ARGO GOLD INC. (FORMERLY ARBITRAGE RESOURCES INC.)
(a development stage company)
CONDENSED INTERIM UNAUDITED FINANCIAL STATEMENTS
(PREPARED BY MANAGEMENT)
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2017 AND 2016

INDEX

ARGO GOLD INC. (FORMERLY ARBITRAGE RESOURCES INC.)
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
JUNE 30, 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 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 condensed interim unaudited 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

	June 30, 2017	December 31, 2016 (Audited)
ASSETS		
Current		
Cash	**$ 589,249**	$ 249,099
Amount receivable	**50,000**	8,400
HST receivable	**51,101**	9,737
Prepaid expenses	**25,000**	-
	715,350	267,236
Exploration and evaluation asset (Note 5)	**683,049**	488,049
Equipment (Note 6)	**2,435**	1,194
	$ 1,400,834	$ 756,479
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 115,537**	$ 255,574
Due to related party (Note 9)	**225**	225
	115,762	255,799
Long-term debt (Note 7)	**-**	53,519
	115,762	309,318
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	**11,173,891**	10,227,861
Contributed surplus	**687,356**	325,440
Deficit	**(10,576,175)**	(10,106,140)
	1,285,072	447,161
	$ 1,400,834	$ 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 AND SIX MONTH PERIODS ENDED
(Unaudited-prepared by management)

	Three Months June 30, 2017	Three Months June 30, 2016	Six Months June 30, 2017	Six Months June 30, 2016
Expenses				
Depreciation (Note 6)	**$ 60**	$ 75	**$ 119**	$ 149
Administrative expenses	**131,685**	50,817	**216,461**	58,336
Professional fees	**225**	750	**3,881**	750
Listing fees	**1,310**	2,273	**3,225**	4,014
Interest expense	**-**	1,158	**-**	2,315
Exploration and evaluation expenses (Note 5)	**121,304**	-	**154,341**	-
Share-based compensation (Note 8(c))	**-**	-	**92,008**	-
Loss from operations	**254,584**	55,073	**470,035**	65,564
Net loss and comprehensive loss for the period	**(254,584)**	(55,073)	**$ (470,035)**	$ (65,564)
Net (loss) per share				
Basic and fully diluted (loss) per share	**$ (0.010)**	$ (0.004)	**$ (0.020)**	$ (0.048)
Weighted average number of shares - basic and fully diluted	**24,443,259**	14,116,829	**23,421,147**	1,359,457

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 AND SIX MONTH PERIODS ENDED JUNE 30, 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
Shares issued for cash	2,053,500		102,675		-		-		102,675
Shares issued for debt settlement	600,000		30,000		-		-		30,000
Fair value of warrants	-		(35,068)		35,068		-		-
Shares issue costs	-		(500)		-		-		(500)
Net loss	-		-		-		(65,564)		(65,564)
Balance, June 30, 2016	15,701,812	$	9,899,750	$	215,677	$	(9,866,615)	$	248,812

Balance January 1, 2017	19,598,128	$	10,227,861	$	325,440	$	(10,106,140)	$	447,161
Shares issued for cash (Note 8(b)(iv))	3,090,000		647,233		-		-		647,233
Shares issued for debt settlement (Note 8(b)(i))	2,390,000		215,100		-		-		215,100
Shares issued for property (Note 5, 8(b)(ii)(iii))	1,250,000		195,000		-		-		195,000
Shares issued for warrants	2,057,500		205,750		-		-		205,750
Fair value of warrants	-		(269,908)		269,908		-		-
Shares issue costs	-		(47,145)		-		-		(47,145)
Stock-based compensation (Note 8(c))	-		-		92,008		-		92,008
Net loss	-		-		-		(470,035)		(470,035)
Balance, June 30, 2017	28,385,628	$	11,173,891	$	687,356	$	(10,576,175)	$	1,285,072

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 AND SIX MONTH PERIODS ENDED
(Unaudited-prepared by management)

	Three Months June 30, 2017	2016	Six Months June 30, 2017	2016
OPERATING ACTIVITIES				
Net loss for the **period**	**$ (254,584)**	$ (55,073)	**$ (470,035)**	$ (65,564)
Adjustments not effecting cash:				
Depreciation	**60**	75	**119**	149
Interest on short-term debt	**-**	1,157	**-**	2,315
Share-based compensation	**-**	-	**92,008**	-
Changes in non-cash working capital				
Accounts receivable	**(50,000)**	-	**(41,600)**	-
Prepaid expenses	**(25,000)**	1,267	**(25,000)**	-
HST receivable	**(28,303)**	6,562	**(41,364)**	6,628
Accounts payable and accrued liabilities	**24,334**	2,502	**(140,037)**	9,130
Cash used in operating activities	**(333,493)**	(43,510)	**(625,909)**	(47,342)
INVESTING ACTIVITIES				
Purchase of equipment	**(1,359)**	-	**(1,359)**	-
Exploration and evaluation asset	**-**	(24,065)	**(195,000)**	(24,065)
Cash used in investing activities	**(1,359)**	(24,065)	**(196,359)**	(24,065)
FINANCING ACTIVITIES				
Issuance of common shares	**852,983**	132,110	**1,263,077**	132,110
Shares issue costs	**(47,145)**	-	**(47,145)**	-
Repayment of Short-term debt	**-**	-	**(53,514)**	-
Cash provided by financing activities	**805,838**	132,110	**1,162,418**	132,110
Net increase in cash	**470,986**	64,535	**340,150**	60,703
Cash, beginning of period	**118,263**	3,644	**249,099**	7,476
Cash, end of period	**$ 589,249**	$ 68,179	**$ 589,249**	$ 68,179

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 ARQ 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 $10,576,175 as at June 30, 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 June 30, 2017, the Company had current assets of $715,350 (December 31, 2016 - $267,236) to cover current liabilities of $115,762 (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 August 28, 2017.

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after June 30, 2017 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the table below. The following has not yet been adopted and is being evaluated to determine the impact on the Company.

(i) IFRS 9, Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

(ii) On January 13, 2016 the IASB issued IFRS 16, "Leases". The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15, "Revenue from contracts with customers" at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17, "Leases". This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. The extent of the impact of adoption of this standard has not yet been determined.

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 June 30, 2017 the Company held cash of $589,249 (December 31, 2016 -$249,099) to settle current liabilities of $115,762 (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 June 30, 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 June 30, 2017 the Company's share capital was $11,173,891 (December 31, 2016 - $10,227,861).

There were no changes in the Company's approach to capital management during the year ended June 30, 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

		June 30, 2017		December 31, 2016
Hurdman	**$**	**290,000**	$	290,000
McVicar		**19,696**		16,696
Wawa Area		**178,353**		178,353
Woco		**150,000**		0
Mishi Lake		**45,000**		0
Total exploration and evaluation asset	**$**	**683,049**	$	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 March 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.

McVicar Property

In June 2016, the Company staked 144 claim units totaling 2,304 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 1,000,000 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. In January 2017, the Company issued the one million common shares.

Mishi Lake

The Mishi Lake gold project comprises three mineral claims; one is in the Mishibishu Lake area and two are in St. Germain township covering 656 hectares located on the eastern-central portion of the Mishibishu deformation zone in the Mishibishu Lake greenstone belt. The Mishi Lake gold project is located 40 kilometres west of Wawa, Ont., 10 kilometres east of Wesdome's open-pit Mishi mine and five kilometres east of the past-producing Magnacon gold mine.

6. EQUIPMENT

Cost	Office equipment
Balance at December 31, 2015 and 2016	$ 4,438
Additions	1,360
Balance at June 30, 2017	$ 5,798
Accumulated Depreciation	
Balance at December 31, 2015	$ 2,945
Depreciation for the period	299
Balance at December 31, 2016	$ 3,244
Depreciation for the period	119
Balance at June 30, 2017	**$ 3,363**
Carrying Amounts	
As at December 31, 2015	$ 1,493
As at December 31, 2016	$ 1,194
As at June 30, 2017	**$ 2,435**

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 was due March 31, 2017. On January 17, 2017, the Company settled $53,514 short-term debt by issuing 491,869 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:

	28,361,628 Common shares
To be issued:	24,000 Common shares

(i) In January 2017, the Company settled an aggregate of $215,100 of indebtedness through the issuance of 2,390,000 common shares at a price of $0.09 per share.

(ii) In February 2017, the Company issued 1,000,000 common shares of the Company with a fair value of $150,000 pursuant to the Woco Gold property purchase option agreement.

(iii) In March 2017, the Company issued 250,000 common shares of the Company with a fair value of $45,000 pursuant to the Mishi Lake property purchase option agreement.

(iv) In May 2017, the Company completed a private placement of 2,450,000 units at a price of $0.20 per unit for aggregate proceeds of $490,000 and 640,000 flow-through units at a price of $0.25 per flow-through unit for aggregate proceeds of $160,000. Each unit consist of one common share and one common share purchase warrant. Each flow-through unit consist of one common share and one-half of a common share purchase warrant. Each full warrant will entitle its holder to acquire one additional common share of the Company at a price of $0.30 for 24 months from the date of issuance. In connection with this financing, the Company paid cash commissions of $47,145 and issued 89,250 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.

Additionally the Company recorded a flow-through premium of $2,767 to accounts payable and accrued liabilities.

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 June 30, 2017.

(Expressed in Canadian Dollars)

The stock options outstanding at June 30, 2017 and December 31, 2016 are as follows:

	June 30, 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	**800,000**	**0.14**	1,500,000	0.10
Outstanding, end of the period	**2,300,000**	**$ 0.11**	1,500,000	$ 0.10

The following table summarizes information about stock options outstanding and exercisable at June 30, 2017.

	Number of Outstanding at June 30, 2017	**Exercise Price**	**Weighted Average Remaining Life (years)**	**Date of Expiry**	**Number of Exercisable at June 30, 2017**
August 18, 2016	1,500,000	$ 0.10	2.13	August 18, 2019	1,500,000
January 23, 2017	400,000	$ 0.10	2.57	January 23, 2020	400,000
March 30, 2017	400,000	$ 0.18	2.75	March 30, 2020	400,000
	2,300,000	$ 0.12			2,300,000

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

In March 31, 2017 quarter end, the Company granted 800,000 options which vest immediately. The stock-based compensation expense related to the options for the six months ended June 30, 2017 is $92,008 (June 30, 2016 - $Nil).

d) Warrants

The following table summarizes warrants that are outstanding at June 30, 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	3,355,745	$ 114,831	$ 0.10
Issued	1,225,000	251,748	0.30
Issued (Broker)	89,250	18,157	0.30
Exercised	(2,057,500)	-	0.10
Balance, June 30, 2017	**2,612,495**	**$ 384,736**	**$ 0.16**

(Expressed in Canadian Dollars)

At June 30, 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
900,000	$ 0.10	$ 19,603	May 18, 2018
300,000	0.10	15,465	June 14, 2018
98,245	0.12	12,739	December 31, 2018
340,500	0.30	66,201	May 2, 2019
470,750	0.30	91,782	May 11, 2019
503,000	0.30	111,922	May 26, 2019
2,612,495	$ 0.10	$317,712	

9. RELATED PARTY TRANSACTIONS

The following related party transactions occurred and were reflected in the financial statements during the three months ended June 30, 2017 and 2016 as follows:

	June 30, 2017	June 30, 2016
Management fees and consulting fees expense:		
Management fees were charged by the CFO for corporate administrative and financial management services (note b)	$ 27,800	$ 7,500
Consulting fees were charged by the CEO for corporate administration (note b)	$ 35,000	$ -
	$ 62,800	$ 7,500
Professional fees expense:		
Legal fees were charged by an officer/director for legal and corporate secretarial services	$ -	$ 2,772

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 $62,800 (June 30, 2016 - $7,500) in salaries.

c) As at June 30, 2017, amounts due to related party consist of $225 (December 31, 2016 - $225) to company controlled by an officer/director of the Company.

10. SUBSEQUENT EVENT

The Company has entered into a mining claim acquisition agreement with Rubicon Minerals Corp., pursuant to which the Company can acquire a 100% interest in certain mineral claims adjacent to the Company's 100% owned Woco gold project located in Earngey township, which is approximately 90 kilometres east of Red Lake, Ont., and 1.5 kilometres south of the past-producing Uchi gold mine. In exchange for these non-core mineral claims, Rubicon will receive 500,000 common shares of the Company and the grant of a 2% net smelter return royalty on the claims (with 1% of this 2% net smelter return royalty entitled to a third party per an existing agreement). 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 Company also announces that it has also granted an aggregate of 500,000 options to purchase common shares of the Company exercisable at a price of $0.20 per share and expiring on June 29, 2020, to consultants of the Company. The common shares issuable upon exercise of the options are subject to a four-month hold period from the original date of grant.