ARGO GOLD INC. (FORMERLY ARBITRAGE RESOURCES INC.)
(a development stage company)
CONDENSED INTERIM UNAUDITED FINANCIAL STATEMENTS
(PREPARED BY MANAGEMENT)
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2017 AND 2016

INDEX

ARGO GOLD INC. (FORMERLY ARBITRAGE RESOURCES INC.)
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
MARCH 31, 2017

The accompanying interim unaudited condensed financial statements of Argo Gold Inc. (the "Company") (formerly Arbitrage Resources Inc.) were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the financial statements together with other financial information. The Audit Committee, on behalf of the Board of Directors, meets with management to review the internal controls over the financial reporting process, the financial statements together with other financial information of the Company, and the auditor's report. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements for issuance to the shareholders. Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Notice of no auditor review of interim financial statements:

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

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

ARGO GOLD INC. (FORMERLY ARBITRAGE RESOURCES INC.)
(a development stage company)

CONDENSED INTERIM UNAUDITED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

		March 31, 2017		December 31, 2016 (Audited)
ASSETS				
Current				
Cash	**$**	**118,263**	$	249,099
Amount receivable		**-**		8,400
HST receivable		**22,798**		9,737
		141,061		267,236
Exploration and evaluation asset (Note 5)		**638,049**		488,049
Equipment (Note 6)		**1,134**		1,194
	$	**780,244**	$	756,479
LIABILITIES				
Current				
Accounts payable and accrued liabilities	**$**	**91,202**	$	255,574
Due to related party (Note 9)		**225**		225
		91,427		255,799
Long-term debt (Note 7)		**-**		53,519
		91,427		309,318
SHAREHOLDERS' EQUITY				
Share capital (Note 8)		**10,592,961**		10,227,861
Contributed surplus		**390,561**		325,440
Deficit		**(10,294,705)**		(10,106,140)
		688,817		447,161
	$	**780,244**	$	756,479

Approved on Behalf of the Board

'Alex Falconer' Director

'Chris Irwin' Director

See accompanying notes to the Condensed interim unaudited financial statements.

ARGO GOLD INC. (FORMERLY ARBITRAGE RESOURCES INC.)
(a development stage company)

CONDENSED INTERIM UNAUDITED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
FOR THE THREE MONTH PERIODS ENDED
(Unaudited-prepared by management)

	Three Months March 31, 2017	2016
Expenses		
Depreciation (Note 6)	**$ 60**	$ 75
Administrative expenses	**117,813**	7,517
Professional fees	**3,656**	-
Listing fees	**1,915**	1,741
Interest expense	**-**	1,158
Share-based compensation (Note 9(c))	**65,121**	-
Loss from operations	**188,565**	10,491
Net (loss) and comprehensive (loss) income for the period	**(188,565)**	(10,491)
Net (loss) per share		
Basic and fully diluted (loss) per share	**$ (0.009)**	$ (0.001)
Weighted average number of shares - basic and fully diluted	**21,668,190**	13,072,312

See accompanying notes to the Condensed interim unaudited financial statements.

ARGO GOLD INC. (FORMERLY ARBITRAGE RESOURCES INC.)
(a development stage company)

CONDENSED INTERIM UNAUDITED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2017 AND 2016
(Unaudited-prepared by management)

	Common shares		Amount		Contributed surplus		Accumulated deficit		Total
Balance January 1, 2016	13,048,312	$	9,802,643	$	180,609	$	(9,801,051)	$	182,201
Net loss	-		-		-		(10,491)		(10,491)
Balance, March 31, 2016	13,048,312	$	9,802,643	$	180,609	$	(9,811,542)	$	171,710
Balance January 1, 2017	19,598,128	$	10,227,861	$	325,440	$	(10,106,140)	$	447,161
Shares issued for debt settlement (Note 8(b))	2,390,000		215,100		-		-		215,100
Shares issued for property (Note 5)	1,000,000		150,000		-		-		
Stock-based compensation (Note 8(c))	-		-		65,121		-		65,121
Net loss	-		-		-		(188,565)		(188,565)
Balance, March 31, 2017	22,988,128	$	10,592,961	$	390,561	$	(10,294,705)	$	688,817

See accompanying notes to the Condensed interim unaudited financial statements.

ARGO GOLD INC. (FORMERLY ARBITRAGE RESOURCES INC.)
(a development stage company)

CONDENSED INTERIM UNAUDITED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE THREE MONTH PERIODS ENDED
(Unaudited-prepared by management)

	Three Months March 31, 2017	2016
OPERATING ACTIVITIES		
Net loss for the **period**	$ (188,565)	$ (10,491)
Adjustments not effecting cash:		
Depreciation	60	75
Accretion expense		
Interest on short-term debt	-	1,157
Share-based compensation	65,121	-
Gain on shares issued for debt	(23,900)	-
Changes in non-cash working capital		
Accounts receivable	8,400	-
HST receivable	(13,061)	(1,201)
Accounts payable and accrued liabilities	(140,477)	6,628
Cash used in operating activities	(292,422)	(3,832)
FINANCING ACTIVITIES		
Issuance of common shares	215,100	-
Repayment of Short-term debt	(53,514)	-
Cash provided by financing activities	161,586	-
Net increase in cash	(130,836)	(3,832)
Cash, beginning of period	249,099	7,476
Cash, end of period	$ 118,263	$ 3,644

1. REPORTING ENTITY AND GOING CONCERN

Argo Gold Inc. (the "Company") (formerly Arbitrage Resources Inc.) is a development stage enterprise incorporated under the laws of Ontario on December 9, 1995. The Company is listed on the Canadian Stock Exchange ("CSE"), having the symbol AEA and is in the process of exploring its mineral properties. Effective September 19, 2016, the Company changed its name to Argo Gold Inc.

The address of the Company's corporate office and principal place of business is 365 Bay Street, Suite 400 Toronto, Ontario, M5H 2V1, Canada.

These condensed interim unaudited financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern, and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material. It is not possible to predict whether the company will be able to raise adequate financing or to ultimately attain profit levels of operations. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Changes in future conditions could require material write downs of the carrying values.

The Company has not yet realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of $10,060,424 as at March 31, 2017 (December 31, 2016 - $10,106,140). The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be able to execute on its business strategy or be successful in future financing activities. As at March 31, 2017, the Company had current assets of $141,061 (December 31, 2016 - $267,236) to cover current liabilities of $91,427 (December 31, 2016 - $255,799).

2. BASIS OF PRESENTATION

Statement of Compliance

The condensed interim unaudited financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), as issued by the International Accounting Standards Board ("IASB") and therefore, do not contain all disclosures required by International Financial Report Standards ("IFRS") for annual financial statements. Accordingly, these condensed interim unaudited financial statements should be read in conjunction with the Company's most recently prepared audited annual financial statements for the fiscal year ended December 31, 2016.

The policies applied in these condensed interim unaudited financial statements are consistent with the policies disclosed in Notes 2 and 3 of the audited annual financial statements for the year ended December 31, 2016.

The condensed interim unaudited financial statements were authorized for issue by the Board of Directors on May 25, 2017.

Recently Adopted Accounting Standards

The IASB issued the following accounting standards and amendments to accounting standards, which are effective January 1, 2016:

On May 6, 2014 the IASB issued Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11). The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The adoption of this standard had no impact on the Company's condensed interim consolidated financial statements.

On May 12, 2014 the IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendments made to IAS 16 explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset. The amendments in IAS 38 introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption could be overcome only when revenue and consumption of the economic benefits of the intangible asset are highly correlated or when the intangible asset is expressed as a measure of revenue. The adoption of this standard had no impact on the Company's condensed interim consolidated financial statements.

On December 18, 2014 the IASB issued amendments to IAS 1 Presentation of Financial Statements as part of its major initiative to improve presentation and disclosure in financial reports (the "Disclosure Initiative"). These amendments will not require any significant change to current practice, but should facilitate improved financial statement disclosures. The adoption of this standard had no impact on the Company's condensed interim consolidated financial statements.

3. FINANCIAL INSTRUMENTS

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks (commodity prices, foreign currency exchange rate and interest rate), credit risk and liquidity risk through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required, through the use of derivative financial instruments. The Company does not use derivative financial instruments for purposes other than risk management. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and up-to-date market information.

Market Risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. The Company may use derivative financial instruments such as foreign exchange contracts and interest rate swaps to manage certain exposures. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis.

Liquidity Risk

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main sources of liquidity is derived from its common stock issuances. These funds are primarily used to finance working capital, operating expenses, capital expenditures, and acquisitions.

The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash. The 2017 budget is planned to be funded by additional financing.

Accounts payable and accrued liabilities are current financial instruments, are due within 30 days expected to be settled in the normal course of operations. Short-term debt is due in 2017 (Note 7).

As at March 31, 2017 the Company held cash of $118,263 (December 31, 2016 -$249,099) to settle current liabilities of $91,427 (December 31, 2016 - $255,799).

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash bears interest at market rates. Management believes that the risk that the Company will realize a loss on interest rates due to the long-tem debt is remote due to current market prices and its fixed rate. Other current financial assets and liabilities are not exposed to interest rate risk because of their short-term nature.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and accounts receivable. The Company has reduced its credit risk by investing its cash with a Canadian chartered bank.

Fair Value

The Company has designated its cash as FVTPL, which is measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and HST payable are classified as other financial liabilities, which are measured at amortized cost.

The carrying value and fair value of financial instruments excluding long-term debt held at March 31, 2017 and December 31, 2016 approximate fair value due to their short term nature. Long-term debt is carried at its fair value, which is the amortized cost and is accreted to its face value over the term of the debt.

4. CAPITAL MANAGEMENT

The Company defines capital management in the manner it manages its share capital. As at March 31, 2017 the Company's share capital was $10,592,961 (December 31, 2016 - $10,227,861).

There were no changes in the Company's approach to capital management during the year ended March 31, 2017 and the Company is not subject to any externally imposed capital requirements.

The Company's objectives when managing capital are:

a) To safeguard the Company's financial capacity and liquidity for future earnings in order to continue to provide an appropriate return to shareholders and other stakeholders;

b) To maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk; and

c) To enable the Company to maximize growth by meeting its capital expenditure budget, to expand its budget to accelerate projects, and to take advantage of acquisition opportunities.

(Expressed in Canadian Dollars)

The Company regularly monitors and reviews the amount of capital in proportion to risk and future development and exploration opportunities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debt or equity or similar instruments, reduce debt levels from, or make adjustments to, its capital expenditure program.

5. EXPLORATION AND EVALUATION ASSET

	March 31, 2017	December 31, 2016
Hurdman	**$ 290,000**	$ 290,000
McVicar	**19,696**	16,696
Wawa Area	**178,353**	178,353
Woco	**150,000**	0
Total exploration and evaluation asset	**$ 638,049**	$ 485,049

Hurdman Property

On September 4, 2013, the Company closed the acquisition of the Hurdman property with Eloro Resources Ltd. ("Eloro"), whereby the Company acquired Eloro's wholly owned Hurdman Property, comprising 12 contiguous mining claims covering 2,944 hectares in Hurdman Township, 120 kilometres north northwest of the City of Timmins, Ontario. The acquisition was completed by issuing 5,000,000 common shares (post consolidation - 1,250,000 common shares) and paying $40,000 in cash to Eloro.

In Marcj 2017, the Company staked 265 strategic claim units, totalling 4,240 hectares, at its Hurdman silver-zinc project in Hurdman township, Ontario. The newly acquired strategic claims surround Argo Gold's 100% owned Hurdman silver-zinc project.

Mc Vicar Property

In June 2016, the Company staked 144 claim units totaling 2304 hectares in the McVicar Lake area and Stoughton Lake area located approximately 90 kilometres west of Pickle Lake. The claims are 100% owned by the Company.

Wawa Area

The Company entered into a mining claim acquisition agreement with Upper Canada Explorations Ltd. pursuant to which Argo Gold can acquire a 100 % interest in certain mineral claims located in the townships of Jacobson, Riggs, Abbie Lake area and David Lakes area near Wawa, Ont., in exchange for an aggregate of 1,739,833 common shares of the company with a fair value of $173,983 and the grant of a 2% net smelter returns royalty on the property. The acquisition of the mineral claims is subject to receipt of regulatory approval and the common shares issuable thereunder will be subject to a statutory hold period of four months and one day from the date of issuance.

The mineral claims include: the Rockstar property comprising of 16 mineral claims in Jacobson and Riggs townships, the Macassa Creek property comprising of two mineral claims in the David Lakes area, and the Abbie Lake property comprising of 24 mineral claims in the Abbie Lake area.

(Expressed in Canadian Dollars)

Woco Gold Property

On November 1, 2016, the Company entered into a mining claim acquisition agreement with Dollard Mines Ltd., pursuant to which the Company can acquire a 100% interest in certain mineral claims located in Earngey township of the Red Lake mining district in exchange for an aggregate of one million common shares of the company and the grant of a 2% net smelter return royalty on the property. The acquisition of the mineral claims is subject to receipt of regulatory approval, and the common shares issuable thereunder will be subject to a statutory hold period of four months and one day from the date of issuance. The Woco gold project comprises 20 mineral claims in Earngey township covering 320 hectares located northwest of Uchi Lake, proximal to the Uchi Lake deformation zone in the Birch-Uchi greenstone belt. The Woco gold project is located 85 kilometres northeast of Ear Falls, Ont., and 1.5 kilometres south of the past-producing Uchi mine. During the quarter end, the Company issued the one million common shares.

6. EQUIPMENT

Cost		Office equipment
Balance at December 31, 2014	$	4,438
Additions		-
Balance at December 31, 2015, 2016 and March 31, 2017	$	4,438
Accumulated Depreciation		
Balance at December 31, 2014	$	2,572
Amortization for the period		373
Balance at December 31, 2015	$	2,945
Depreciation for the period		299
Balance at December 31, 2016	$	3,244
Depreciation for the period		60
Balance at March 31, 2017	**$**	**3,304**
Carrying Amounts		
As at December 31, 2014	$	1,866
As at December 31, 2015	$	1,493
As at December 31, 2016	$	1,194
As at December 31, 2013	**$**	**1,134**

7. SHORT-TERM DEBT

In March 2015, a director of the Company converted $46,307 of accounts payable to a long-term note. The note bears interest at 10% per annum and due March 31, 2017. On January 17, 2017, the Company settled $53,514 short-term debt by issuing common shares of the Company (Note 8).

(Expressed in Canadian Dollars)

8. SHARE CAPITAL

a) Authorized:
Unlimited number of common shares
Unlimited number of special shares, issuable in series

b) Total outstanding shares:
Issued:
15,701,812 Common shares
To be issued: 24,000 Common shares

On January 17, 2017, the Company settled $239,000 of accounts payables by issuing 2,390,000 common shares of the Company.

c) Stock options

The Company has a stock option plan to provide employees, directors, officers and consultants with options to purchase common shares of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock on the day of grant and the maximum term of option is five years. The maximum number of shares which may be issued under the program shall not exceed 10% of the issued and outstanding shares. The following summarizes the employees, directors, officers and consultants stock options that have been granted, exercised, expired, vested or cancelled during the period ended March 31, 2017.

The stock options outstanding at March 31, 2017 and December 31, 2016 are as follows:

	March 31, 2017		December 31, 2016	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of the period	**1,500,000**	**$ 0.10**	-	$ -
Granted	**400,000**	**0.18**	1,500,000	0.10
Outstanding, end of the period	**1,900,000**	**$ 0.12**	1,500,000	$ 0.10

The following table summarizes information about stock options outstanding and exercisable at March 31, 2017.

Date of Grant	**Number of Outstanding at December 31, 2016**	**Exercise Price**	**Weighted Average Remaining Life (years)**	**Date of Expiry**	**Number of Exercisable at December 31, 2016**
August 18, 2016	1,500,000	$ 0.10	2.38	August 18, 2019	1,500,000
March 30, 2017	400,000	$ 0.18	3	March 30, 2020	400,000
	1,900,000	$ 0.12			1,900,000

The Company provides compensation to directors, employees and consultants in the form of stock options.

On March 30, 2017, the Company granted 400,000 options which vest immediately. The stock-based compensation expense related to the options for the period ended March 31, 2017 is $65,121.

(Expressed in Canadian Dollars)

d) Warrants

The following table summarizes warrants that have been issued during the period ended March 31, 2017:

	Number of Warrants		**Black-Scholes Value**		**Weighted Average Exercise Price**
Balance, January 1, 2015		$	-	$	-
Issued	1,600,000		23,234		0.10
Issued	315,000		4,573		0.10
Issued (Broker)	15,750		275		0.10
Balance, December 31, 2015	1,930,750	$	28,082	$	0.10
Issued	952,250		53,119		0.10
Issued	374,500		20,891		0.10
Issued (Broker)	98,245		12,739		0.12
Balance, December 31 2016 and March 31, 2017	**3,355,745**	**$**	**114,831**	**$**	**0.10**

At March 31, 2017, the following warrants were outstanding. The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date:

Warrants		**Exercise Price**		**Fair Value**	**Expiry date**
1,600,000	$	0.10	$	23,234	May 27, 2017
315,000		0.10		4,573	June 3, 2017
15,750		0.10		275	June 3, 2017
952,250		0.10		19,603	May 18, 2018
374,500		0.10		15,465	June 14, 2018
98,245		0.12		12,739	December 31, 2018
3,355,745	$	0.10	$	75,889	

9. RELATED PARTY TRANSACTIONS

The following related party transactions occurred and were reflected in the financial statements during the period ended March 31, 2017 and 2016 as follows:

		March 31, 2017		March 31, 2016
Management fees and consulting fees expense:				
Management fees were charged by the CFO for corporate administrative and financial management services (note b)	$	13,942	$	7,500
Consulting fees were charged by the CEO for corporate administration (note b)	$	15,000	$	-
	$	28,942	$	7,500
Professional fees expense:				
Legal fees were charged by an officer/director for legal and corporate secretarial services	$	2,991	$	-

a) Included in accounts payable and accrued liabilities are management fees of $6,725 (December 31, 2016 - $93,451) to a company controlled by the CEO and CFO in common with the Company and legal fees of $6,846 (December 31, 2016 - $71,018) due to a company controlled by a director in common with the Company.

b) Key management compensation was incurred of $28,942 (March 31, 2016 - $7,500) in salaries.

c) Included in short-term debt is with a principal balance of $Nil (carrying value $53,514) (December 31, 2016 - $46,307 (carrying value $53,514)) due to a company controlled by an officer/director in common with the Company.

d) As at March 31, 2017, amounts due to related party consist of $225 (December 31, 2016 - $225) to company controlled by an officer/director of the Company.

10. COMMITMENTS

As at December 31, 2016, the Company has a commitment to spend $81,998 from amounts raised through flow-through financing on eligible Canadian exploration and development expenses.

11. SUBSEQUENT EVENT

Subsequent to year end, the Company entered into a mining claim acquisition agreement with 2362516 Ontario Inc., pursuant to which Argo Gold can acquire a 100% interest in certain mineral claims located in the Mishibishu Lake area and St. Germain township of the Sault Ste. Marie mining district in exchange for an aggregate of 250,000 common shares of the company. The acquisition of the mineral claims is subject to receipt of regulatory approval, and the common shares issuable thereunder will be subject to a statutory hold period of four months and one day from the date of issuance.

Subsequent to year end, the Company completed a private placement of 1,500,000 shares at a price of $0.20 per share for aggregate proceeds of $300,000 and 475,000 flow-through shares at a price of $0.25 per flow-through share for aggregate proceeds of $135,000. Each unit consist of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of $0.30 per common share for a period of 24 months from the date of issuance. In connection with this financing, the Company paid cash commissions of $9,100 and issued 40,250 broker warrants where each broker warrant entitles the holder to acquire one additional common share at a price of $0.30 for a period of 24 months from the date of issuance.