half of one three-year transferable warrant with one warrant entitling the holder to purchase one additional share at a price of \$0.18 per share. \$441,000 was issued on a flow-through basis. The flow-through shares comprising the 3,675,000 flow-through units and 1,837,500 flow-through shares issuable upon exercise of the warrants comprising the flow-through units will entitle holders to receive the tax benefits applicable to flow-through shares in accordance with provisions of the Income Tax Act (Canada).