

GARIBALDI RESOURCES CORP.

Condensed Consolidated Interim Financial Statements

October 31, 2017

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTE TO READER

Under National Instrument 51-102, if an auditor has not performed a review of interim financial statements they must be accompanied by a note indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management. The Company's independent auditor has not performed a review of these interim financial statements.

Garibaldi Resources Corp.
Condensed Consolidated Interim Statements of Financial Position
October 31, 2017
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	Note	October 31, 2017	January 31, 2017
ASSETS			
Current assets			
Cash		\$ 15,061,412	\$ 89,563
Marketable securities	4	5,867	9,127
Sales taxes receivable	5	122,355	48,750
Prepaid expenses and advances		9,353	5,072
		15,198,987	152,512
Non-current assets			
Reclamation deposits	6	79,390	33,890
Equipment	7	30,932	36,391
Exploration advances		115,000	-
Exploration and evaluation assets	8	12,037,352	8,702,482
		12,262,674	8,772,763
TOTAL ASSETS		\$ 27,461,661	\$ 8,925,275
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	11	\$ 1,974,541	\$ 855,125
Related party loan payable	11	6,554	19,612
Deferred flow-through premium	10	250,368	10,348
TOTAL LIABILITIES		2,231,463	885,085
EQUITY			
Share capital	10	36,705,618	18,994,430
Share subscriptions receivable	10	(315,000)	-
Contributed surplus		3,610,139	2,638,139
Deficit		(14,770,559)	(13,592,379)
TOTAL EQUITY		25,230,198	8,040,190
TOTAL LIABILITIES AND EQUITY		\$ 27,461,661	\$ 8,925,275

Commitments - Notes 8, 9, and 10

Approved on behalf of the Board on December 29, 2017:

“Steve Regoci”
Director, CEO

“Barrie DiCastrì”
Director, CFO

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

Garibaldi Resources Corp.
Condensed Consolidated Interim Statements of Comprehensive Loss
For the three and nine months ended October 31, 2017 and 2016
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	Note	Three months ended		Nine months ended October	
		2017	2016	2017	2016
Expenses					
Bank charges and interest		\$ 3,327	\$ 1,580	\$ 6,379	\$ 5,446
Consulting fees	11	17,211	2,909	96,839	11,367
Depreciation		360	187	1,082	1,003
Foreign exchange loss		1,469	267	4,385	2,449
Insurance		1,540	2,310	6,160	6,930
Management fees	11	72,000	72,000	216,000	216,000
Office and miscellaneous		3,043	2,180	24,855	10,991
Professional fees		9,812	21,305	55,060	43,377
Rent		16,079	15,234	49,062	44,540
Salaries and wages	11	742	27,841	6,466	93,522
Share based compensation		972,000	-	972,000	-
Shareholder communications		38,229	6,711	45,183	28,123
Telephone		2,017	1,612	6,336	5,527
Transfer agent and filing fees		8,757	2,514	19,318	15,074
Travel and entertainment		2,627	97	4,383	614
Loss before other items		(1,149,213)	(156,747)	(1,513,508)	(484,963)
Other items					
Gain on sale of marketable securities	4	-	6,990	-	124,592
Other income		6	6	168	231
Settlement of flow-through premium liability	10	330,692	36,781	338,420	53,497
Unrealized gain (loss) on marketable securities	4	(573)	(21,328)	(3,260)	21,865
		330,125	22,449	335,328	200,185
Net and comprehensive loss		\$ (819,088)	\$ (134,298)	\$ (1,178,180)	\$ (284,778)
Loss per share - basic and diluted		\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding		87,512,229	71,292,125	80,063,045	71,030,081

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

Garibaldi Resources Corp.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
For the nine months ended October 31, 2017 and 2016
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	Number of shares	Amount	Contributed surplus	Shares issuable	Deficit	Total
Balance at January 31, 2017	74,350,458	\$ 18,994,430	\$ 2,638,139	\$ -	\$ (13,592,379)	\$ 8,040,190
Shares issued for mineral properties	950,000	342,500	-	-	-	342,500
Shares issued for cash:						
Pursuant to the exercise of options	975,000	115,000	-	-	-	115,000
Pursuant to the exercise of warrants	2,991,583	699,354	-	-	-	699,354
Private placement - at \$0.14	1,430,000	200,200	-	-	-	200,200
Flow Through Private Placement - at \$0.18	4,000,000	560,000	-	-	-	560,000
Less; share issue costs	-	(69,470)	-	-	-	(69,470)
Private placement - at \$0.46	2,031,998	934,719	-	-	-	934,719
Less; share issue costs	-	(13,054)	-	-	-	(13,054)
Private placement - at \$0.82	2,622,500	2,150,450	-	-	-	2,150,450
Flow Through Private Placement - at \$0.92	4,184,391	3,431,200	-	-	-	3,431,200
Less; share issue costs	-	(290,860)	-	-	-	(290,860)
Private placement - at \$3.15	3,174,603	9,999,999	-	(315,000)	-	9,684,999
Less; share issue costs	-	(348,850)	-	-	-	(348,850)
Share based compensation	-	-	972,000	-	-	972,000
Net and comprehensive loss	-	-	-	-	(1,178,180)	(1,178,180)
Balance at October 31, 2017	96,710,533	\$ 36,705,618	\$ 3,610,139	\$ (315,000)	\$ (14,770,559)	\$ 25,230,198

	Number of shares	Amount	Contributed surplus	Shares issuable	Deficit	Total
Balance at January 31, 2016	70,792,125	\$ 18,554,265	\$ 2,638,139	\$ -	\$ (13,156,087)	\$ 8,036,317
Shares issued for mineral properties	500,000	48,500	-	12,750	-	61,250
Net and comprehensive loss	-	-	-	-	(284,778)	(284,778)
Balance at October 31, 2016	71,292,125	\$ 18,602,765	\$ 2,638,139	\$ 12,750.00	\$ (13,440,865)	\$ 7,812,789

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

Garibaldi Resources Corp.
Condensed Consolidated Interim Statements of Cash Flows
For the nine months ended October 31, 2017 and 2016
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	Nine months ended October 31,	
	2017	2016
Operating Activities		
Net loss	\$ (1,178,180)	\$ (284,778)
Adjustments for non-cash items:		
Depreciation	1,082	1,003
Gain on sale of marketable securities	-	(124,592)
Share based compensation	972,000	-
Settlement of flow-through premium liability	(338,420)	(53,497)
Unrealized (gain) loss on marketable securities	3,260	(21,865)
Changes in non-cash working capital items:		
Sales taxes receivable	(73,605)	21,471
Prepaid expenses and advances	(119,281)	(32,107)
Trade payables and accrued liabilities	353,160	329,933
Net cash flow used in operating activities	(379,984)	(164,432)
Investing Activities		
Expenditures on exploration and evaluation assets	(2,221,737)	(439,598)
Reclamation deposits	(45,500)	-
Acquisition of capital assets	-	(323)
Proceeds from the sale of marketable securities	-	200,029
Net cash flows used in investing activities	(2,267,237)	(239,892)
Financing Activities		
Proceeds from issuance of common shares, net	17,947,128	-
Share subscriptions receivable	(315,000)	-
Advances from related parties	(13,058)	2,000
Net cash flows provided by financing activities	17,619,070	2,000
Change in cash	14,971,849	(402,324)
Cash, beginning of period	89,563	449,571
Cash, end of period	\$ 15,061,412	\$ 47,247
Supplemental Information		
Interest paid	\$ -	\$ -
Income tax paid	\$ -	\$ -

Non-cash transactions – Note 13

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

1. Corporate Information

Garibaldi Resources Corp. (the “Company”) is an exploration stage company incorporated on November 22, 1993 under the laws of the Province of Alberta, Canada. Its business activity is the acquisition, exploration and evaluation of mineral properties located in Canada and Mexico. The Company’s common shares are traded on the TSX Venture Exchange (“TSX-V”) under the symbol “GGI”.

The Company’s head office and principal business address is Suite 1150, 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standard (“IAS”) IAS 34 “Interim Financial Reporting”.

These condensed interim consolidated financial statements do not include all of the information and disclosures required to be included in annual financial statements prepared in accordance with IFRS.

These condensed consolidated interim financial statements should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended January 31, 2017, which includes information necessary or useful to understanding the Company’s business and financial statement presentation. In particular, the Company’s significant accounting policies, use of judgements and estimates were presented in Note 2 and Note 3 of those audited financial statements and have been consistently applied in the preparation of these condensed interim financial statements.

Use of Estimates and Judgements

There have been no material revisions to the nature and amount of changes in estimates of amounts reported in the Company’s audited annual consolidated financial statements for the year ended January 31, 2017.

These condensed consolidated interim financial statements were authorized for issue on December 29, 2017 by the directors of the Company.

3. New Accounting Standards

The following standards will be adopted by the Company effective February 1, 2018:

IFRS 15 Revenue from Contracts with Customers - In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”) which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

IFRS 9 – Financial Instruments - The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments (“IFRS 9”) which is intended to reduce the complexity in the classification and measurement of financial instruments.

3. New Accounting Standards (cont'd)

The following standard will be adopted by the Company effective February 1, 2019:

IFRS 16 – Leases - In June 2016, the IASB issued IFRS 16 – Leases ("IFRS 16") which establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17.

The Company is currently evaluating the impact that the adoption of the future standards may have on the Company's consolidated financial statements.

4. Marketable Securities

At October 31, 2017, marketable securities consist of 601 common shares of Coeur Mining Inc. During the nine months ended October 31, 2017, the Company did not sell any marketable securities. During the nine months ended October 31, 2016, the Company sold 16,500 common shares of Coeur Mining Inc. and 19,805 common shares of Paramount Gold and Silver Corporation for gross proceeds of \$200,029, resulting in a realized gain on sale of marketable securities of \$124,592.

During the nine months ended October 31, 2017, the Company recognized an unrealized loss of \$3,260 (2016 – gain of \$21,865) due to fluctuations in the quoted market price of the shares held.

5. Sales Taxes Receivable

	October 31, 2017	January 31, 2017
IVA receivable (Mexico)	\$ 19,287	\$ 26,705
GST receivable (Canada)	103,068	22,045
Total	\$ 122,355	\$ 48,750

The Company is exposed to credit risk on its sales taxes receivable which consist of refundable government goods and services taxes.

6. Reclamation Deposits

The Company is required to make reclamation deposits in respect of its expected rehabilitation obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company. The reclamation deposits are held in redeemable interest bearing certificates with large financial institutions.

Garibaldi Resources Corp.
Notes to the Condensed Consolidated Interim Financial Statements
October 31, 2017
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

7. Equipment

October 31, 2017

	Motor vehicles	Office equipment	Drilling and exploration equipment	Total
Cost:				
At January 31, 2017	\$ 129,268	\$ 12,994	\$ 362,891	\$ 505,153
Additions	-	-	-	-
At October 31, 2017	129,268	12,994	362,891	505,153
Accumulated depreciation:				
At January 31, 2017	114,046	9,990	344,726	468,762
Depreciation	2,283	450	2,726	5,459
At October 31, 2017	\$ 116,329	\$ 10,440	\$ 347,452	\$ 474,221
Net book value:				
At January 31, 2017	\$ 15,222	\$ 3,004	\$ 18,165	\$ 36,391
At October 31, 2017	\$ 12,939	\$ 2,554	\$ 15,439	\$ 30,932

January 31, 2017

	Motor vehicles	Office equipment	Drilling and exploration equipment	Total
Cost:				
At January 31, 2016	\$ 129,268	\$ 12,994	\$ 362,568	\$ 504,830
Additions	-	-	323	323
At January 31, 2017	129,268	12,994	362,891	505,153
Accumulated depreciation:				
At January 31, 2016	110,240	9,240	340,226	459,706
Depreciation	3,806	750	4,500	9,056
At January 31, 2017	\$ 114,046	\$ 9,990	\$ 344,726	\$ 468,762
Net book value:				
At January 31, 2016	\$ 19,028	\$ 3,754	\$ 22,342	\$ 45,124
At January 31, 2017	\$ 15,222	\$ 3,004	\$ 18,165	\$ 36,391

Garibaldi Resources Corp.
Notes to the Condensed Consolidated Interim Financial Statements
October 31, 2017
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

8. Exploration and Evaluation Assets

October 31, 2017

	Mexico			Canada							TOTAL
	La Patilla	Iris	Sonora	Red Lion	Grizzly	King North & King South	E&L	Palm Springs	SID & Sunrise	Other	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Acquisition Costs											
Balance, January 31, 2017	112,666	264,123	1,295,271	55,817	142,223	71,628	118,111	18,000	-	78,555	\$ 2,156,394
Additions	-	-	-	22,500	-	-	44,000	30,000	231,000	35,000	\$ 362,500
Balance, October 31, 2017	112,666	264,123	1,295,271	78,317	142,223	71,628	162,111	48,000	231,000	113,555	\$ 2,518,894
Deferred Exploration Costs											
Balance, January 31, 2017	487,784	240,188	3,372,846	330,846	1,374,669	227,490	50,673	111,320	177,222	208,050	\$ 6,581,088
Depreciation	-	-	4,377	-	-	-	-	-	-	-	\$ 4,377
Assays	-	-	-	-	-	-	8,671	-	-	-	\$ 8,671
Drilling and trenching	-	-	-	-	-	-	776,342	-	-	-	\$ 776,342
Geology and mapping	-	-	-	-	-	660	514,506	10,717	-	2,427	\$ 528,310
Surveying	-	-	-	-	-	-	766,078	-	-	-	\$ 766,078
Travel and field	6,728	29,492	353,315	-	-	-	490,487	-	880	7,690	\$ 888,592
Balance, October 31, 2017	494,512	269,680	3,730,538	330,846	1,374,669	228,150	2,606,757	122,037	178,102	218,167	\$ 9,553,458
Proceeds from sale of claim	-	-	-	-	-	(35,000)	-	-	-	-	\$ (35,000)
Total	607,178	533,803	5,025,809	409,163	1,516,892	264,778	2,768,868	170,037	409,102	331,722	\$ 12,037,352

Garibaldi Resources Corp.
Notes to the Condensed Consolidated Interim Financial Statements
October 31, 2017
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

8. Exploration and Evaluation Assets (cont'd)

January 31, 2017

	Mexico			Canada							TOTAL
	La Patilla	Iris	Sonora	Red Lion	Grizzly	King North & King South	E&L	Palm Springs	SID & Sunrise	Other	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Acquisition Costs											
Balance, January 31, 2016	112,666	264,123	1,295,271	55,817	142,223	41,628	-	-	-	74,697	\$ 1,986,425
Additions	-	-	-	-	-	30,000	118,111	18,000	-	3,858	\$ 169,969
Balance, January 31, 2017	112,666	264,123	1,295,271	55,817	142,223	71,628	118,111	18,000	-	78,555	\$ 2,156,394
Deferred Exploration Costs											
Balance, January 31, 2016	484,634	230,140	3,260,973	291,196	1,358,488	130,161	-	-	-	91,025	\$ 5,846,617
Depreciation	-	-	7,911	-	-	-	-	-	-	-	\$ 7,911
Assays	-	-	252	550	12,860	735	3,700	70	-	3,108	\$ 21,275
Drilling and trenching	-	-	2,002	-	-	-	-	-	-	103,087	\$ 105,089
Geology and mapping	-	-	10,860	35,214	2,125	27,750	23,051	44,738	37,400	7,606	\$ 188,744
Surveying	-	-	-	3,886	573	34,258	13,161	34,230	120,932	-	\$ 207,040
Travel and field	3,150	10,048	90,848	-	623	34,586	10,761	32,282	18,890	3,224	\$ 204,412
Balance, January 31, 2017	487,784	240,188	3,372,846	330,846	1,374,669	227,490	50,673	111,320	177,222	208,050	\$ 6,581,088
Proceeds from sale of claim	-	-	-	-	-	(35,000)	-	-	-	-	\$ (35,000)
Total	600,450	504,311	4,668,117	386,663	1,516,892	264,118	168,784	129,320	177,222	286,605	\$ 8,702,482

8. Exploration and Evaluation Assets (cont'd)

Mexico Properties

La Patilla

The Company owns a 100% interest in the 99 hectare La Patilla property located in the Municipality of Rosario, State of Sinaloa, Mexico. Should the property be placed in commercial production, the Company will issue a further 800,000 shares to the original owner and will pay a 3% net smelter return royalty capped at US\$3,000,000. The Company has the right to buy down the net smelter return royalty to 1% by paying \$2,000,000 to the vendor.

Iris

The Company owns a 100% interest in the Iris property located in Chihuahua State, Mexico. The property is subject to a 2% net smelter return royalty. The Company has the right to buy down the net smelter return royalty to 1% by paying US\$1,500,000 to the optionor.

Sonora Properties

The Company owns four non-contiguous concessions in Sonora State, Mexico, known as the Tonichi, Badesi, Onavas and Rodadero concessions.

The Company must also incur minimum exploration and development expenditures approximating \$75,000 per year to keep the concessions in good standing. The concessions will each be subject to a 1% net smelter return royalty which the Company can purchase at any time for \$1,000,000 each.

Canada Properties

Red Lion

On January 31, 2014, the Company entered into a mineral property option agreement to acquire five mineral tenures located in the Laird Mining Division of British Columbia, known as the Mount Sister Mary Property and six mineral tenures located in the Omenica Mining Division of British Columbia, known as the Red Lion Property. The optionor retained a net smelter return royalty of 2% which may be reduced to 1% by the Company at any time for \$2,000,000. Under the terms of the agreement the option payments and share issuances were as follows:

- Within 10 days of TSX-V approval – cash payment of \$18,500 (paid) and issuance of 75,000 common shares (issued with a fair value of \$16,875).
- On or before January 31, 2015 – issuance of additional 150,000 common shares (issued with a fair value of \$25,500).
- On or before January 31, 2016 – issuance of additional 150,000 common shares (issued with a fair value of \$18,000).
- On or before January 31, 2017 – issuance of additional 150,000 common (issued during the nine months ended October 31, 2017 with a fair value of \$22,500).
- On or before January 31, 2018 – issuance of additional 500,000 common shares.

8. Exploration and Evaluation Assets (cont'd)

During the year ended January 31, 2016, the Company abandoned its interest in the Mount Sister Mary mineral tenures and recorded a write-off of the option payments and capitalized costs relating to the Mount Sister Mary mineral tenures in the amount of \$65,295. The Company has retained the Red Lion mineral tenures and exploration and evaluation expenditures on those tenures continue to be capitalized.

Grizzly

The Company owns the Grizzly claims located in the Sheslay Valley district of north western British Columbia, subject to a 2% net smelter return royalty.

On January 27, 2014, the Company entered into an agreement to purchase two additional mineral claims, East Hat and East Hat 2, adjacent to the Grizzly claims. The vendor retained a 2% net smelter return on production from the properties. The Company has the option at any time to reduce the net smelter return to 1% for a payment of \$1,000,000 to the vendor. On March 5, 2014, the Company received TSX-V approval of the agreement and issued 100,000 common shares with a fair value of \$22,500 to the vendor.

King

On August 15, 2009, the Company entered into a mineral property option agreement to acquire six mineral tenures comprising approximately 1,720 hectares located in the Iskut River area of British Columbia, known as the King Property. Under the terms of the agreement, the Company agreed to pay \$10,000 (paid), issue 100,000 common shares (issued at a value of \$21,000), pay an additional \$90,000 in cash or shares in tranches over the next five years, and complete \$100,000 (completed) in exploration work on the property. The Company was to make a \$70,000 payment by June 30, 2014 which was not paid.

On December 15, 2015, the option agreement was amended and the Company earned a 100% interest in the King Property by agreeing to engage the optionor for a minimum of \$72,500 of exploration work on the King Property in 2016 in lieu of making the final \$70,000 option payment. The optionor retained a net smelter return royalty of 2%.

King South

On May 10, 2016, the Company entered into a purchase agreement to acquire seventeen mineral tenures located in the Liard Mining Division, Province of British Columbia, known as the King South claims in exchange for 300,000 common shares (issued during the year ended January 31, 2017 at a value of \$30,000) of the Company and agreeing to engage the vendor for a minimum of \$50,000 (paid during the year ended January 31, 2017) of exploration work on the claims. The vendor retained a net smelter return royalty of 2% which may be reduced to 1% by the Company at any time for \$1,000,000.

8. Exploration and Evaluation Assets (cont'd)

E&L

On June 3, 2016, the Company entered into a mineral property option agreement to acquire a 100% undivided interest in four mineral tenures located in the Liard Mining Division in northwest British Columbia, comprising 766.42 hectares known as the E&L Property. In order to earn the interest, the Company is required make cash payments totalling \$100,000, issue 1,100,000 shares of the Company over a four-year schedule, and incurring exploration expenditures on the property totalling \$375,000 by the end of the four-year option period. The option will be subject to a 2% net smelter return royalty retained by the optionor.

Under the terms of the agreement, in order to acquire the 100% interest in the Property, the option payments, share issuances and exploration expenditures are as follows:

- Within 10 days of TSX-V approval – cash payment of \$5,000 and issuance of 100,000 common shares (paid and issued at value of \$10,500 during the year ended January 31, 2017).
- On or before June 3, 2017 – cash payment of \$15,000, issuance of an additional 200,000 common shares and incur \$25,000 in exploration expenditures (paid and issued during the nine months ended October 31, 2017 at a value of \$29,000 and incurred during the nine months ended October 31, 2017).
- On or before June 3, 2018 – cash payment of \$20,000, issuance of an additional 250,000 common shares and incur an additional \$50,000 in exploration expenditures.
- On or before June 3, 2019 – cash payment of \$25,000, issuance of an additional 250,000 common shares and incur an additional \$75,000 in exploration expenditures.
- On or before June 3, 2020 – cash payment of \$35,000, issuance of an additional 300,000 common shares and incur an additional \$225,000 in exploration expenditures.

During the year ended January 31, 2017, the Company increased the size of the E&L property in a series of mineral property purchase agreements as follows:

- i) Pursuant to a mineral property purchase agreement dated September 12, 2016, the Company acquired 20 mineral tenures, comprising 1,473.13 hectares known as the East Claims property in consideration for 150,000 common shares (issued during the year ended January 31, 2017 at a value of \$12,750) and a cash payment of \$15,000 (paid during the year ended January 31, 2017);
- ii) Pursuant to a Purchase Agreement dated October 18, 2016, the Company acquired two mineral tenures comprising approximately 89.1269 hectares known as the E&L South and North claims in consideration for 75,000 common shares (issued during the year ended January 31, 2017 at a value of \$6,750); and
- iii) Pursuant to a Purchase Agreement dated October 28, 2016, the Company acquired 10 mineral tenures comprising approximately 4,148.33 hectares known as the Qu claims in consideration for 500,000 common shares (issued during the year ended January 31, 2017 at a value of \$65,000).

8. Exploration and Evaluation Assets (cont'd)

Palm Springs

On May 5, 2016, the Company entered into a mineral property option agreement to acquire 35 mineral tenures located in the Liard Mining Division, Province of British Columbia, known as the Palm Spring Property. The optionor retained a net smelter return royalty of 2% which may be reduced to 1% by the Company at any time for \$1,000,000. Under the terms of the agreement, in order to acquire an initial 60% interest in the Property, the option payments, share issuances and exploration expenditures are as follows:

- Within 10 days of TSX-V approval – cash payment of \$10,000 and issuance of 100,000 common shares (issued at a value of \$8,000 and paid during the nine months ended October 31, 2016).
- On or before May 5, 2017 – issuance of an additional 200,000 common shares and incur \$100,000 in exploration expenditures (issued during the nine months ended October 31, 2017 at a value of \$30,000).
- On or before May 5, 2018 – issuance of an additional 300,000 common shares and incur an additional \$250,000 in exploration expenditures.
- On or before May 5, 2019 – issuance of an additional 400,000 common shares and incur an additional \$750,000 in exploration expenditures.
- On or before May 5, 2020 – issuance of an additional 400,000 common shares and incur an additional \$1,000,000 in exploration expenditures.

In order to acquire an additional 15% interest (75% total) in the Property the share issuances are as follows:

- On or before May 5, 2020 – issuance of an additional 2,000,000 common shares.

In order to acquire an additional 20% interest (95% total) in the Property the option payments are as follows:

- At any time – cash payment of \$2,000,000.

8. Exploration and Evaluation Assets (cont'd)

Sid & Sunrise

On October 5, 2016, the Company entered into a mineral property option agreement to acquire a 100% interest in nine mineral tenures located in the Omenica Mining Division in British Columbia, comprising 2,443.17 hectares known as the SID claims. In order to earn the interest, the Company will be required to issue 2,000,000 common shares of the Company over a four-year period and incur exploration expenditures on the property totalling \$1,000,000 by the end of the four-year option period. The option will be subject to a 2% net smelter return retained by the optionor.

Under the terms of the agreement, in order to acquire the 100% interest in the property, the option payments, share issuances and exploration expenditures are as follows:

- Within 10 days of TSX-V approval – issue 100,000 common shares (issued during the nine-month period ended October 31, 2017 at a value of \$11,000);
- On or before October 5, 2017 – issue 100,000 common shares and incur \$25,000 in exploration expenditures (issued during the nine-month period ended October 31, 2017 at a value of \$220,000 and incurred during the year ended January 31, 2017).
- On or before October 5, 2018 – issue 200,000 common shares and incur an additional \$100,000 in exploration expenditures.
- On or before October 5, 2019 – issue 600,000 common shares and incur an additional \$250,000 in exploration expenditures.
- On or before October 5, 2020 – issue 1,000,000 common shares and incur an additional \$625,000 in exploration expenditures.

Other

Black Gold

The Company's Black Gold property represents a black granite quarry located in Grand Forks, British Columbia. The claims remain in good standing.

Tora Tora

The Tora Tora mineral claims are located in the Similkameen area of British Columbia and were acquired at a nominal cost, subject to a 2% net smelter return royalty. The Company continues to pay maintenance fees to keep these claims in good standing.

Golden Bear

On May 5, 2015, the Company acquired eight mineral claims comprising approximately 1400 hectares adjacent to the southern border of the Company's Grizzly property.

Under the terms of the agreement, the Company issued 150,000 common shares with a fair value of \$9,000 in exchange for a 100% interest in the Golden Bear claims, subject to a 2% net smelter returns royalty, half of which the Company can buy back for \$1,000,000.

8. Exploration and Evaluation Assets (cont'd)

Caribou Copper-Gold Claims

On April 3, 2017, the Company entered into a mineral property option agreement to acquire a 100% interest in five mineral tenures comprising 1,753 hectares in the Clinton and Caribou mining divisions of British Columbia.

Under the terms of the agreement, in order to acquire 100% interest in the property, the option payments, share issuances and exploration expenditures are as follows:

- Cash payment of \$10,000 (The parties later agreed to revise the cash payment to \$5,000, which was paid during the nine months ended October 31, 2017);
- Issue 700,000 common shares of the Company over a two-year period (200,000 common shares were issued during the nine months ended October 31, 2017 at a value of \$30,000),
- Incur exploration expenditures on the property totalling \$150,000 by the end of the two-year option period.

The vendor will retain a 2% net smelter return royalty, which may be reduced to 1% by the Company at any time for \$1,500,000.

9. Commitments

Operating lease:

At October 31, 2017, future payments required under a non-cancellable operating lease for office premises contracted for but not capitalized in the financial statements are as follows:

Fiscal year ending January 31,		
2018	\$	12,754
2019		51,016
	\$	63,770

Management services agreements:

The Company entered into management services agreements which provides for monthly remuneration of \$12,000 for each of its Chief Executive Officer and Chief Financial Officer.

10. Share Capital

Authorized:

Unlimited common shares with no par value,

Issued and Outstanding:

At October 31, 2017, there were 96,710,533 (January 31, 2017 – 74,350,458) issued and outstanding common shares.

Issued During the Nine Months Ended October 31, 2017:

On April 12, 2017, 100,000 common shares with a fair value of \$11,000 were issued as an option payment for the SID Property (Note 8).

On May 11, 2017, (i) 150,000 common shares with a fair value of \$22,500 were issued as an option payment for the Red Lion property; (ii) 200,000 common shares with a fair value of \$30,000 were issued as an option payment for the Palm Springs property; and (iii) 200,000 common shares with a fair value of \$30,000 were issued as an option payment for the Clinton and Caribou Property (Note 8).

On May 29, 2017, 200,000 common shares with a fair value of \$29,000 were issued as an option payment for the E&L Property (Note 8).

During the nine-month period ended October 31, 2017, the Company issued 4,000,000 flow-through units for gross proceeds of \$720,000 pursuant to a private placement at \$0.18 per unit. Each unit consisted of one flow-through common share and one-half share purchase warrant exercisable into one non flow-through common share of the Company at \$0.25 per share for a period of two years. In connection with this private placement, the Company paid commissions of \$42,000 and filing and legal fees of \$19,839. There was a flow-through premium of \$0.04 per share or \$160,000 which was recorded as a deferred flow-through premium and which will be recognized as other income as flow-through expenditures are incurred. During the nine-month period ended October 31, 2017, the Company recorded other income of \$160,000 in connection with this flow through premium. The difference of \$560,000 between the gross proceeds of \$720,000 and the deferred flow-through premium of \$160,000 has been recognized as equity.

On July 12, 2017, the Company issued 1,430,000 units for gross proceeds of \$200,200 pursuant to a private placement at \$0.14 per unit. Each unit consisted of one common share and one share purchase warrant exercisable into one common share of the Company at \$0.20 per share for a period of two years. In connection with this private placement, the Company paid filing and legal fees of \$7,631.

On August 17, 2017, the Company issued 2,031,998 units for gross proceeds of \$934,719 pursuant to a private placement at \$0.46 per unit. Each unit consisted of one common share and one share purchase warrant exercisable into one common share of the Company at \$0.60 per share for a period of two years. In connection with this private placement, the Company paid filing and legal fees of \$13,054.

10. Share Capital (cont'd)

Issued During the Nine Months Ended October 31, 2017: (cont'd)

On October 2, 2017, the Company issued 2,622,500 units for gross proceeds of \$2,150,450 pursuant to a private placement at \$0.82 per unit and 4,184,391 flow-through units for gross proceeds of \$3,849,640 pursuant to a flow-through private placement at \$0.92 per flow-through unit. Each unit consisted of one common share and one share purchase warrant exercisable at \$1.05 per share for a period of two years. Each flow-through unit consisted of one flow-through common share and one-half share purchase warrant exercisable into one non flow-through common share of the Company at \$1.05 per share for a period of two years. In connection with this private placement, the Company paid commissions of \$255,860 and filing and legal fees of \$35,000. There was a flow-through premium of \$0.10 per share or \$418,440 which was recorded as a deferred flow-through premium and which will be recognized as other income as flow-through expenditures are incurred. During the nine-month period ended October 31, 2017, the Company recorded other income of \$168,072 in connection with this flow through premium. The difference of \$3,431,200 between the gross proceeds of \$3,849,640 and the deferred flow-through premium of \$418,440 has been recognized as equity.

On October 5, 2017, 100,000 common shares with a fair value of \$220,000 were issued as an option payment for the SID Property (Note 8).

During the nine-month period ended October 31, 2017, the Company issued 3,174,603 units for gross proceeds of \$9,999,999 pursuant to a private placement at \$3.15 per unit. Each unit consisted of one common share and one share purchase warrant exercisable into one common share of the Company at \$4.50 per share for a period of two years. In connection with this private placement, the Company paid commissions of \$319,600 and filing and legal fees of \$29,250.

Issued During the Year Ended January 31, 2017:

On June 8, 2016, 100,000 common shares with a fair value of \$8,000 were issued as an option payment for the Palm Springs Property (Note 8).

On June 21, 2016, 300,000 common shares with a fair value of \$30,000 were issued as an option payment for the King South claims (Note 8).

On July 12, 2016, 100,000 common shares with a fair value of \$10,500 were issued as an option payment for the E&L Property (Note 8).

On November 1, 2016, 150,000 common shares with a fair value of \$12,750 were issued in connection with a mineral property purchase agreement for the E&L Property East claims (Note 8).

On November 10, 2016, 75,000 common shares with a fair value of \$6,750 were issued in connection with a mineral property purchase agreement for the E&L Property South and North claims (Note 8).

On December 2, 2016, 500,000 common shares with a fair value of \$65,000 were issued in connection with a mineral property purchase agreement for the E&L Property Qu claims (Note 8).

On December 29, 2016, the Company issued 2,333,333 flow-through common shares for gross proceeds of \$350,000 pursuant to a non-brokered private placement. In connection with the private placement, the Company paid commissions of \$22,000 and filing and legal fees of \$9,168 which were recorded as share issue costs.

10. Share Capital (cont'd)

Issued During the Year Ended January 31, 2017: (cont'd)

There was a flow-through premium of \$0.005 per share or \$11,667 which was recorded as a deferred flow-through premium and which will be recognized as other income as flow-through expenditures are incurred. During the three month period ended October 31, 2017, the Company recorded other income of \$10,349 in connection with this flow through premium. The difference of \$338,333 between the gross proceeds of \$350,000 and the deferred flow-through premium of \$11,667 has been recognized as equity.

The Company renounced \$350,000 of exploration expenditures to the investors under the look-back rule on December 31, 2016. The proceeds from the private placement are being used for exploration of the Company's B.C. properties.

Stock options:

The Company has a stock option plan available to directors, officers, employees and consultants under which the total stock options available for grant is limited to 10% of the issued and outstanding common shares at any point in time. The exercise price of options granted may not be less than the market price of the Company's stock on the date of grant less any discount permitted by the policies of the TSX-V.

Options are granted for a maximum term of five years and vest on the date of the grant unless vesting terms are prescribed by regulatory policy or otherwise determined by the Company's Board of Directors.

Stock Options Granted During the Nine Months Ended October 31, 2017:

During the nine months ended October 31, 2017, the Company granted 1,500,000 stock options to certain directors, officers and consultants of the Company exercisable for a period of five years at \$0.50 per share, and 200,000 stock options exercisable for a period of five years at \$1.50 per share.

The weighted average grant date fair value of options granted during the nine months ended October 31, 2017 was \$0.57. The fair values were determined using the Black-Scholes option pricing model using the following weighted average assumptions:

	Nine months ended	Year Ended
	October 31, 2017	January 31, 2017
Share price	\$ 0.82	-
Expected life of options	2.50	-
Annualized volatility	113%	-
Risk-free interest rate	1.32%	-
Dividend rates	0%	-
Forfeiture rate	0%	-

Stock Options Granted During the Year Ended January 31, 2017:

There were no options granted during the year ended January 31, 2017.

Garibaldi Resources Corp.
Notes to the Condensed Consolidated Interim Financial Statements
October 31, 2017
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

10. Share Capital (cont'd)

Stock options: (cont'd)

A summary of stock option activity for the nine months ended October 31, 2017 and the year ended January 31, 2017 is as follows:

	Nine months ended October 31, 2017		Year Ended January 31, 2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of the period	5,175,000	\$ 0.20	6,925,000	\$ 0.20
Options granted	1,700,000	\$ 1.50	-	-
Options expired	(500,000)	\$ 0.30	(1,750,000)	\$ 0.35
Options exercised	(975,000)	\$ 0.12	-	-
Options outstanding, end of the period	5,400,000	\$ 0.21	5,175,000	\$ 0.15
Options exercisable, end of the period	5,400,000	\$ 0.21	5,175,000	\$ 0.15

During the nine months ended October 31, 2017, 500,000 options at an exercise price of \$0.30 per share expired unexercised, and 800,000 options at an exercise price of \$0.10 per share were exercised for cash proceeds of \$80,000 and 175,000 options at an exercise price of \$0.20 per share were exercised for cash proceeds of \$35,000.

At October 31, 2017, the weighted average remaining contractual life of the outstanding options is 3.39 years.

At October 31, 2017, there were 5,400,000 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Number of options Outstanding	Exercise Price	Expiry Date
350,000	\$0.20	February 3, 2019
2,150,000	\$0.10	July 30, 2020
1,200,000	\$0.20	December 24, 2024
1,500,000	\$0.50	August 18, 2022
200,000	\$1.50	September 26, 2022
<u>5,400,000</u>		

Subsequent to October 31, 2017, 150,000 share purchase options at were exercise at \$0.10 per share for proceeds of \$15,000.

10. Share Capital (cont'd)

Share Purchase Warrants

A summary of share purchase warrant activity for the nine months ended October 31, 2017 and the year ended January 31, 2017 is as follows:

	Nine months ended October 31, 2017		Year Ended January 31, 2017	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning of the period	3,687,416	\$ 0.23	6,663,571	\$ 0.26
Warrants issued	13,351,298	\$ 1.59	-	-
Warrants exercised	(2,991,583)	\$ 0.23	-	-
Warrants expired	-	-	(2,976,155)	\$ 0.30
Warrants outstanding, end of the period	14,047,131	\$ 1.52	3,687,416	\$ 0.23

At October 31, 2017, the weighted average remaining contractual life of the outstanding warrants is 1.74 years.

At October 31, 2017, there were 14,047,131 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held as follows:

Number of Warrants Outstanding	Exercise Price	Expiry Date
833,333	\$0.20	December 23, 2017
2,000,000	\$0.25	June 5, 2019
1,092,500	\$0.20	July 11, 2019
200,000	\$0.20	August 13, 2019
2,031,998	\$0.60	August 16, 2019
2,140,000	\$1.05	October 2, 2019
2,574,697	\$1.05	October 5, 2019
2,539,683	\$4.50	October 20, 2019
634,920	\$4.50	October 31, 2019
<u>14,047,131</u>		

Garibaldi Resources Corp.
Notes to the Condensed Consolidated Interim Financial Statements
October 31, 2017
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

11. Related Party Transactions

The Company incurred the following charges by directors and officers of the Company or by companies with directors in common with the Company during the three and nine months ended October 31, 2017 and 2016:

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2017	2016	2017	2016
Management fees	\$ 72,000	\$ 72,000	\$ 216,000	\$ 216,000
Consulting fees	7,000	-	34,000	-
Share based payments	288,000	-	288,000	-
Wages	-	24,000	-	72,000
	\$ 367,000	\$ 96,000	\$ 538,000	\$ 288,000

Key management personnel compensation

The Company considers its Chief Executive Officer, Chief Financial Officer and Vice President and Manager of Mexican Operations to be key management. The Company incurred the following key management compensation charges during the three and nine months ended October 31, 2017 and 2016:

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2017	2016	2017	2016
Short-term benefits	\$ 78,000	\$ 96,000	\$ 244,000	\$ 288,000
Share-based payments	96,000	-	96,000	-
	\$ 174,000	\$ 96,000	\$ 340,000	\$ 288,000

At October 31, 2017, accounts payable and accrued liabilities included \$361,950 (January 31, 2017: \$407,550) due to directors of the Company for services provided and for expenses incurred on behalf of the Company.

Related party loan payable includes \$6,554 due to the Company's Chief Financial Officer for funds advanced to the Company to fund operations.

Amounts due to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

12. Segmented Information

Operating segment

The Company operates in a single reportable operating segment which is the acquisition and exploration of mineral properties.

Geographic segments

The Company's non-current assets are located in the following countries:

	October 31, 2017		
	Canada	Mexico	Total
Equipment	\$ 6,134	\$ 24,798	\$ 30,932
Reclamation deposits	79,390	-	79,390
Exploration advances	115,000	-	115,000
Exploration and evaluation assets	5,870,560	6,166,792	12,037,352
	\$ 6,071,085	\$ 6,191,590	\$ 12,262,675

	January 31, 2017		
	Canada	Mexico	Total
Equipment	\$ 7,217	\$ 29,174	\$ 36,391
Reclamation deposits	33,890	-	33,890
Exploration and evaluation assets	2,929,604	5,772,878	8,702,482
	\$ 2,970,711	\$ 5,802,052	\$ 8,772,763

13. Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. During the nine months ended October 31, 2017 and 2016, the following transactions were excluded from the statements of cash flows:

	October 31, 2017	October 31, 2016
Depreciation on equipment capitalized to exploration and evaluation assets	\$ 4,377	\$ 5,981
Shares issued for exploration and evaluation assets	342,500	48,500
Exploration and evaluation assets included in receivables/payables	(766,256)	(32,613)