



(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Ended September 30, 2017

(Expressed in Canadian Dollars)

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

In accordance with National Instrument 51-102 of the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2017. These financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

Medgold Resources Corp.

(Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

(Expressed in Canadian Dollars)

As at	September 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash	\$ 1,475,908	\$ 837,243
Amounts receivable	23,642	102,000
Prepaid expenses and deposits (Note 11)	137,028	36,875
	1,636,578	976,118
Assets in disposal group re-classified as held for sale (Note 5)	402,544	-
	2,039,122	976,118
Non-current assets		
Long-term deposits (Note 11)	61,000	61,000
Exploration bonds (Note 7)	16,215	408,593
Property and equipment (Note 6)	178,735	114,856
Exploration and evaluation assets (Note 7)	43,020	43,020
	298,970	627,469
	\$ 2,338,092	\$ 1,603,587
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 82,519	\$ 206,110
Due to related parties (Note 11)	56,377	32,760
Total liabilities	138,896	238,870
Shareholders' equity		
Share capital (Note 8)	12,274,467	9,264,500
Other reserves (Note 8)	1,112,732	1,491,350
Accumulated other comprehensive loss	(173,664)	(173,664)
Deficit	(11,014,339)	(9,217,469)
Total shareholders' equity	2,199,196	1,364,717
	\$ 2,338,092	\$ 1,603,587

APPROVED ON BEHALF OF THE BOARD ON NOVEMBER 28, 2017:

"Simon Ridgway"
Simon Ridgway, Director

"Daniel James"
Daniel James, Director

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

Medgold Resources Corp.

(Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)

(Expressed in Canadian Dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Exploration expenditures (Note 10)	\$ 292,466	\$ 486,585	\$ 831,420	\$ 732,579
General and administrative expenses				
Depreciation	9,602	2,501	23,748	4,871
Finance costs	-	-	-	20,176
Foreign exchange loss (gain)	7,535	(3,310)	(8,816)	(77,291)
Office and administration (Note 11)	25,457	23,057	71,921	69,734
Interest charges	-	19,448	-	54,093
Legal and accounting	13,749	6,845	49,956	63,364
Management fees (Note 11)	36,200	33,599	90,120	93,207
Salaries and benefits (Note 11)	26,484	29,004	82,937	92,553
Shareholder communications (Note 11)	33,943	9,556	80,329	31,541
Share-based payments (Note 9)	128,554	-	128,554	416,919
Transfer agent and regulatory fees (Note 11)	1,389	2,749	17,048	14,949
Travel and accommodation (Note 11)	20,140	3,080	34,144	14,539
	303,053	126,529	569,941	798,655
Loss before other items	(595,519)	(613,114)	(1,401,361)	(1,531,234)
Other items				
Interest and other income	1,337	708	2,762	708
Loss from continuing operations	(594,182)	(612,406)	(1,398,599)	(1,530,526)
Loss on discontinued operations (Note 5)	(31,143)	(112,763)	(398,271)	(211,264)
Net loss for the period	\$ (625,325)	\$ (725,169)	\$ (1,796,870)	\$ (1,741,790)
Other comprehensive loss				
Items that may be reclassified subsequently to profit or loss:				
Unrealized loss on foreign exchange translation	-	(372,644)	-	(477,740)
Comprehensive loss for the period	\$ (625,325)	\$ (1,097,813)	\$ (1,796,870)	\$ (2,219,530)
Loss per share, basic and diluted	\$(0.01)	\$(0.01)	\$(0.02)	\$(0.03)
Weighted average number of shares outstanding	85,693,384	65,485,304	83,437,654	57,298,574

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

Medgold Resources Corp.

(Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

For the nine months ended September 30, 2017 and 2016

(Expressed in Canadian Dollars)

	Number of common shares	Share capital	Other equity reserves				Accumulated other comprehensive income (loss)	Deficit	Total shareholders' equity
			Warrants reserve	Share-based payment reserve	Equity portion of convertible debenture reserve				
Balance, December 31, 2015	51,877,695	\$ 6,037,899	\$ 191,193	\$ 533,038	\$ 842,680	\$ (47,203)	\$ (7,017,123)	\$ 540,484	
Loss for the period	-	-	-	-	-	-	(1,741,790)	(1,741,790)	
Shares issued for private placement	12,000,000	1,350,000	350,000	-	-	-	-	1,700,000	
Shares issued for services	150,000	20,250	-	-	-	-	-	20,250	
Share issuance costs	-	(11,508)	-	-	-	-	-	(11,508)	
Warrants issued for finance fee	-	-	17,300	-	-	-	-	17,300	
Warrants exercised	3,800,000	576,000	-	-	-	-	-	576,000	
Transfer of reserves on exercise of warrants	-	9,000	(9,000)	-	-	-	-	-	
Share-based payments	-	-	-	416,919	-	-	-	416,919	
Unrealized foreign exchange loss	-	-	-	-	-	(477,740)	-	(477,740)	
Balance, September 30, 2016	67,827,695	7,981,641	549,493	949,957	842,680	(524,943)	(8,758,913)	1,039,915	
Loss for the period	-	-	-	-	-	-	(458,556)	(458,556)	
Shares issued for debenture conversion	2,166,667	842,680	-	-	(842,680)	-	-	-	
Shares issued for services	150,000	26,625	-	-	-	-	-	26,625	
Warrants exercised	2,456,240	405,454	-	-	-	-	-	405,454	
Transfer of reserves on exercise of warrants	-	8,100	(8,100)	-	-	-	-	-	
Unrealized foreign exchange gain	-	-	-	-	-	351,279	-	351,279	
Balance, December 31, 2016	72,600,602	9,264,500	541,393	949,957	-	(173,664)	(9,217,469)	1,364,717	
Loss for the period	-	-	-	-	-	-	(1,796,870)	(1,796,870)	
Shares issued for services	97,727	21,500	-	-	-	-	-	21,500	
Warrants exercised	16,700,073	2,481,295	-	-	-	-	-	2,481,295	
Transfer of reserves on exercise of warrants	-	507,172	(507,172)	-	-	-	-	-	
Share-based payments	-	-	-	128,554	-	-	-	128,554	
Balance, September 30, 2017	89,398,402	\$ 12,274,467	\$ 34,221	\$ 1,078,511	\$ -	\$ (173,664)	\$ (11,014,339)	\$ 2,199,196	

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

Medgold Resources Corp.

(Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(Expressed in Canadian Dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Cash provided by (used in):				
OPERATING ACTIVITIES				
Net loss for the period	\$ (625,325)	\$ (725,169)	\$ (1,796,870)	\$ (1,741,790)
Items not involving cash:				
Shares issued for management fees	21,500	-	21,500	-
Finance costs	-	-	-	20,176
Depreciation	13,471	6,740	35,667	16,947
Share-based payments	128,554	-	128,554	416,919
Loss on disposal of property and equipment	1,612	-	1,612	-
Convertible debenture accretion expense	-	19,448	-	54,093
	(460,188)	(698,981)	(1,609,537)	(1,233,655)
Changes in non-cash working capital balances:				
Amounts receivable	(3,686)	(44,601)	76,895	(43,215)
Prepaid expenses and deposits	(86,994)	(18,514)	(102,548)	(8,045)
Accounts payable and accrued liabilities	(159,233)	54,556	(123,591)	(54,647)
Due to related parties	6,250	(58,345)	23,617	(34,738)
	(703,851)	(765,885)	(1,735,164)	(1,374,300)
FINANCING ACTIVITIES				
Net proceeds from issuance of common shares	642,975	575,450	2,481,295	2,264,492
Proceeds from short-term debt	-	-	-	100,000
Repayment of short-term debt	-	-	-	(100,000)
	642,975	575,450	2,481,295	2,264,492
INVESTING ACTIVITIES				
Purchase of property and equipment	3,149	(42,097)	(111,236)	(42,097)
Proceeds on disposal of property and equipment	2,909	-	2,909	-
Exploration and evaluation asset acquisitions	-	(54,806)	-	(54,806)
Refund of reclamation bonds	22,113	-	22,113	240,430
	28,171	(96,903)	(86,214)	143,527
Effect of changes in exchange rates on cash	(2,487)	(366,425)	(21,252)	(423,016)
Increase (decrease) in cash	(35,192)	(653,763)	638,665	610,703
Cash, beginning of period	1,511,100	1,479,748	837,243	215,282
Cash, end of period	\$ 1,475,908	\$ 825,985	\$ 1,475,908	\$ 825,985

Supplemental Cash Flow Information:

Shares issued for services	\$ 21,500	\$ 20,250	\$ 21,500	\$ 20,250
Warrants issued for finance fee	\$ -	\$ -	\$ -	\$ 17,300

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

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2017

(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Medgold Resources Corp. (the "Company") is a public company incorporated and domiciled in British Columbia. The address of the Company's head office and principal place of business is 650 – 200 Burrard Street, Vancouver, BC, Canada V6C 3L6. The Company is engaged in the acquisition and exploration of resource properties in Europe.

These condensed interim consolidated financial statements of the Company as at September 30, 2017 and for the period then ended include the Company and its subsidiaries (Note 2).

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these condensed interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material. At September 30, 2017, the Company had not yet achieved profitable operations, has accumulated losses of \$11,014,339 since its inception, and expects to incur further losses in the development of its business, all of which may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed interim consolidated financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* under International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the most recent annual consolidated financial statements of the Company. These condensed interim consolidated financial statements do not contain all of the information required for full annual financial statements. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company's most recent annual consolidated financial statements, which were prepared in accordance with IFRS as issued by the IASB.

Basis of Measurement

These condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The condensed interim consolidated financial statements are presented in Canadian dollars ("CAD").

The preparation of condensed interim consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the condensed interim consolidated financial statements are disclosed in Note 4.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2017

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (continued)

Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. A subsidiary is an entity in which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. All material intercompany transactions and balances have been eliminated on consolidation.

Details of the Company's principal subsidiaries as at September 30, 2017 are as follows:

Name	Place of incorporation	Ownership %	Principal activity
Medgold Resource Ltd.	Great Britain	100%	Administrative company
Medgold Istrazivanja d.o.o.	Serbia	100%	Exploration company
MedgoldMinas Unipessoal Lda.	Portugal	100%	Exploration company
MedCenterra Unipessoal Lda.	Portugal	100%	Exploration company

Foreign Currency Translation

The functional and presentation currency of the Company is the Canadian dollar. The individual financial statements of each subsidiary are presented in the currency of the primary economic environment in which the entity operates (its functional currency). Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange gains and losses on translation are included in profit and loss. As at January 1, 2017, the Company has determined that the functional currency of all its foreign subsidiaries is the Canadian dollar and changed functional currencies for certain subsidiaries from the British pound sterling and euro to the Canadian dollar effective January 1, 2017. The change in functional currencies arose due to the change in sources of recent and expected future financing as those subsidiaries have become entirely dependent upon the Company for operating funds. The change in functional currency has been applied prospectively.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2017

(Expressed in Canadian Dollars)

3. STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

The Company will be required to adopt the following standards and amendments issued by the IASB as described below.

IFRS 9 Financial Instruments

Issued by IASB July 2014

Effective for annual periods beginning January 1, 2018

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- *Classification and measurement of financial assets:*

Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".

- *Classification and measurement of financial liabilities:*

When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.

- *Impairment of financial assets:*

An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.

- *Hedge accounting:*

Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

IFRS 16 Leases

Issued by IASB January 2016

Effective for annual periods beginning January 1, 2019

Earlier application permitted for entities that also apply IFRS 15 *Revenue from Contracts with Customers*.

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2017

(Expressed in Canadian Dollars)

3. STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE (continued)

IFRS 16 Leases (continued)

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 Share-based Payment)

Issued by IASB November 2016

Effective for annual periods beginning January 1, 2018

The amendments provide guidance on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

The key areas of judgment applied in the preparation of the condensed interim consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2017

(Expressed in Canadian Dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

- a) The determination of the Company's and its subsidiaries' functional currency are determined based on management's assessment of the economic environment in which the entities operate.
- b) 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 will flow to the Company.

Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets.

In respect of costs incurred for its investment in exploration and evaluation assets, management has determined there are indicators of impairment. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including geologic and metallurgic information, economics assessment/ studies, accessible facilities and existing permits.

- c) Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.
- d) Although the Company has taken steps to identify any decommissioning liabilities related to mineral properties in which it has an interest, there may be unidentified decommissioning liabilities present.
- e) The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The key estimates applied in the preparation of the condensed interim consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- a) The Company may be subject to income tax in several jurisdictions and significant judgment is required in determining the provision for income taxes. During the ordinary course of business and on dispositions of mineral property or interests therein, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events, and interpretation of tax law. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.
- b) In estimating the fair value of share-based payments, using the Black-Scholes option pricing model, management is required to make certain assumptions and estimates. Changes in assumptions used to estimate fair value could result in materially different results.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2017

(Expressed in Canadian Dollars)

5. DISCONTINUED OPERATIONS

On August 23, 2017, the Company entered into an agreement to sell its 100% interest in its Portuguese subsidiary, MedCenterra Unipessoal Lda ("MedCenterra") for a cash payment of €167,500 (equivalent to the amount of exploration bonds previously paid by MedCenterra for the Boticas and Chaves licences). The Company is also entitled to receive an additional payment equal to any amounts recovered from the Portuguese Mining Authority for exploration bonds previously paid by MedCenterra for the Valongo and Lagares licences, up to a maximum of €95,000. The sale closed subsequent to September 30, 2017.

As of September 30, 2017, the MedCenterra asset group has been presented as assets held for sale and the results of operations for the periods ended September 30, 2017 and 2016 presented as discontinued operations.

Due to the Company's intention to cease all of its operations in Portugal, the results of operations for the Company's other Portuguese subsidiary, MedgoldMinas Unipessoal Lda ("Medgoldminas") is also presented as discontinued operations for the periods ended September 30, 2017 and 2016.

Results of discontinued operations	Nine months ended September 30,	
	2017	2016
Exploration expenditures	\$ (384,740)	\$ (199,188)
Depreciation	(11,919)	(12,076)
Loss on disposal of property and equipment	(1,612)	-
Loss for the period	\$ (398,271)	\$ (211,264)

Earnings per share from discontinued operations	Nine months ended September 30,	
	2017	2016
Basic and diluted loss per share	(\$0.01)	(\$0.00)
Weighted average number of shares outstanding		
- basic and diluted	83,437,654	57,298,574

Statement of cash flows	Nine months ended September 30,	
	2017	2016
Operating activities	\$ (384,740)	\$ (199,188)
Investing activities	25,022	240,430
Net cash from (used in) discontinued operations	\$ (359,718)	\$ 41,242

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2017

(Expressed in Canadian Dollars)

6. PROPERTY AND EQUIPMENT

	Leasehold improvements	Vehicles	Computer equipment	Furniture and equipment	Total
Cost					
Balance, December 31, 2015	\$ 12,906	\$ 73,782	\$ 5,299	\$ 12,814	\$ 104,801
Additions	-	42,097	18,250	18,839	79,186
Disposals	-	(21,986)	-	-	(21,986)
Balance, December 31, 2016	12,906	93,893	23,549	31,653	162,001
Additions	-	108,207	2,439	3,739	114,385
Disposals	-	(10,184)	-	-	(10,184)
Balance, September 30, 2017	\$ 12,906	\$ 191,916	\$ 25,988	\$ 35,392	\$ 266,202
Accumulated amortization					
Balance, December 31, 2015	\$ 5,850	\$ 14,054	\$ 2,775	\$ 4,511	\$ 27,190
Charge for period	1,800	16,803	1,325	3,490	23,418
Disposals	-	(3,463)	-	-	(3,463)
Balance, December 31, 2016	7,650	27,394	4,100	8,001	47,145
Charge for period for continuing operations	1,350	13,227	3,598	5,573	23,748
Charge for period for discontinued operations	-	10,523	-	1,396	11,919
Disposals	-	(7,035)	-	-	(7,035)
Balance, September 30, 2017	\$ 9,000	\$ 44,109	\$ 7,698	\$ 14,970	\$ 75,777
Carrying amounts					
At December 31, 2016	\$ 5,256	\$ 66,499	\$ 19,449	\$ 23,652	\$ 114,856
At September 30, 2017	\$ 3,906	\$ 147,807	\$ 18,290	\$ 20,422	\$ 190,425

7. EXPLORATION AND EVALUATION ASSETS

The Company has capitalized the following acquisition costs of its mineral property interests during the period from January 1, 2016 to September 30, 2017:

	Serbia	Portugal			Total
		Klondike Project	Marrancos Project	Caramulo	
Balance, December 31, 2015	\$ -	\$ 197,320	\$ -	\$ -	\$ 197,320
Acquisition costs	43,020	-	36,852	17,954	97,826
Write-down of acquisition costs	-	(197,320)	(36,852)	(17,954)	(252,126)
Balance, December 31, 2016	43,020	-	-	-	43,020
Balance, September 30, 2017	\$ 43,020	\$ -	\$ -	\$ -	\$ 43,020

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2017

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

Details of the Company's mineral property interests are disclosed in full in the consolidated financial statements for the year ended December 31, 2016. Significant exploration and evaluation asset transactions that have occurred since December 31, 2016 are as follows:

Serbia

a) Exploration Licences

In 2016, the Company submitted applications for nine exploration licences in Serbia. As of September 30, 2017, six of these exploration licences have been granted. During the period ended September 30, 2017, the Company has registered interest, as the preliminary step before submitting a full application, for an additional twenty-plus licences.

b) Strategic Alliance

In 2016, in conjunction with an investment of \$1,500,000 in the Company by Fortuna Silver Mines Inc. ("Fortuna") by way of a private placement, the Company granted Fortuna the right to enter into an option agreement to earn up to a 70% interest in one of the geological target areas (a "Selected Property") identified by the Company's project generation and exploration work in Serbia.

During the period ended September 30, 2017, the strategic alliance was amended whereby Fortuna now has the right to enter into separate option agreements to earn up to a 70% interest in two geological target areas, each a Selected Property, identified by the Company's generative work. Fortuna can earn a 51% stake in each Selected Property by spending US\$3,000,000 on each Selected Property over three years. Once Fortuna has earned 51%, it can elect to form a 51:49 joint venture with the Company to further develop the Selected Property; or can elect to earn an additional 19% interest in the Selected Property by spending an additional US\$5,000,000 in qualified expenditures and completing a Preliminary Economic Assessment on the Selected Property.

In March 2017, Fortuna chose the Tlamino Project as a Selected Property and as such, entered into an option agreement with the Company to earn up to a 70% interest of that project.

The Company and Fortuna have one common director.

Portugal

a) Centerra Option Licences

In 2014, the Company entered into an agreement (the "Option Agreement") with Centerra Gold Corp. ("Centerra") whereby Centerra was granted an option to acquire up to 70% of the Lagares, Balazar, Castelo de Paiva, and Valongo licences (collectively called the Valongo Belt Property).

Under the Option Agreement, Centerra had the right to earn a 51% interest in the Valongo Belt Property by incurring expenditures on the Valongo Belt Property totaling US\$3,000,000 over three years, of which US\$500,000 was committed to be spent by Centerra. To keep the option in good standing, Centerra needed to incur US\$1,000,000 in the first year, a further US\$1,500,000 in the second year and a further US\$500,000 in the third year.

In 2015, the Ponte da Barca licence was relinquished and in 2016, the Balazar and Castelo de Paiva licences were relinquished. Also in 2016, the Option Agreement was amended to include the Company's Boticas-Chaves Project. During the period ended September 30, 2017, the Company decided to let the Lagares and Valongo licences lapse, and as a result, acquisition costs totaling \$197,320 were written off as of December 31, 2016.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2017

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

Portugal (continued)

a) Centerra Option Licences (continued)

During the period ended September 30, 2017, Centerra notified the Company that it had incurred a total of US\$3,000,000 in expenditures and therefore earned its 51% in the Valongo Belt Property and Boticas-Chaves Project. However, Centerra also advised that it was not interested in incurring further exploration expenditures pursuant to the Option Agreement and therefore wished to dispose of its 51% interest in the licences. Accordingly, the Company and Centerra signed an agreement on May 9, 2017 whereby the Option Agreement was terminated, Centerra relinquished its 51% interest in the licences in consideration of the sum of \$100,000 from the Company; and Centerra was granted a 1% net smelter return royalty on any future production from the licences.

As at September 30, 2017, the Company's subsidiary, MedCenterra, had in place with the Portugal mining authority exploration bonds of \$140,049 (€95,000) on the Lagares and Valongo licences, \$232,187 (€157,500) on the Boticas licence, and \$14,742 (€10,000) on the Chaves licence. MedCenterra was sold subsequent to September 30, 2017.

b) Caramulo Licence

In 2015, the Company submitted an application for the Caramulo exploration licence. During the period ended September 30, 2017, the Company decided that it will let the Caramulo licence lapse, and as a result, the acquisition cost of \$17,954 was written off as of December 31, 2016.

The Company has in place with the Portugal mining authority an exploration bond of \$16,216 (€11,000) on the Caramulo licence.

c) Marrancos Gold Project

In 2016, the Company entered into an option agreement to acquire up to a 100% interest in the Marrancos Project located in northern Portugal. The Company had the option from Lusorecursos SCPS ("Lusorecursos"), a private Portuguese company, to earn an initial 70% interest in the property by making a cash payment of €25,000 (paid in 2016) and incurring exploration expenditures of €150,000 on or before 12 months following the agreement date.

During the period ended September 30, 2017, the Company terminated the option agreement. Acquisition costs of \$36,852 were written off as of December 31, 2016.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2017

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES

Common Shares

The Company is authorized to issue an unlimited number of common shares without par value.

During the period ended September 30, 2017, the following share capital activity occurred:

- i) On July 27, 2017, 97,727 common shares with a value of \$21,500 were issued to the President of the Company for services rendered; and
- ii) A total of 16,700,073 share purchase warrants were exercised for gross proceeds of \$2,481,295. The Company reallocated the fair value of 15,553,773 of these share purchase warrants previously recorded in the amount of \$507,172 from other equity reserve to share capital.

Share Purchase Warrants

A summary of share purchase warrants activity from January 1, 2016 to September 30, 2017 is as follows:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2015	19,069,895	\$0.15
Issued on private placement	12,000,000	\$0.15
Issued for finance fee	500,000	\$0.09
Exercised during the year	(6,256,240)	\$0.16
Expired during the year	(330,927)	\$0.16
Balance, December 31, 2016	24,982,728	\$0.15
Exercised during the period	(16,700,073)	\$0.15
Expired during the period	(8,282,655)	\$0.14
Balance, September 30, 2017	-	\$0.15

As of September 30, 2017 there were no share purchase warrants outstanding.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2017

(Expressed in Canadian Dollars)

9. SHARE-BASED PAYMENTS

Option Plan Details

The Company has in place a stock option plan (the "Plan"), which allows the Board of Directors to grant incentive stock options to the Company's officers, directors, employees and consultants. The exercise price of stock options granted is determined by the Board of Directors at the time of the grant in accordance with the terms of the Plan and the policies of the TSX Venture Exchange ("TSX-V"). Options vest on the date of granting unless stated otherwise. Options granted to investor relations consultants vest in accordance with TSX-V policies. The options are for a maximum term of ten years.

The following is a summary of changes in options for the period ended September 30, 2017:

Expiry date	Exercise price	Opening balance	During the period			Closing balance	Vested and exercisable
			Granted	Exercised	Forfeited/cancelled		
February 23, 2024	\$0.15	3,455,000	-	-	(225,000)	3,230,000	3,230,000
February 12, 2025	\$0.15	225,000	-	-	(225,000)	-	-
June 28, 2026	\$0.15	2,550,000	-	-	(300,000)	2,250,000	2,250,000
July 24, 2027	\$0.20	-	645,000	-	-	645,000	645,000
		6,230,000	945,000	-	(305,000)	6,125,000	6,125,000
Weighted average exercise price	\$0.15	\$0.20	-	\$0.15	\$0.16	\$0.16	\$0.16

Fair Value of Options Issued During the Period

The weighted average exercise price of options outstanding as of September 30, 2017 was \$0.16 (December 31, 2016: \$0.15) per option.

The weighted average remaining contractual life of the options outstanding at September 30, 2017 is 7.62 (December 31, 2016: 8.15) years.

Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Options Issued to Non-Employees

Options issued to non-employees are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted using the Black-Scholes option

The model inputs for options granted during the period ended September 30, 2017 included an expected volatility factor of 120%, risk-free interest rate of 2.02%, expected life of ten years, and expected dividend yield of 0%. Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period. Due to the stock options granted during the period ended September 30, 2017 being fully vested upon granting, management applied the estimated forfeiture rate of 0% in determining the expense recorded in the accompanying consolidated statements of comprehensive loss.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2017

(Expressed in Canadian Dollars)

9. SHARE-BASED PAYMENTS (continued)

Fair Value of Options Issued During the Period (continued)

The expected volatility is based on an average of historical prices of a comparable group of companies within the same industry due to the lack of historical pricing information for the Company. The risk-free rate of return is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

Expenses Arising from Share-based Payment Transactions

Total expenses arising from the share-based payment transactions recognized as part of share-based compensation during the period ended September 30, 2017 was \$128,554 (2016: \$416,919).

As of September 30, 2017 there were no unrecognized compensation costs related to unvested share-based payment awards.

Amounts Capitalized Arising from Share-based Payment Transactions

There were no expenses arising from the share-based payment transactions that were capitalized as part of exploration and evaluation assets during the periods ended September 30, 2017 and 2016.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2017

(Expressed in Canadian Dollars)

10. EXPLORATION EXPENDITURES

During the nine month period ended September 30, 2017, the Company incurred the following exploration expenditures:

	Continuing operations - Serbia		Total continuing operations	Discontinued operations Portugal
	Tlmino	Other		
Assaying	\$ 27,511	\$ 36,705	\$ 64,216	\$ 1,989
Field expenses	33,967	25,123	59,090	-
Geological and other consulting	186,462	214,954	401,416	141,577
Geophysics	73,297	-	73,297	-
Licenses, rights and taxes	22,951	61,659	84,610	14,458
Office and administration	48,989	67,891	116,880	33,648
Salaries and benefits	173,363	216,016	389,379	190,131
Travel	45,536	99,836	145,372	18,163
	612,076	722,184	1,334,260	399,966
Expense recoveries	(502,840)	-	(502,840)	(15,226)
Balance, end of period	\$ 109,236	\$ 722,184	\$ 831,420	\$ 384,740

During the nine month period ended September 30, 2016, the Company incurred the following exploration expenditures:

	Continuing operations		Total continuing operations	Discontinued operations Portugal
	Serbia	Other		
Geological and other consulting	\$ 503,647	\$ 47,165	\$ 550,812	\$ 116,978
Licenses, rights and taxes	17,913	7,115	25,028	-
Office and administration	26,517	5,999	32,516	27,982
Travel	105,945	18,278	124,223	54,228
Balance, end of period	\$ 654,022	\$ 78,557	\$ 732,579	\$ 199,188

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2017

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS AND BALANCES

The Company had transactions during the periods ended September 30, 2017 and 2016 with related parties who consisted of directors, officers and the following companies with common directors:

<u>Related party</u>	<u>Nature of transactions</u>
Radius Gold Inc. ("Radius")	Exploration related charges and investment in the Company
Gold Group Management Inc. ("Gold Group")	Shared office, administrative and exploration related charges
Focus Ventures Ltd. ("Focus")	Shared administrative salary charges
Mill Street Services Ltd. ("Mill Street")	Management services
Fortuna	Investment in the Company and mineral property option agreement

Balances and transactions with related parties not disclosed elsewhere in these condensed interim consolidated financial statements are as follows:

- a) During the periods ended September 30, 2017 and 2016, the Company reimbursed Gold Group for the following costs:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
General and administrative expenses:				
Office and administration	\$ 22,046	\$ 20,784	\$ 65,251	\$ 64,492
Salaries and benefits	26,485	29,109	81,267	80,407
Shareholder communications	856	-	3,010	1,241
Transfer agent and regulatory fees	45	770	5,265	4,149
Travel and accommodation	1,221	579	11,662	13,485
	\$ 50,653	\$ 51,242	\$ 166,455	\$ 163,774

Gold Group is reimbursed by the Company for certain shared costs and other business related expenses paid by Gold Group on behalf of the Company. Salaries and benefits for the periods ended September 30, 2017 and 2016 include those for the Chief Financial Officer and the Corporate Secretary.

- b) During the period ended September 30, 2017, the Company reimbursed Radius, a company with a common director, \$101,304 (2016: \$59,566) for the services of a geological consultant.
- c) During the period ended September 30, 2017, the Company reimbursed Focus, a company with common directors, \$Nil (2016: \$9,150) in shared salary and benefits costs for a director.
- d) Prepaid expenses and deposits as at September 30, 2017 include an amount paid to Gold Group of \$2,774 (December 31, 2016: \$1,122) for administrative expenses paid in advance on the Company's behalf,
- e) Long-term deposits as of September 30, 2017 consists of \$61,000 (December 31, 2016: \$61,000) paid to Gold Group as a deposit pursuant to the Company's office and administrative services agreement with Gold Group.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2017

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

- f) Amounts due to related parties as of September 30, 2017 consist of \$34,377 (December 31, 2016: \$18,792) owing to Gold Group and \$22,000 (December 31, 2016: \$13,968) owing to Radius. The amount for Gold Group is due on a monthly basis and secured by a deposit. The amount for Radius is unsecured, interest-free and has no specific terms of repayment.
- g) Fortuna, a company with a common director, acquired 10,000,000 common shares of the Company by way of exercising 10,000,000 share purchase warrants at a cost of \$1,500,000.

Key management compensation

The Company has identified certain of its directors and senior officers as its key management personnel. Included for the periods ended September 30, 2017 and 2016 at their exchange amounts are the following items paid or accrued to key management personnel and/or companies with common directors. These transactions are in the normal course of operations.

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Management fees	\$ 36,200	\$ 33,599	\$ 91,248	\$ 93,207
Geological fees	46,800	42,900	114,373	102,311
Salaries and benefits	7,792	10,083	23,829	19,708
Value of stock option grants recorded as share-based payments	-	-	-	137,357
	\$ 90,792	\$ 86,582	\$ 229,450	\$ 352,583

During the period ended September 30, 2017, the Company received stock exchange approval to issue common shares of the Company with a total value of up to \$43,000 to Daniel James in part consideration for his ongoing services as the Company's President during 2017. A total of 97,727 shares were issued on July 27, 2017. The balance of the shares is to be issued in two quarterly installments. Included in management fees during the period ended September 30, 2017 is the total fair value of the share issuances of \$21,500 (2016: \$20,250).

There were no share-based payments to directors not specified as key management personnel during the period ended September 30, 2017 (2016: \$96,956).

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2017

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Market risk
- Credit risk
- Liquidity risk.

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these condensed interim consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies, and whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receives periodic reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest rate risk and equity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. As at September 30, 2017, the Company is exposed to foreign currency risk and interest rate risk.

Foreign Currency Risk

As at September 30, 2017, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

	September 30, 2017			
	British Pound Sterling (CDN equivalent)	US Dollars (CDN equivalent)	Euros (CDN equivalent)	Dinars (CDN equivalent)
Cash	\$ 18,707	\$ 4,991	\$ 2,689	\$ 143,593
Amounts receivable	-	-	4,266	16,346
Accounts payable and accrued liabilities	(14,627)	-	(17,974)	(11,735)
Net exposure	\$ 4,080	\$ 4,991	\$ (11,019)	\$ 148,204

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2017

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

a) Market Risk (continued)

Foreign Currency Risk (continued)

	December 31, 2016			
	British Pound Sterling (CDN equivalent)	US Dollars (CDN equivalent)	Euros (CDN equivalent)	Dinars (CDN equivalent)
Cash	\$ 186,067	\$ 5,442	\$ 156,316	\$ 73,054
Amounts receivable	-	-	25,380	70,469
Accounts payable and accrued liabilities	(20,806)	-	(134,051)	(42,949)
Net exposure	\$ 165,261	\$ 5,442	\$ 47,645	\$ 100,574

Based on the above net exposures at September 30, 2017, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in approximately a \$14,600 (December 31, 2016: \$31,900) increase or decrease in profit or loss, respectively.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As at September 30, 2017, the Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with Canadian and British financial institutions. The Company considers this risk to be limited.

b) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with large financial institutions.

c) 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's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. At September 30, 2017, the Company had working capital of \$1,497,682 (December 31, 2016: \$737,248). All of the Company's financial liabilities had contractual maturities of less than 45 days and are subject to normal trade terms.

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The condensed interim consolidated statements of financial position carrying amounts for cash, amounts receivable, accounts payable and accrued liabilities, and due to related parties approximate fair values due to their short-term nature.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2017

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are categorized in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 Inputs other than quoted 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); and
- Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of the Company's financial assets measured at fair value on a recurring basis as of September 30, 2017 were calculated as follows:

	Balance at September 30, 2017	Level 1	Level 2	Level 3
Financial Asset:				
Cash	\$ 1,475,908	\$ 1,475,908	\$ -	\$ -

13. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes the components of shareholders' equity. There were no changes in the Company's capital management approach during the period ended September 30, 2017.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or adjust the amount of cash and cash equivalents. Management reviews the capital structure on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. The Company does not expect its capital resources as of September 30, 2017 to be sufficient to cover its corporate operating costs and carry out planned exploration activities for the next twelve months. As such, the Company will seek to raise additional capital and believes it will be able to do so, but recognizes the uncertainty attached thereto.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2017

(Expressed in Canadian Dollars)

14. SEGMENTED REPORTING

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the mining sector relating to precious metals exploration. Management of exploration programs is centralized in England. Due to the geographic and political diversity, the Company's exploration operations are decentralized whereby regional corporate offices provide support to the exploration programs in addressing local and regional issues. The Company's operations and assets are therefore segmented on a country basis.

Period ended September 30, 2017	Continuing operations				Total continuing operations	Discontinued operations Portugal
	Canada	England	Serbia	Other		
Exploration expenditures	\$ -	\$ -	\$ 831,420	\$ -	\$ 831,420	\$ 384,740
Interest and other income	2,762	-	-	-	2,762	-
Net loss	(368,958)	(46,443)	(940,539)	(16,349)	(1,372,289)	(424,581)
Capital expenditures*	-	-	114,385	-	114,385	-

Period ended September 30, 2016	Continuing operations				Total continuing operations	Discontinued operations Portugal
	Canada	England	Serbia	Other		
Exploration expenditures	\$ -	\$ -	\$ 654,022	\$ 78,557	\$ 732,579	\$ 277,745
Interest and other income	708	-	-	-	708	-
Net income (loss)	(757,362)	(35,942)	(654,591)	(4,074)	(1,451,969)	(289,821)
Capital expenditures*	-	-	42,097	-	42,097	54,806

*Capital expenditures consists of additions of property and equipment

As at September 30, 2017	Canada	England	Serbia	Portugal	Consolidated	Reclassified as assets held for sale
Total current assets	\$ 1,417,579	\$ 23,994	\$ 186,433	\$ 8,572	\$ 1,636,578	\$ 3,876
Total non-current assets	63,898	2,962	210,942	21,168	298,970	398,668
Total assets	\$ 1,481,477	\$ 26,956	\$ 397,375	\$ 29,740	\$ 1,935,548	\$ 402,544
Total liabilities	\$ 94,560	\$ 14,627	\$ 11,735	\$ 17,974	\$ 138,896	\$ -

As at December 31, 2016	Canada	England	Serbia	Portugal	Consolidated
Total current assets	\$ 440,621	\$ 186,067	\$ 150,219	\$ 199,211	\$ 976,118
Total non-current assets	96,110	5,873	84,142	441,344	627,469
Total assets	\$ 536,731	\$ 191,940	\$ 234,361	\$ 640,555	\$ 1,603,587
Total liabilities	\$ 39,341	\$ 20,806	\$ 44,672	\$ 134,051	\$ 238,870

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2017

(Expressed in Canadian Dollars)

15. CHANGE IN PRESENTATION

The Company has reclassified certain prior period expenses to conform to the current year presentation of expenses.

16. EVENTS AFTER THE REPORTING DATE

Subsequent to September 30, 2017, the following events which have not been disclosed elsewhere in these condensed interim consolidated financial statements have occurred:

- a) 59,722 common shares with a value of \$10,750 were issued to the President of the Company for services rendered.