



**GOLD REACH RESOURCES LTD.**

**Condensed Consolidated Financial Statements**

(unaudited – prepared by management)

(expressed in Canadian dollars)

**For the Three Months Ended June 30, 2017 and 2016**

## **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited 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 condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Vancouver, B.C.  
August 29, 2017

**GOLD REACH RESOURCES LTD.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(unaudited – expressed in Canadian dollars)  
**As at June 30, 2017 and March 31, 2017**

	<b>As at June 30, 2017</b>	<b>As at March 31, 2017</b>
<b>ASSETS</b>		
Current		
Cash and cash equivalents	\$ 96,309	\$ 246,554
GST receivable	1,849	4,255
Other receivable (Note 6)	11,185	11,185
Prepaid expenses	21,559	23,434
<b>Total Current Assets</b>	<b>130,902</b>	<b>285,428</b>
Exploration and evaluation costs (Notes 5 and 6)	21,468,776	21,467,905
Equipment and camp buildings (Note 7)	59,121	70,957
<b>Total Non-Current Assets</b>	<b>21,527,897</b>	<b>21,538,862</b>
<b>Total Assets</b>	<b>\$ 21,658,799</b>	<b>\$ 21,824,290</b>
<b>LIABILITIES</b>		
Current		
Trade and other payables (Note 8)	\$ 59,688	\$ 130,971
<b>Total Current Liabilities</b>	<b>59,688</b>	<b>130,971</b>
Settlement payable (Note 9)	110,000	110,000
Deferred income tax liability	458,000	458,000
<b>Total Non-Current Liabilities</b>	<b>568,000</b>	<b>568,000</b>
<b>Total Liabilities</b>	<b>627,688</b>	<b>698,971</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 10)	34,382,068	34,382,068
Contributed surplus (Note 10)	4,546,661	4,546,661
Deficit	(17,897,618)	(17,803,410)
<b>Total Shareholders' Equity</b>	<b>21,031,111</b>	<b>21,125,319</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 21,658,799</b>	<b>\$ 21,824,290</b>

Signed on behalf of the Board by:

"Shane Ebert"	Director
"Jim Pettit"	Director

See accompanying notes to the condensed consolidated interim financial statements.

**GOLD REACH RESOURCES LTD.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
(unaudited - expressed in Canadian dollars)  
**For the Three Months Ended June 30, 2017 and 2016**

	<b>For the three months ended June 30,</b>	
	<b>2017</b>	<b>2016</b>
<b>EXPENSES</b>		
Amortization	\$ 11,836	\$ 12,949
Investor relations	3,696	17,654
Management and administration fees (Note 9)	30,401	180,065
Office	12,461	11,451
Professional fees	22,746	33,006
Rent	11,668	10,353
Transfer agent and filing fees	1,202	3,650
Travel and promotion	588	6,604
	<u>(94,598)</u>	<u>(275,732)</u>
<b>OTHER INCOME (EXPENSE):</b>		
Investment income	390	464
Reduction in Part XII.6 tax	-	-
<b>LOSS BEFORE INCOME TAXES</b>	<u>(94,208)</u>	<u>(275,268)</u>
<b>INCOME TAXES</b>	<u>-</u>	<u>-</u>
<b>NET LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<u>\$ (94,208)</u>	<u>\$ (275,268)</u>
<b>LOSS PER SHARE - BASIC</b>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>
<b>LOSS PER SHARE - DILUTED</b>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>	<u>46,976,040</u>	<u>42,134,374</u>

See accompanying notes to the condensed consolidated interim financial statements.

**GOLD REACH RESOURCES LTD.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(unaudited - expressed in Canadian dollars)  
**For the Three Months Ended June 30, 2017 and 2016**

	<b>For the Three Months Ended June 30,</b>	
	<b>2017</b>	<b>2016</b>
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (94,208)	\$ (275,268)
Items not affecting cash:		
Amortization	11,836	12,949
	(82,372)	(262,319)
Changes in non-cash working capital items:		
Taxes recoverable	2,406	5,054
Other receivable	-	-
Prepaid expenses	1,875	11,963
Trade and other payables	(71,283)	38,735
Settlement payable	-	110,000
Cash used in operating activities	(149,374)	(96,567)
<b>INVESTING ACTIVITIES</b>		
Investment in exploration and evaluation assets	(871)	(871)
Cash used in investing activities	(871)	(871)
<b>FINANCING ACTIVITIES</b>		
Obligation to issue shares	-	448,700
Cash provided by financing activities	-	448,700
<b>NET INCREASE IN CASH</b>	<b>(150,245)</b>	<b>351,262</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF THE PERIOD</b>	<b>246,554</b>	<b>216,485</b>
<b>CASH AND CASH EQUIVALENTS - END OF THE PERIOD</b>	<b>\$ 96,309</b>	<b>\$ 567,747</b>

See accompanying notes to the condensed consolidated interim financial statements.

**GOLD REACH RESOURCES LTD.****CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(expressed in Canadian dollars)

**For the Three Months Ended June 30, 2017 and 2016**

	Number of Shares	Capital Stock	Contributed Surplus	Deficit	Total Equity
Balance, April 1, 2016	42,134,374	\$ 33,684,393	\$ 4,286,857	\$ (17,016,196)	\$ 20,955,054
Net loss and comprehensive loss for the period	-	-	-	(275,268)	(275,268)
<b>Balance, June 30, 2016</b>	<b>42,134,374</b>	<b>\$ 33,684,393</b>	<b>\$ 4,286,857</b>	<b>\$ (17,291,464)</b>	<b>\$ 20,679,786</b>
Balance, April 1, 2017	46,976,040	\$ 34,382,068	\$ 4,546,661	\$ (17,803,410)	\$ 21,125,319
Net loss and comprehensive loss for the period	-	-	-	(94,208)	(94,208)
<b>Balance, June 30, 2017</b>	<b>46,976,040</b>	<b>\$ 34,382,068</b>	<b>\$ 4,546,661</b>	<b>\$ (17,897,618)</b>	<b>\$ 21,031,111</b>

See accompanying notes to consolidated financial statements

## **GOLD REACH RESOURCES LTD.**

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2017 and June 30, 2016

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### **1. CORPORATE INFORMATION**

The Company is engaged principally in the acquisition, exploration and development of mineral properties. The recovery of the Company's investment in mineral properties and attainment of profitable operations is principally dependent upon financing being arranged by the Company to continue operations, explore and develop the mineral properties and the discovery, development and sale of ore reserves.

The Company was incorporated under the Business Corporations Act of British Columbia by Certificate of Incorporation dated November 29, 1965. The Company is listed on the TSX Venture Exchange ("TSX-V"), having the symbol GRV-V, as a Tier 2 mining issuer.

The address of the Company's corporate office and principal place of business is Suite 888 - 700 West Georgia Street, Vancouver, British Columbia, V7Y 1G5.

### **2. BASIS OF PREPARATION**

#### **(a) Statement of Compliance**

The condensed unaudited consolidated interim financial statements of the Company for the three months ending June 30, 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed consolidated interim financial statements have been prepared in full compliance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"). Accordingly, these unaudited condensed consolidated interim financial statements follow the same accounting principles and methods of application as the audited annual consolidated financial statements for the year ended March 31, 2017 but may condense or omit certain disclosures that otherwise would be present in annual financial statements prepared in accordance with IFRS. These financial statements should therefore be read in conjunction with the audited annual consolidated financial statements for the year ended March 31, 2017. Results for the period ended June 30, 2017, are not necessarily indicative of future results. These unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 29, 2017.

#### **(b) Basis of Presentation and Measurement**

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis and include the accounts of the Company and its wholly-owned subsidiary, Ootsa Ventures Ltd., All material intercompany accounts and transactions have been eliminated.

The unaudited condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company's and its subsidiary's functional currency.

The preparation of 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 unchanged from those set out in Note 4 of the audited Consolidated Financial Statements for the year ended March 31, 2017.

## **GOLD REACH RESOURCES LTD.**

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2017 and June 30, 2016

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### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

There have been no material revisions to the accounting policies reported in the Company's audited Consolidated Financial Statements for the Year Ended March 31, 2017.

#### **(a) Going Concern of Operations**

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. However, there are currently material uncertainties in respect to these assumptions which cast significant doubt as to the Company's ability to continue as a going concern. The Company has incurred losses since inception, has no recurring source of revenue and has an accumulated deficit of \$17,897,618 at June 30, 2017. The Company will need to raise sufficient funds in order to finance ongoing exploration, development and administrative expenses. The Company has no assurance that such financing will be available or be available on favourable terms. Factors that could affect the availability of financing include the Company's performance, the state of international debt and equity markets, investor perceptions and expectations and the global financial and metals markets. If successful, the Company would obtain additional financing through, but not limited to, the issuance of additional equity.

#### **b) Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, the recoverability and measurement of deferred tax assets and liabilities, and ability to continue as a going concern. Actual results may differ from those estimates and judgments.



## **GOLD REACH RESOURCES LTD.**

Notes to the Condensed Consolidated Interim Financial Statements  
(unaudited - expressed in Canadian dollars)  
For the Three Months ended June 30, 2017 and June 30, 2016

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### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

There have been no material revisions to the nature of judgments and amount of changes in estimates of amounts reported in the Company's unaudited Condensed Consolidated Interim Financial Statements for the three months ended June 30, 2017.

### **5. RECLAMATION BONDS**

Included in Mineral Exploration and Evaluation Costs as at June 30, 2017, is the Company's aggregate reclamation bonds posted with the Mining and Minerals Division of the British Columbia Government in the amount of \$169,900 (March 31, 2017 - \$169,900).

The bonds cover the future site restoration costs with respect to the Seel and Ox Lake Claims, collectively known as the Ootsa Property. All or part of the \$169,900 can be recovered subject to the inspection of the sites and assessment of the restoration costs by the Mining and Minerals Division of the British Columbia Government.

The bonds have not been discounted from their future value because the Company estimates the bonds may be settled within 2 years and the discounting cost being considered immaterial. The Company believes that the amount of the bonds includes sufficient risk premium.

Recovery of the posted bonds remains subject to the inspection of the sites and assessment of the restoration costs by the Mining and Minerals Division of the British Columbia Government.

### **6. MINERAL PROPERTIES**

#### Ootsa Property

As at June 30, 2017, the Company owned a 100% interest in the Ootsa Property, located in central British Columbia, comprised of 123 mineral claims totalling 72,691.2 hectares.

Details of this property interest are as follows:

- 14 claims totalling 575 hectares, known as the Ox claims, are subject to a 2% Net Smelter Returns ("NSR") royalty. The purchase agreement with the vendor, Silver Standard Resources Inc., ("Silver") entitles the Company to purchase 50% of the 2% NSR from Silver at any time by the payment to Silver of \$500,000. The Company may purchase the remaining 1% NSR at any time by payment to Silver of an additional \$1,000,000. There is an associated Area of Interest with these claims, defined as the area lying within a distance of one kilometre from the external boundaries of the claims.
- There are four claims totalling 3,028 hectares, known as the Seel claims, which are subject to a 1% NSR. The Company is entitled at any time to purchase 50% of this 1% NSR for \$1,000,000. There is an associated Area of Interest with these claims, defined as the area lying within a distance of one kilometre from the external boundaries of the claims.

## **GOLD REACH RESOURCES LTD.**

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2017 and June 30, 2016

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### **6. MINERAL PROPERTIES (continued)**

- Two additional claims known as the Swing claims (the “Captain Mine”) totalling 384 hectares, purchased in March 2014, are subject to a 2% NSR. The purchase agreement with the vendor entitles the Company to purchase 50% of the 2% NSR from the vendor at any time by the payment to the vendor of \$500,000 or the Company may purchase the entire 2% NSR at any time by payment to the vendor of \$1,000,000.
- The Troitsa Peak claim totalling 211 hectares purchased in December 2014 is subject to a 1% NSR, half of which can be bought back at any time by the Company for \$500,000.
- During the year ended March 31, 2016 the Company staked an additional four claims totalling 306 hectares.
- On July 22, 2016, the Company staked an additional two claims totalling 76.79 hectares.
- On August 5, 2016, the Company purchased one claim for the total consideration of \$3,000 adding to the Troitsa Peak claims a total of 76.79 hectares.
- The Company now owns mineral rights to 72,691.2 hectares comprised of 123 claims. Of these claims, 104 (70,676 hectares) have had sufficient exploration work completed to remain valid until July 2, 2025, while 19 claims (2,015 hectares) expire on November 2, 2019.

#### Auro Property

In March 2012, the Company sold all of the Company’s mineral interests known as the Auro and Auro South properties (“Properties”) to New Gold Inc. Under the terms of the purchase agreement, the Company retained a 2% NSR.

#### British Columbia Mineral Tax Credits (“BCMETS”)

Certain qualified exploration costs incurred by the Company entitles it for refundable tax credits as part of an exploration incentive plan offered by the Province of British Columbia. In April 2016 the Company filed a BCMETS claim with the Canada Revenue Agency seeking \$68,272 in qualified refundable tax credits for the year ended March 31, 2016. The Company accrued \$68,272 at March 31, 2016 and collected the full amount during August 2016. In July 2017, the Company filed a BCMETS claim with the Canada Revenue Agency seeking \$11,185 in qualified refundable tax credits for the year ended March 31, 2017. The Company has accrued \$11,185 at March 31, 2017, as it considers the entire amount to be collectable.

**GOLD REACH RESOURCES LTD.**

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2017 and June 30, 2016

**6. MINERAL PROPERTIES (continued)**

Expenditures on mineral property acquisition and deferred exploration and development costs for the three months ended June 30, 2017 and for the year ended March 31, 2017 are as follows:

	<b>For the three months ended June 30, 2017</b>	<b>For the year ended March 31, 2017</b>
Property acquisition costs:		
Balance, beginning of the period	\$ 1,150,170	\$ 1,147,036
Cash costs	-	3,134
Balance, end of the period	1,150,170	1,150,170
Deferred exploration and evaluation costs:		
Balance, beginning of the period	20,317,735	20,245,137
Incurred during the period:		
Barge	-	700
Geology	-	6,750
Consulting fees – First Nations	-	40,000
Field costs	-	6,979
Travel	-	7,772
Assaying	-	13,496
Camp costs	871	5,008
Fuel	-	78
Exploration tax credit recovery	-	(11,185)
Wages and related expenses	-	3,000
Total expenditures during the period	871	72,598
Balance, end of the period	20,318,606	20,317,735
Total deferred costs, end of the period	\$ 21,468,776	\$ 21,467,905

**GOLD REACH RESOURCES LTD.**

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2017 and June 30, 2016

**7. EQUIPMENT AND CAMP BUILDINGS**

	<b>Office Equipment</b>	<b>Camp Vehicles and Equipment</b>	<b>Camp Buildings/ Septic</b>	<b>Bridge</b>	<b>Total</b>
<b>Cost</b>					
Balance at March 31, 2016	\$ 41,524	\$ 122,575	\$ 178,838	\$ 32,855	\$ 375,792
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at March 31, 2017	\$ 41,524	\$ 122,575	\$ 178,838	\$ 32,855	\$ 375,792
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at June 30, 2017	<u>\$ 41,524</u>	<u>\$ 122,575</u>	<u>\$ 178,838</u>	<u>\$ 32,855</u>	<u>\$ 375,792</u>
<b>Depreciation and impairment</b>					
Balance at March 31, 2016	\$ 31,338	\$ 89,183	\$ 121,019	\$ 11,499	\$ 253,039
Additions	3,711	9,032	35,769	3,284	51,796
Disposals	-	-	-	-	-
Balance at March 31, 2017	\$ 35,049	\$ 98,215	\$ 156,788	\$ 14,783	\$ 304,835
Additions	486	1,587	8,942	821	11,836
Disposals	-	-	-	-	-
Balance at June 30, 2017	<u>\$ 35,535</u>	<u>\$ 99,802</u>	<u>\$ 165,730</u>	<u>\$ 15,604</u>	<u>\$ 316,671</u>
<b>Carrying amounts – NBV</b>					
At March 31, 2017	<u>\$ 6,475</u>	<u>\$ 24,360</u>	<u>\$ 22,050</u>	<u>\$ 18,072</u>	<u>\$ 70,957</u>
At June 30, 2017	<u>\$ 5,989</u>	<u>\$ 22,773</u>	<u>\$ 13,108</u>	<u>\$ 17,251</u>	<u>\$ 59,121</u>

## **GOLD REACH RESOURCES LTD.**

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2017 and June 30, 2016

### **8. TRADE AND OTHER PAYABLES**

The Company's trade and other payables on June 30, 2017 and March 31, 2017 are as follows:

	<b>As at June 30, 2017</b>	<b>As at March 31, 2017</b>
Trade payables	\$ 39,688	\$ 4,971
Management fees accrued (Note 9 (d))	-	110,000
Accrued expenses	20,000	16,000
	<b>\$ 59,688</b>	<b>\$ 130,971</b>

Trade payables are comprised principally of amounts outstanding for trade purchases relating to exploration and general operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

### **9. RELATED PARTY TRANSACTIONS**

During the three months ended June 30, 2017 the following amounts were paid. All comparative amounts are for the three months ended June 30, 2016.

- (a) Management wages and director fees of \$21,125 (2016 - \$157,807) were paid to directors or officers of the Company or to companies controlled by directors or officers of the Company.
- (b) Administration fees of \$4,500 (2016 - \$4,560) were paid to Companies controlled by a directors or officers of the Company.
- (c) Included in accounts payable and accrued liabilities at June 30, 2017 is \$Nil (2016 - \$6,171) owing to the senior management and directors of the Company for unpaid management fees.
- (d) Pursuant to a settlement agreement, effective June 27, 2016, the Company is obligated to pay its former President & CEO the following amounts bearing no interest:
  - (i) \$110,000 on July 15, 2016 – included in accounts payable and accrued liabilities (paid);
  - (ii) \$110,000 on June 27, 2017– included in accounts payable and accrued liabilities (paid);
  - (iii) \$110,000 on June 27, 2018– included in long term liabilities.

These payment dates are subject to acceleration in the event the Company has raised additional \$3,000,000 equity capital during the twelve months ended June 27, 2017 with immediate payment of all the then remaining settlement amounts due upon the closing of at least \$3,000,000 in additional equity capital. The settlement amount of \$330,000 includes the Bonus payable as at March 31, 2016.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

**GOLD REACH RESOURCES LTD.**

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2017 and June 30, 2016

**9. RELATED PARTY TRANSACTIONS (continued)**

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors.

The Company incurred the following transactions with companies controlled by directors of the Company.

	<b>For the three months ended June 30,</b>	
	<b>2017</b>	<b>2016</b>
Professional fees - administration	\$ 4,500	\$ 4,650
Management and administration	21,125	157,807
	<b>\$ 25,625</b>	<b>\$ 162,457</b>

Key management personnel compensation:

	<b>For the three months ended June 30,</b>	
	<b>2017</b>	<b>2016</b>
Management fees	\$ 25,625	\$ 162,457

Key management personnel compensation comprised of:

	<b>For the three months ended June 30,</b>	
	<b>2017</b>	<b>2016</b>
Short term employee benefits	\$ 25,625	\$ 162,457
Share-based payments	-	-
	<b>\$ 25,625</b>	<b>\$ 162,457</b>

## **GOLD REACH RESOURCES LTD.**

Notes to the Condensed Consolidated Interim Financial Statements  
(unaudited - expressed in Canadian dollars)  
For the Three Months ended June 30, 2017 and June 30, 2016

### **10. SHARE CAPITAL AND CONTRIBUTED SURPLUS**

- (a) Authorized: Unlimited number of common shares without par value.
- (b) Issued and fully paid:

	<b>Number of Shares</b>	<b>Amount</b>
Balance – March 31, 2016	42,134,374	\$ 33,684,393
Issued for cash – non flow through	4,666,666	700,000
Exercise of options	175,000	19,250
Less: value of options exercised	-	(4,000)
Less: share issue costs	-	(17,575)
<b>Balance – March 31, 2017</b>	<b>46,976,040</b>	<b>\$ 34,382,068</b>
No transactions	-	-
<b>Balance – June 30, 2017</b>	<b>46,976,040</b>	<b>\$ 34,382,068</b>

#### Transactions during the Three Months Ended June 30, 2017

No transactions

#### Transactions during the Year Ended March 31, 2017

- i) On July 19, 2016, the Company completed a non-brokered private placement comprised of 4,666,666 units at a purchase price of \$0.15 per unit for gross proceeds of \$700,000. Each unit consisted of one common share and one-half common share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.22 per share at any time on or before July 19, 2019. Each warrant is subject to accelerated expiry provisions such that if at any time after the date of Closing of the private placement, the Company's common shares trade on the TSX Venture Exchange at or above a weighted average trading price of \$0.40 per share for 10 consecutive trading days, the Company may give notice to the holders that each warrant will expire 30 days from the date of providing such notice.

The Company paid a finder's fee of \$12,880 cash and issued 42,934 finder warrants with each finder warrant entitling the holder to acquire one additional common share of the Company at an exercise price of \$0.22 per share at any time on or before July 19, 2019. On March 14, 2016 the Company issued 829,400 common shares to a senior officer of the Company for consideration of \$87,087 in settlement of unpaid accrued management salary.

**GOLD REACH RESOURCES LTD.**

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2017 and June 30, 2016

**10. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)**

(c) Share Purchase Warrants:

A continuity schedule of outstanding share purchase warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2016	5,489,384	\$0.40
Issued – Unit Offering	2,333,333	\$0.22
Expired	(499,500)	\$0.80
Balance, March 31, 2017	7,323,217	\$0.32
No transactions	-	-
Balance, June 30, 2017	7,323,217	\$0.32

As at June 30, 2017 outstanding share purchase warrants are:

Number of Warrants	Exercise Price	Expiry Date
250,000	\$1.50	October 12, 2017
2,669,884	\$0.22	October 26, 2017
20,000	\$1.50	January 3, 2019
2,333,333	\$0.22	July 19, 2019
2,050,000	\$0.40	May 14, 2020
<u>7,323,217</u>		



## **GOLD REACH RESOURCES LTD.**

Notes to the Condensed Consolidated Interim Financial Statements  
(unaudited - expressed in Canadian dollars)  
For the Three Months ended June 30, 2017 and June 30, 2016

### **10. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)**

#### (d) Agents' warrants

A continuity schedule of outstanding agents' warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2016	79,920	\$0.72
Issued – Unit Offering	42,934	\$0.22
Expired	(79,920)	\$0.72
Balance, March 31, 2017	42,934	\$0.22
No transactions	-	-
Balance, June 30, 2017	42,934	\$0.22

As at June 30, 2017 outstanding share purchase warrants are:

Number of Warrants	Exercise Price	Expiry Date
42,934	\$0.22	July 19, 2019
42,934		

#### (e) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's balance sheet include 'Contributed Surplus' and 'Accumulated Deficit'.

'Contributed Surplus' is used to recognize the value of stock option grants and share warrants prior to exercise. 'Accumulated Deficit' is used to record the Company's change in deficit from earnings from year to year.

#### (f) Stock options:

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant.

The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of grant.

The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSXV).

**GOLD REACH RESOURCES LTD.**

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2017 and June 30, 2016

**10. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)**

(f) Stock options (continued):

Options may be granted for a maximum term of five years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company. Unless otherwise stated, share purchase options vest when granted.

A summary of the Company's option transactions for the three months ended June 30, 2017 and for the year ended March 31, 2017 is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Contractual Life (years)
Balance, March 31, 2016	4,117,821	\$0.79	2.63
Granted	1,305,000	\$0.155	
Granted	793,000	\$0.12	
Expired	(30,000)	\$0.50	
Expired	(170,000)	\$0.65	
Expired	(70,000)	\$0.70	
Expired	(923,000)	\$0.60	
Expired	(66,000)	\$0.60	
Exercised	(175,000)	\$0.11	
Cancelled	(452,000)	\$0.36	
Balance, March 31, 2017	4,329,821	\$0.44	3.41
Expired	(150,000)	\$0.83	
Expired	(173,429)	\$1.50	
Balance, June 30, 2017	4,006,392	\$0.38	2.67

The weighted average share price of options exercised, as at the date of exercise, during the three months ended June 30, 2017 was \$nil.

**GOLD REACH RESOURCES LTD.**

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2017 and June 30, 2016

**10. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)**

(f) Stock options (continued):

As at June 30, 2017 outstanding vested stock options are:

<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
92,950	\$1.41	October 31, 2017
393,359	\$1.20	March 5, 2018
127,510	\$1.30	September 3, 2018
249,573	\$1.30	October 28, 2018
20,000	\$0.75	July 17, 2019
100,000	\$0.19	July 10, 2020
925,000	\$0.11	March 11, 2021
1,305,000	\$0.155	September 29, 2021
793,000	\$0.12	January 17, 2022
<b>4,006,392</b>		

The Black-Scholes model inputs for options granted during the year ended March 31, 2017 included:

Grant Date	Expiry Date	Share Price At Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield
September 29, 2016	September 29, 2021	\$0.155	\$0.155	0.50	5 years	1.178	0
January 17, 2017	January 17, 2022	\$0.14	\$0.12	0.74	5 years	1.150	0

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes for future volatility due to publicly available information.

## **GOLD REACH RESOURCES LTD.**

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2017 and June 30, 2016

### **10. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)**

(g) Contributed Surplus:

During the three months ended June 30, 2017 \$nil (Year ended March 31, 2017, \$259,804) was recorded as stock-based compensation related to the granting of nil incentive stock options (Year ended March 31, 2017 – 2,098,000). Of this amount, \$nil (Year ended March 31, 2017, \$255,804) has been included as an expense in the consolidated statement of comprehensive loss and \$nil (Year ended March 31, 2017, \$4,000) has been included in share issue costs on the Consolidated Statement of Financial Position.

A continuity of contributed surplus is as follows:

	<b>For the Three Months Ended June 30, 2017</b>	<b>For the Year Ended March 31, 2017</b>
Balance, beginning of period	\$ 4,546,661	\$ 4,286,857
Stock-based compensation - expensed	-	255,804
Stock-based compensation – share issue costs	-	4,000
Balance, end of period	<u>\$ 4,546,661</u>	<u>\$ 4,546,661</u>

### **11. FINANCIAL INSTRUMENTS, MANAGEMENT OF CAPITAL AND FINANCIAL RISK**

All financial instruments are included on the Company's balance sheet and measured at either fair value or amortized cost.

The Company's financial assets consist of cash and cash equivalents and amounts receivable, which are designated as loans and receivables and measured at amortized cost.

The Company's financial liabilities consist of accounts payable and accrued liabilities and due to related parties, which are designated as other financial liabilities and measured at amortized cost.

The carrying values of the Company's financial instruments measured at amortized costs approximate their fair values due to their short-term nature.

The capital of the Company consists of shareholders' equity - \$21,031,111 (March 31, 2017 - \$21,125,319).

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements. The Company relies on capital markets to support continued growth.

## **GOLD REACH RESOURCES LTD.**

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2017 and June 30, 2016

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### **12. SEGMENTED INFORMATION**

During the three months ended June 30, 2017 and for the year ended March 31, 2017 the Company operated in one reportable operating segment, being the acquisition, exploration and development of mineral properties in British Columbia. Administrative expenses and working capital balances are located in Canada.

### **13. NON-CASH TRANSACTIONS**

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. The following transactions have been excluded from the statements of cash flows.

#### During the year end March 31, 2017:

The Company incurred share issue costs of \$4,000 in relation to an issuance of 42,934 finder's warrants with an exercise price of \$0.22 and a July 19, 2019 expiry.

### **14. COMMITMENTS AND CONTINGENCIES**

Effective with a commencement date of October 1, 2016, the Company is committed to an operating lease on its office premises expiring on September 30, 2021. The Company's lease commitments for the total annual basic lease rate and operating costs are as follows:

2018	35,958
2019	48,984
2020	50,347
2021	51,714
2022	26,290