



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

**1100 – 1111 Melville Street
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**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED 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 condensed consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

TNR GOLD CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)
AS AT

	September 30, 2017	December 31, 2016
ASSETS		
Current		
Cash	\$ 20,611	\$ 116,967
Receivables (Note 7)	184,439	2,081
Prepays	2,694	-
Marketable securities (Note 3)	<u>1,395,133</u>	<u>-</u>
	1,602,877	119,048
Investment in associate (Note 3)	<u>-</u>	<u>187,433</u>
Total assets	<u>\$ 1,602,877</u>	<u>\$ 306,481</u>
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current		
Accounts payable and accrued liabilities	<u>\$ 290,891</u>	<u>\$ 714,518</u>
Loan payable (Note 5)	<u>4,475,084</u>	<u>3,891,378</u>
	<u>4,765,975</u>	<u>4,605,896</u>
Shareholders' deficiency		
Share capital (Note 6)	35,147,585	35,147,585
Reserves	4,986,058	4,959,584
Accumulated other comprehensive loss	-	(2,498)
Deficit	<u>(43,296,741)</u>	<u>(44,404,086)</u>
	<u>(3,163,098)</u>	<u>(4,299,415)</u>
Total liabilities and shareholders' deficiency	<u>\$ 1,602,877</u>	<u>\$ 306,481</u>

Nature and continuance of operations (Note 1)

Contingency (Notes 7 and 11)

Subsequent events (Note 12)

On behalf of the Board on November 29, 2017

"Kirill Klip"

Director

"Maurice Brooks"

Director

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

TNR GOLD CORP.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)**
(Unaudited)

(Expressed in Canadian Dollars)

	For the three months ended September 30, 2017	For the three months ended September 30, 2016	For the nine months ended September 30, 2017	For the nine months ended September 30, 2016
OPERATING EXPENSES				
Administration fees (Note 7)	\$ -	\$ 3,000	\$ 2,000	\$ 9,000
Argentina administration	-	4,500	3,000	13,500
Consulting fees	21,021	69,000	58,281	171,000
Directors' fees (Note 7)	7,325	-	22,500	-
Foreign exchange (gain) loss	(6,138)	3,657	(19,724)	1,802
Interest and bank charges	197,500	163,148	586,638	489,419
Management fees	9,000	22,500	40,000	67,500
Office and miscellaneous	2,428	17,198	12,701	48,534
Professional fees	23,939	22,826	92,609	70,887
Property expenditures	67,470	22,596	67,470	22,596
Shareholder communications	1,432	6,825	5,539	22,075
Share-based payments	38,149	-	38,149	-
Transfer agent and filing fees	760	5,601	10,163	14,383
Travel and related	545	809	906	4,017
Total operating expenses	(363,431)	(341,660)	(920,232)	(934,713)
Unrealized gain on loss of significant influence (Note 3)	-	-	2,009,898	-
Gain on debt settlement (Note 3)	-	-	394,269	-
Gain on sale of interest in associate (Note 3)	-	-	21,047	-
Unrealized gain (loss) marketable securities (Note 3)	535,692	-	(268,295)	-
Realized loss on marketable securities (Note 3)	(126,014)	-	(129,342)	-
Dilution gain on investment in associate	-	2,013	-	115,193
Gain on sale of equipment	-	-	-	18,000
Equity loss from associate (Note 3)	-	(31,248)	-	(120,667)
	<u>409,678</u>	<u>(29,235)</u>	<u>2,027,577</u>	<u>12,526</u>
Income (loss) for the period	46,247	(370,895)	1,107,345	(922,187)
Equity results – foreign currency translation	-	690	-	(10,826)
Comprehensive income (loss) for the period	\$ 46,247	\$ (370,205)	\$ 1,107,345	\$ (933,013)
Basic and diluted income (loss) per common share	\$ 0.00	\$ (0.00)	\$ 0.01	\$ (0.01)
Weighted average number of common shares	149,816,447	149,294,708	149,816,447	148,312,797

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

TNR GOLD CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian Dollars)
FOR THE NINE MONTHS ENDED SEPTEMBER 30

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) for the period	\$ 1,107,345	\$ (922,187)
Items not affecting cash:		
Interest expense	583,707	486,422
Unrealized loss on marketable securities	268,295	-
Realized loss on marketable securities	108,295	-
Share-based payments	38,149	-
Unrealized gain on loss of significant influence	(2,009,898)	-
Gain on debt settlement	(394,269)	-
Equity loss from associate	-	120,667
Unrealized foreign exchange	-	8,046
Dilution gain in associate	-	(115,193)
Gain on sale of equipment	-	(18,000)
Changes in non-cash working capital items:		
Receivables	(182,360)	(192)
Prepays	(2,694)	-
Accounts payable and accrued liabilities	<u>(24,917)</u>	<u>329,262</u>
Net cash used in operating activities	<u>(508,347)</u>	<u>(111,175)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	390,451	-
Proceeds on sale of interest in associate	21,540	-
Proceeds on sale of equipment	<u>-</u>	<u>18,000</u>
Net cash provided by investing activities	<u>411,991</u>	<u>18,000</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued for exercised options	<u>-</u>	<u>100,000</u>
Net cash provided by financing activities	<u>-</u>	<u>100,000</u>
Net change in cash	(96,356)	6,825
Cash, beginning of the period	<u>116,967</u>	<u>23,338</u>
Cash, end of the period	<u>\$ 20,611</u>	<u>\$ 30,163</u>

Supplemental disclosures with respect to cash flows (Note 8)

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

TNR GOLD CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(Unaudited)
(Expressed in Canadian Dollars)

	Share capital		Reserves	Accumulated other comprehensive income (loss)	Deficit	Total
	Number	Amount				
Balance, December 31, 2015	147,816,447	\$ 34,977,375	\$ 4,684,426	\$ 11,584	\$ (43,209,274)	\$ (3,535,889)
Share-based payments in associate	-	-	81,004	-	-	81,004
Shares issued for exercised options	2,000,000	170,210	(70,210)	-	-	100,000
Comprehensive loss for the period	-	-	-	(10,826)	(922,187)	(933,013)
Balance, September 30, 2016	149,816,447	\$ 35,147,585	\$ 4,695,220	\$ 758	\$ (44,131,461)	\$ (4,287,898)
Balance, December 31, 2016	149,816,447	\$ 35,147,585	\$ 4,959,584	\$ (2,498)	\$ (44,404,086)	\$ (4,299,415)
Sale of interest in associate	-	-	(11,675)	219	-	(11,456)
Loss of significant influence over associate	-	-	-	2,279	-	2,279
Share-based payments	-	-	38,149	-	-	38,149
Comprehensive income for the period	-	-	-	-	1,107,345	1,107,345
Balance, September 30, 2017	149,816,447	\$ 35,147,585	\$ 4,986,058	\$ -	\$ (43,296,741)	\$ (3,163,098)

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

TNR GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

SEPTEMBER 30, 2017

1. NATURE AND CONTINUANCE OF OPERATIONS

TNR Gold Corp. (the “Company”) was incorporated on January 14, 1988 under the laws of the Province of British Columbia. The Company’s head office address is Suite 1100 – 1111 Melville Street, Vancouver, British Columbia, Canada, V6E 3V6. The registered and records office address is Suite 400 – 725 Granville Street, Vancouver, British Columbia, Canada, V7Y 1G5. The Company is listed on the TSX Venture Exchange and trades under the stock symbol “TNR”.

The Company is in the business of acquiring and owning royalties which will pay out in future if but only if the related properties go into production. These royalties are currently receivable from companies with copper and lithium operations in Argentina. The company is also in the business of acquiring and exploring its mineral properties located in the United States and has not yet determined whether the properties contain reserves that are economically recoverable.

These condensed consolidated interim financial statements of the Company have been prepared using accounting policies applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they fall due for the foreseeable future. The Company has not generated revenue from operations; additional financing will be required. These circumstances comprise a material uncertainty which may cast significant doubt as to the ability of the Company to meet its obligations as they fall due and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern.

The Company will continue to pursue opportunities to raise additional capital through equity markets and/or debt to fund its exploration and operating activities; however, there is no assurance of the success or sufficiency of these initiatives. The Company’s ability to continue as a going concern is dependent upon it securing the necessary working capital and exploration requirements and eventually to generate positive cash flows either from operations or additional financing. These condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the going concern assumption were inappropriate, and these adjustments could be material.

	September 30, 2017	December 31, 2016
Working capital (deficiency)	\$ 1,311,986	\$ (595,470)
Deficit	(43,296,741)	(44,404,086)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**Statement of Compliance**

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2016.

TNR GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

SEPTEMBER 30, 2017

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**Significant accounting judgments and estimates**

The preparation of these condensed consolidated interim financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

The most significant estimates relate to the valuation of deferred income tax amounts, certain financial instruments, impairment testing and the calculation of share-based payments. The Company has reviewed its exploration and evaluation assets for indications of impairment and adjusted the carrying values of the exploration and evaluation assets to reflect management's decision to abandon certain properties. The value of deferred tax assets is evaluated based on the probability of realization; the Company has assessed that it is improbable that such assets will be realized and has accordingly not recognized a value for deferred tax assets.

The most significant judgments relate to the functional currency of the Company and its subsidiaries as well as the determination to discontinue applying equity accounting on its investment in International Lithium Corp. (Note 3).

New standards not yet adopted

IFRS 9 *Financial instruments* was issued by the IASB in July 2014. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing derecognition requirements from IAS 39 *Financial instruments: recognition and measurement*. The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The impact of IFRS 9 on the Company's condensed consolidated interim financial statements has not yet been determined.

IFRS 16 *Leases* is a new standard that sets out the principles for recognition, measurement, presentation and disclosure of leases, including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases, as is required by IAS 17 *Leases*, and instead introduces a single lessee accounting model. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The impact of IFRS 16 on the Company's condensed consolidated interim financial statements has not yet been determined.

3. MARKETABLE SECURITIES AND INVESTMENT IN ASSOCIATE

As at December 31, 2016, the Company accounted for its investment in International Lithium Corp. ("ILC") on an equity basis. As at December 31, 2016, the Company held a 17.6% interest in ILC. During the year ended December 31, 2016, the Company sold 2,085,000 common shares of ILC for proceeds of \$319,370 and recognized a gain of \$304,972. Additionally, the Company transferred ownership of 480,000 common shares of ILC to settle accounts payable of \$157,526 and recognized a gain on debt settlement of \$155,785.

On January 1, 2017, the Company sold 135,000 ILC common shares for proceeds of \$21,540 and recognized a gain of \$21,047. On January 2, 2017, the Company transferred 1,214,710 ILC shares to creditors to settle accounts payable in the amount of \$398,710 and recognized a gain on debt settlement of \$394,269. Following these transactions, the Company determined that it no longer had significant influence over ILC. Consequently, the Company has ceased equity accounting for the ILC common shares and now accounts for the ILC common shares as marketable securities.

TNR GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

SEPTEMBER 30, 2017

3. MARKETABLE SECURITIES AND INVESTMENT IN ASSOCIATE (cont'd...)

The reclassification to marketable securities adjusts the value of the ILC common shares to fair value based on the quoted market price. On January 2, 2017, the fair value of the investment was \$2,183,220 resulting in an unrealized gain of \$2,009,898, net of accumulated other comprehensive loss of \$2,279.

In the period from January 3, 2017 to September 30, 2017, the Company sold an additional 3,353,500 ILC common shares for proceeds of \$390,451 resulting in a loss of \$129,342. The adjustment to fair value as at September 30, 2017 resulted in an unrealized loss of \$268,295.

The investment in associate was comprised as follows:

	Number of ILC Shares	Investment in Associate
Balance as at December 31, 2015	18,000,000	\$ 271,805
Equity – share-based payments	-	81,004
Sale of interest in ILC	(2,085,000)	(32,351)
ILC shares transferred for debt settlement	(480,000)	(5,829)
Dilution gain	-	103,250
Equity – other comprehensive income (loss)	-	(14,227)
Equity loss for the year	-	(216,219)
Balance as at December 31, 2016	15,435,000	\$ 187,433
Sale of interest in ILC	(135,000)	(1,639)
ILC shares transferred for debt settlement	(1,214,710)	(14,751)
Reclassification as marketable securities	(14,085,290)	(171,043)
Balance as at September 30, 2017	-	\$ -

The table below discloses selected financial information for ILC on a 100% basis.

	Year ended December 31, 2016
Loss for the year	\$ (1,032,724)
Other comprehensive loss – foreign currency translation	(65,881)
Comprehensive loss for the year	(1,098,605)
Total assets	\$ 5,888,185
Total liabilities	3,068,675
Total equity	2,819,510

The Company retains a 1.8% net smelter returns royalty (“NSR”) on ILC’s Mariana property in Argentina. ILC maintains a right to repurchase 1.0% of the NSR on the Mariana property, of which 0.9% relates to the Company’s NSR interest. The Company would receive \$900,000 on execution of the repurchase.

TNR GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

SEPTEMBER 30, 2017

4. EXPLORATION AND EVALUATION ASSETS**Title to Mineral Property Interests**

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its interests are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers and rights of ownership may be affected by undetected defects.

Shotgun Gold Project (Alaska, U.S.A.)

The Company, through its 90%-controlled subsidiary Bristol Exploration Co. Inc., owns 100% of certain unpatented mineral claims located in the Kuskokwim and Bristol Bay district, Alaska.

NovaGold Resources Alaska, Inc. retains a 2% NSR which can be purchased by the Company for US\$5,000,000 any time prior to a production decision being made. A portion of the claims are subject to a 5% net proceeds royalty.

Solitario Properties (San Juan, Argentina)*Los Azules (Argentina)*

The Company has an NSR on the Los Azules Project of 0.36%. The Los Azules advanced-stage porphyry copper exploration project is 100%-owned by McEwen Mining Inc.

5. LOAN PAYABLE

The Company has a loan for an original principal amount of \$3,500,000. The loan was restructured in 2015. Under the terms of the restructuring, the Company granted the following financing benefits to the lender ("Lender"):

- a) A 0.04% NSR on the Los Azules copper project in Argentina (Note 4).
- b) A 0.2% NSR on the Mariana property in Argentina.
- c) 10% equity interest in the shares of Bristol Exploration Co., Inc. that holds the Shotgun property (Note 4).

The loan accrues interest at a rate of 10% per annum. With consideration to the assets transferred to the lender, the effective interest rate is 20% per annum. The Company revised the terms of the loan which constituted a refinancing. The financing benefits were valued at \$1,067,634 and recorded through the statement of loss and comprehensive loss as a discount on loan payable in the year ended December 31, 2015. The discount represented a recovery on assets which have been previously reduced to a \$Nil carrying value on the statement of financial position.

The loan and accrued interest is due and payable on or before January 31, 2019 and is secured by a promissory note and general security agreement. The Company is permitted to, without the Lender's consent, sell assets having a value up to \$500,000 per calendar year, to enable the Company to maintain its operations and keep its mineral exploration assets in good standing. Any sale of assets having a combined value in excess of \$500,000 within one calendar year requires the Lender's consent, other than any sale of assets where the proceeds are used to acquire other assets of equal or greater value. Any sale, in whole or in part, of the Company's NSR on the Los Azules Project, NSR on the Mariana Property and/or the Shotgun Property requires the Lender's consent.

TNR GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

SEPTEMBER 30, 2017

5. LOAN PAYABLE (cont'd...)

The carrying value of the loan payable is comprised as follows:

	Loan Payable
Balance, December 31, 2015	\$ 3,242,815
Interest expense	<u>648,563</u>
Balance, December 31, 2016	3,891,378
Interest expense	<u>583,706</u>
Balance, September 30, 2017	<u>\$ 4,475,084</u>
Principal	\$ 4,310,449
Financing costs	(589,694)
Interest accrued	<u>754,329</u>
Balance, September 30, 2017	<u>\$ 4,475,084</u>

6. SHAREHOLDERS' DEFICIENCY**Authorized share capital**

Unlimited common shares without par value

Unlimited class "A" non-voting convertible redeemable shares without par value.

Stock options

The Company has a stock option plan under which it is authorized to grant options to directors, employees and consultants, to acquire up to 10% of the issued and outstanding common stock. The exercise price of each option is based on the market price of the Company's stock on the closing trading price preceding the date of grant. The options can be granted for a maximum term of 10 years and vest as determined by the board of directors.

TNR GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

SEPTEMBER 30, 2017

6. SHAREHOLDERS' DEFICIENCY (cont'd...)

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance outstanding, December 31, 2015	11,375,000	\$ 0.08
Granted	8,300,000	0.06
Exercised	(2,000,000)	0.05
Cancelled	<u>(2,725,000)</u>	<u>0.10</u>
Balance outstanding, December 31, 2016	14,950,000	\$ 0.07
Granted	6,700,000	0.05
Cancelled	<u>(8,450,000)</u>	<u>0.07</u>
Balance outstanding and exercisable, September 30, 2017	<u>13,200,000</u>	<u>\$ 0.05</u>

As at September 30, 2017, the following stock options are outstanding:

Number of Options	Exercise Price	Expiry Date
400,000	\$ 0.10	November 19, 2017
100,000	0.10	December 10, 2017
1,550,000	0.05	June 13, 2019
3,050,000	0.06	July 20, 2021
1,400,000	0.05	October 12, 2021
<u>6,700,000</u>	0.05	August 15, 2022
<u>13,200,000</u>		

Share-based payments

During the period ended September 30, 2017, the Company granted 6,700,000 (2016 – nil) stock options to directors, officers and consultants of the Company at an exercise price of \$0.05 (2016 - \$Nil) per common share. The options are exercisable for a period of 5 years and will vest and be exercisable one year from the date of grant. The fair value per option calculated using the Black-Scholes option-pricing model was \$0.05. Total share-based payment expense recognized in the statement of income (loss) and comprehensive income (loss) for the period ended September 30, 2017 was \$38,149 (2016 - \$Nil).

TNR GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

SEPTEMBER 30, 2017

6. SHAREHOLDERS' DEFICIENCY (cont'd...)**Share-based payments (cont'd...)**

The following weighted average assumptions were used for the Black-Scholes option-pricing model valuation of stock options granted during the period:

	2017	2016
Risk-free interest rate	0.68%	-
Expected life of options	5 years	-
Expected annualized volatility	148%	-
Dividend yield	0%	-

7. RELATED PARTY TRANSACTIONS**Management compensation and other related party transactions**

During the periods ended September 30, 2017 and 2016, the Company paid or accrued:

Transaction	Relationship	2017	2016
Management fees	A company controlled by a former director	\$ 7,000	\$ 67,500
Management fees	Director and executive officer	27,000	-
Administration fees	Spouse of a former director	2,000	9,000
Administration fees (Argentina)	Officer of a subsidiary	3,000	13,500
Rent (office)	Private company with a former director in common	2,000	17,400
Consulting fees	A company controlled by a former officer	6,000	45,000
Consulting fees	A company controlled by an officer	27,000	27,000
Consulting fees	Director	-	67,500
Consulting fees	Director	8,000	-
Consulting fees	Former officer	5,260	-
Directors' fees	Directors of the Company (five)	22,500	13,500

Receivables at September 30, 2017 includes \$182,000 (December 31, 2016 - \$Nil) advanced to ILC in respect of the convertible debentures issued subsequently (Note 12).

Accounts payable and accrued liabilities include amounts due to directors, officers and former directors and officers at September 30, 2017 of \$81,850 (December 31, 2016 - \$592,671). With the exception of the short-term promissory note described below, all amounts are non-interest bearing and have no formal terms of repayment.

Included in accounts payable and accrued liabilities as at September 30, 2017 and December 31, 2016 is a short-term promissory note payable to a director of one of the Company's subsidiaries. The promissory note has a principal balance of US\$25,000 which accrues interest at a rate of 12% per annum. The promissory note was granted with respect to the termination of a formal compensation arrangement with the director.

During the period ended September 30, 2017, the Company transferred ownership of 1,214,710 (2016 – nil) common shares of ILC to directors, officers and former directors and officers of the Company to settle accounts payable of \$398,710 and recognized a gain on debt settlement of \$394,269.

TNR GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

SEPTEMBER 30, 2017

7. RELATED PARTY TRANSACTIONS (cont'd...)

During the period ended September 30, 2017, the Company granted 5,900,000 (2016 – nil) stock options to directors and officers of the Company at a value of \$266,560 (2016 - \$Nil). Total share-based payment expense recognized in the statement of income (loss) and comprehensive income (loss) for the period ended September 30, 2017 was \$33,594 (2016 - \$Nil).

Commitments - Consulting agreements

The Company has entered into consulting agreements with two officers of the Company for the provision of consulting services at a current cost of \$72,000 and \$90,000 per annum respectively. The agreements renew annually at the discretion of the Company's compensation committee. If either of the agreements are terminated without cause, the Company is required to pay a lump sum equal to the greater of (a) one months' fees for each year the consultant has acted on behalf of the Company and (b) twelve months' worth of fees. Should the Company be subject to a change in control and the consultant terminated without cause, the Company must pay an amount equal to three times the prior twelve months gross pay.

Commitments - Bonus

In the event the Company sells its subsidiary Compania Minera Solitario de Argentina S.A. ("Solitario") or its NSR on the Los Azules Project, a bonus of up to US\$200,000 is payable to a director of Solitario. The bonus is calculated as 0.5% of net proceeds received by the Company in the aforementioned transaction.

8. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the periods ended September 30, 2017 and 2016 are as follows:

	2017	2016
Settlement of accounts payable by issuance of 1,214,710 ILC common shares	\$ 398,710	\$ -

9. CAPITAL MANAGEMENT

The Company's capital structure consists of shareholders' deficiency. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing, selling assets, and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements other than as disclosed in Note 5. The Company does not have adequate sources of capital to complete its exploration plan, current obligations and ultimately the development of its business over the long term, and will need to raise adequate capital by obtaining equity financing, selling assets and/or incurring debt. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

TNR GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

SEPTEMBER 30, 2017

10. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**Financial instruments**

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quotes prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of cash, receivables, and accounts payable and accrued liabilities approximates fair value due to the short term nature of the financial instruments. Cash and marketable securities are classified as fair value through profit or loss and measured at fair value using level 1 inputs.

Loan payable is measured at amortized cost. Fair value of long-term debt is estimated using discounted cash flow analysis based on the borrowing rate for similar borrowing arrangements.

Risk management

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include credit risk, currency risk, interest rate risk and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. Receivables (other than as disclosed in Note 7) mainly consist of GST receivable due from the government of Canada.

Currency risk

The Company's operations are in Argentina, Canada and the United States. The international nature of the Company's operations results in foreign exchange risk as transactions are denominated in foreign currencies.

The Company's operating expenses are incurred primarily in Canadian dollars, and its liabilities are denominated primarily in Canadian dollars, or US dollars. Consequently, the Company's exploration programs in the US are subject to currency fluctuations. The fluctuation of the Canadian dollar will, consequently, have an impact upon the reported profitability of the Company and may also affect the value of the Company's assets and liabilities.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

TNR GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

SEPTEMBER 30, 2017

10. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd...)**Risk management (cont'd...)***Interest rate risk*

The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's practice has been to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk.

The Company's long-term debt is at a fixed rate and consequently the Company is not exposed to risk in the event of interest rate fluctuations. The Company has not entered into any interest rate swaps or other financial arrangements.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has historically relied upon equity financings, short-term debt and the optioning of its mineral properties to other mining entities to satisfy its capital requirements and will continue to depend heavily upon these financing activities. All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The loan matures December 31, 2018. The Company is exposed to risk that it will encounter difficulty in satisfying liabilities on maturity. The loan is secured by a promissory note and general security agreement.

There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company will need additional capital in the future to finance ongoing exploration of its properties, such capital to be derived from the exercise of outstanding stock options, the completion of other equity financings and or optioning its mineral properties to other entities. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the previously mentioned financing activities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions, its success in bringing royalty agreements to fruition, and exploration success. In recent years, the securities markets have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

The Company may benefit from royalty arrangements once certain major copper and lithium projects come to production. These projects have not yet reached development. There is a risk that planned projects could be delayed or not yield as much as expected, and if so this will affect the Company's anticipated cash flows, requiring the shortfall to be financed. In addition, the Company has the ability to sell assets of up to \$500,000 without consultation with its lender of the loan payable. The Company will consider divesting of shares in ILC to provide financial resources.

11. CONTINGENCY

The Company is aware of an ongoing investigation by the Argentine Central Bank related to an alleged error in certain compliance filings made in Argentina. The outcome of the investigation is uncertain. The Company has completed the requisite filings and is working to resolve the investigation.

TNR GOLD CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

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SEPTEMBER 30, 2017

12. SUBSEQUENT EVENTS

Subsequent to the period ended September 30, 2017:

- The Company invested \$700,000 in convertible debentures of ILC, of which \$182,000 had been advanced at period end (Note 7). The convertible debentures bear interest at the rate of 15% per annum, payable January 31 and have a maturity date of January 31, 2019. The Company may convert at any time, all or a portion of the principal into common shares of ILC at a price of \$0.14 per common share. ILC has the right to repay the convertible loan, at any time on the last business day of the month on 10 days' notice;
- The Company completed a non-brokered private placement for gross proceeds of \$360,000. The private placement consisted of 7,200,000 units at a price of \$0.05 per unit. Each unit consisted of one common share of the Company and one common share purchase warrant. The common share purchase warrants allow for the right to purchase one common share of TNR at \$0.05 for a period of 5 years. Of the 7,200,000 total warrants issued in this private placement, one-third of all warrants (equivalent of 2,400,000 warrants) are subject to an acceleration clause such that if TNR common shares are trading over \$0.08 for a consecutive period of 30 days before July 1, 2018, the Company will have the right to accelerate the exercise of the 2,400,000 warrants at the \$0.05 exercise price. In this case, all warrants that are not exercised within 30 days after notice is provided by the Company will automatically expire; and,
- The Company sold 2,127,000 shares of ILC for net proceeds of \$364,763.