

**GRENVILLE GOLD CORP.**

**Condensed Consolidated Interim Financial Statements**

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

**(Unaudited, Expressed in Canadian Dollars)**

## **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 interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of the condensed interim financial statements and are in accordance with IAS 34 – *Interim Financial Reporting*.

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

**GRENVILLE GOLD CORP.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
*(Unaudited, in Canadian dollars)*

	Notes	June 30, 2017	December 31, 2016
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		\$ 173,580	\$ 1,663
Receivables		-	748
Prepaid expenses		1,350	1,542
		174,930	3,953
Exploration and evaluation assets	4	1,374,974	1,373,202
<b>TOTAL ASSETS</b>		<b>\$ 1,549,904</b>	<b>\$ 1,377,155</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade payables and accrued liabilities	5	\$ 113,142	\$ 135,068
Loans and interests payable	8	150,082	-
Due to related parties	7	6,426	6,426
<b>TOTAL LIABILITIES</b>		<b>269,650</b>	<b>141,494</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	6	9,740,565	9,681,065
Reserves	6	4,327,153	4,327,153
Deficit		(12,787,464)	(12,772,557)
<b>TOTAL EQUITY</b>		<b>1,280,254</b>	<b>1,235,661</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 1,549,904</b>	<b>\$ 1,377,155</b>

Nature and continuance of operations 1

On Behalf of the Board

"Sonny Janda"  
Sonny Janda, Director

"Shaun Dykes"  
Shaun Dykes, Director

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

**GRENVILLE GOLD CORP.****CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS  
FOR THE THREE- AND SIX-MONTH PERIODS ENDED JUNE 30,  
(Unaudited, in Canadian dollars)**

		Three Months Ended		Six Months Ended	
	Note	2017	2016	2017	2016
<b>Revenue</b>					
Consulting	7	\$ -	\$ 2,667	\$ -	\$ 5,167
		-	2,667	-	5,167
<b>Expenses</b>					
Filing and transfer fees		3,722	7,272	6,232	9,850
Foreign exchange (gain) loss		512	42,224	(198)	37,216
Management	7	13,566	-	15,066	-
Office and general		1,277	6,269	1,860	17,395
Professional fees		14,167	12,919	18,947	14,567
Rent	7	1,500	8,640	3,000	16,404
		34,744	77,324	44,907	95,432
<b>Other Income</b>					
Gain from sale of assets		-	68	-	68
Gain from forgiveness of debt	5	30,000	-	30,000	-
		30,000	68	30,000	68
<b>Net income (loss) and comprehensive income (loss)</b>		\$ (4,744)	\$ (74,589)	\$ (14,907)	\$ (90,197)
<b>Basic and diluted loss per share</b>		\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)
<b>Weighted average number of common shares outstanding</b>					
- basic and diluted		23,195,505	17,416,588	23,195,505	17,119,614

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

**GRENVILLE GOLD CORP.****CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY***(Unaudited, in Canadian dollars, except share number)*

	Share Capital			Reserves			Total
	Number	Amount Received	Amount Receivable	Option	Warrant	Deficit	
Balance at December 31, 2015	17,020,984	\$ 9,321,065		\$ 2,872,403	\$ 1,454,750	\$ (11,668,862)	\$ 1,979,356
Shares issued for cash	6,000,000	360,000	(66,000)	-	-	-	294,000
Net and comprehensive loss	-	-	-	-	-	(90,197)	(90,197)
Balance at June 30, 2016	23,020,984	9,681,065	(66,000)	2,872,403	1,454,750	(11,759,059)	2,183,159
Shares issued for cash	-	-	66,000	-	-	-	66,000
Net and comprehensive loss	-	-	-	-	-	(1,013,498)	(1,013,498)
Balance at December 31, 2016	23,020,984	9,681,065	-	2,872,403	1,454,750	(12,772,557)	1,235,661
Exercise of warrants	700,000	59,500	-	-	-	-	59,500
Net and comprehensive loss	-	-	-	-	-	(14,907)	(14,907)
Balance at June 30, 2017	23,720,984	\$ 9,740,565	\$ -	\$ 2,872,403	\$ 1,454,750	\$ (12,787,464)	\$ 1,280,254

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

**GRENVILLE GOLD CORP.**  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE SIX-MONTH PERIODS ENDED JUNE 30,  
*(Unaudited, in Canadian dollars)*

	2017	2016
<b>Operating activities</b>		
Net loss for the period	\$ (14,907)	\$ (90,197)
Adjustments for non-cash items		
Non-cash interest expense	82	7,599
	(14,825)	(82,598)
Changes in non-cash working capital items		
Receivables	(703)	(390)
Prepaid expenses	192	(1,366)
Trade payables and accrued liabilities	(20,475)	36,617
Net cash flows used in operating activities	(35,811)	(47,737)
<b>Investing activities</b>		
Expenditures in exploration and evaluation assets	(1,772)	(115,840)
Net cash flows from (used in) investing activities	(1,772)	(115,840)
<b>Financing activities</b>		
Short-term loan	150,000	-
Proceeds from exercise of warrants	59,500	294,000
Net cash flows from financing activities	209,500	294,000
Change in cash during the period	171,917	130,423
Cash, beginning of period	1,663	4,821
Cash, end of period	\$ 173,580	\$ 135,244

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

**GRENVILLE GOLD CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

June 30, 2017

*(Unaudited, expressed in Canadian dollars)*

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Grenville Gold Corp. (the “Company”) was incorporated under the laws of the province of Ontario by articles of incorporation effective November 17, 1994. On June 19, 2009, the Company completed a continuance of business from Ontario to British Columbia. The Company is listed on the TSX Venture Exchange (“TSX-V”) under the symbol “GVG”, the Berlin and Frankfurt stock exchanges in Germany under the symbol “F91Q”, and a pink sheet listing (“OTCPP”) in the United States under the symbol “GVLGF”.

The head office, principal address and records office of the Company are 4770 – 72<sup>nd</sup> Street, Surrey, British Columbia, Canada, V4K 3N3.

These condensed consolidated interim financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at June 30, 2017, the Company had not advanced its property to commercial production and is not able to finance day-to-day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and/or private placement of common shares. Should the Company be unable to continue as going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statement of financial position.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on August 29, 2017.

**2. BASIS OF PRESENTATION****Statement of Compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 *Interim Financial Reporting* and should be read in conjunction with the annual financial statements for the year ended December 31, 2016, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

**GRENVILLE GOLD CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

June 30, 2017

*(Unaudited, expressed in Canadian dollars)***2. BASIS OF PRESENTATION (Continued)****Basis of Measurement**

The condensed consolidated interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

**Basis of Consolidation**

The condensed consolidated interim financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

	Country of Incorporation	Percentage Owned	
		June 30, 2017	December 31, 2016
Grenville Silveria Ltd.	Canada	100%	100%
Grenville Espanola Holdings Ltd.	Canada	100%	100%
Minera Grenville S.A.C.	Peru	100%	100%
Minera Espanola S.A.C.	Peru	100%	100%
Upper Canyon Minerals Peru S.A.C.	Peru	100%	100%
Inversiones Mineras Alexander S.A.C.	Peru	100%	100%

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation

**Significant Estimates and Assumptions**

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.



**GRENVILLE GOLD CORP.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

June 30, 2017

*(Unaudited, expressed in Canadian dollars)*

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**2. BASIS OF PRESENTATION (Continued)**

**Significant Estimates and Assumptions (Continued)**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if it affects both current and future periods.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods the recoverability and measurement of exploration and evaluation assets, and provisions for restoration and environmental obligations.

**Significant Judgments**

The preparation of these financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's condensed consolidated interim financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification of financial instruments; and
- the determination of the functional currency of the parent company and its subsidiaries.

**3. PREPAID EXPENSES**

Prepaid expense balances represent advances paid to suppliers for services to be rendered in the next 12 months.

**GRENVILLE GOLD CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INERIM FINANCIAL STATEMENTS

June 30, 2017

*(Unaudited, expressed in Canadian dollars)***4. EXPLORATION AND EVALUATION ASSETS**

	Balance		Balance		Balance
	December 31,	Additions	December 31,	Additions	June 30,
	2015	(Impairment)	2016	(Impairment)	2017
<b>Silveria</b>					
Acquisition	\$ 1,671,385	\$ -	\$ 1,671,385	\$ -	\$ 1,671,385
Exploration costs	2,045,564	19,319	2,064,883	-	2,064,883
Impairment	(2,761,564)	(974,704)	(3,736,268)	-	(3,736,268)
	955,385	(955,385)	-	-	-
<b>Espanola</b>					
Acquisition	457,502	-	457,502	-	457,502
Exploration costs	735,436	73,888	809,324	1,769	811,093
	1,192,938	73,888	1,266,826	1,769	1,268,595
<b>Josefina</b>					
Acquisition	86,663	-	86,663	-	86,663
Exploration costs	20,398	-	20,398	-	20,398
Impairment	(107,061)	-	(107,061)	-	(107,061)
	-	-	-	-	-
<b>Silver Mountain</b>					
Acquisition	39,631	-	39,631	-	39,631
Exploration costs	42,564	24,181	66,745	3	66,748
	82,195	24,181	106,376	3	106,379
<b>Total</b>	\$ 2,230,518	\$ (857,316)	\$ 1,373,202	\$ 1,772	1,374,974

**Silveria Property**

The Company owns 100% of the Silveria property which consists of 195 claims in the San Mateo Mining District in the province of Huarochiri, Peru. As a result of uncertainty arising in connection with the status of the Company's right to explore the mineral claims underlying the Silveria property, management assessed the Silveria Property as impaired and recorded an impairment charge of \$974,704 for the year ended December 31, 2016.

**Espanola Property**

The Company owns 100% of the Espanola property which consists of 17 claims in the San Mateo Mining District in the province of Canete, Peru.

**GRENVILLE GOLD CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INERIM FINANCIAL STATEMENTS

June 30, 2017

*(Unaudited, expressed in Canadian dollars)*

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**4. EXPLORATION AND EVALUATION ASSETS (Continued)****Josephina and Silver Mountain Properties**

The Company owns 100% interests in the Josephina and Silver Mountain concessions which consist of 6 claims located in the Huarochiri province of Lima, Peru.

**5. TRADE PAYABLES AND ACCRUED LIABILITIES**

	June 30, 2017	December 31, 2016
Trade payables	\$ 111,147	\$ 126,073
Accrued liabilities	1,995	8,995
	<u>\$ 113,142</u>	<u>\$ 135,068</u>

In June 2017, a creditor forgave the Company a total of \$31,500, including \$1,500 in taxes.

**6. SHARE CAPITAL**

Authorized share capital: An unlimited number of common shares without par value  
An unlimited number of preferred shares without par value

During the year ended December 31, 2016, the Company closed a private placement financing consisting of 6,000,000 units at a price of \$0.06 per unit for proceeds of \$360,000. Each unit consists of one common share and one common share purchase warrant, which entitles the holder to purchase one additional common share of the Company at a price of \$0.085 per share for a period of three years.

**Stock Options**

The Company has a stock option plan whereby a maximum of 10% of the issued and outstanding common shares of the Company may be reserved for issuance pursuant to the exercise of options. The term of the stock options granted is fixed by the Board of Directors and is not to exceed five years. The exercise prices of the stock options granted may not be less than the minimum then specified by the rules of the TSX-V. Vesting periods are determined by the Board.

**GRENVILLE GOLD CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INERIM FINANCIAL STATEMENTS

June 30, 2017

*(Unaudited, expressed in Canadian dollars)***6. SHARE CAPITAL (Continued)**

Stock option transactions as at June 30, 2017 and December 31, 2016 are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Options outstanding at December 31, 2015	180,000	\$ 2.50
Options expired	(180,000)	2.50
Options outstanding at December 31, 2016 and June 30, 2017	-	-

As at June 30, 2017, there was no outstanding option.

**Warrants**

Warrants transactions as at June 30, 2017 and December 31, 2016 are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding at December 31, 2015	-	\$ -
Warrants issued	6,000,000	0.085
Warrants outstanding at December 31, 2016	6,000,000	\$ 0.085
Warrants exercised	(700,000)	0.085
Warrants outstanding at June 30, 2017	5,300,000	\$ 0.085

At June 30, 2017, the outstanding warrants were as follows:

Number of Warrants	Exercise Price	Expiry Date
5,300,000	\$ 0.085	June 24, 2021

The weighted average life remaining of these warrants outstanding as at June 30, 2017 is 3.98 years.

**GRENVILLE GOLD CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INERIM FINANCIAL STATEMENTS

June 30, 2017

*(Unaudited, expressed in Canadian dollars)***6. SHARE CAPITAL (Continued)****Stock Option Reserve**

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

**Warrant Reserve**

The warrant reserve records the fair value of warrants issued until such time that they are exercised, at which time the corresponding amount will be transferred to share capital.

**7. RELATED PARTY TRANSACTIONS**

The Company considers key management to be directors or senior officers of the Company. During the three-month and six-month periods ended June 30, 2017 and 2016, the Company incurred the following transactions with key management or companies controlled by key management of the Company:

	Three Months ended		Six Months ended	
	June 30, 2017		June 30, 2017	
	2017	2016	2017	2016
Consulting revenue	\$ -	\$ 2,500	\$ -	\$ 2,500
Rent expense	\$ 1,500	\$ -	\$ 3,000	\$ 9,000
Management fees	13,566	-	15,066	-
	\$ 15,066	\$ -	\$ 18,066	\$ 9,000

As at June 30, 2017, the Company has recorded an advance payable of \$6,426 (December 31, 2016 - \$6,426) to companies controlled by common management.

During the year ended December 31, 2016, the Company issued 700,000 units to a company controlled by common management for gross proceeds of \$42,000. Each unit consists of one common share and one common share purchase warrant, which entitles the holder to purchase one additional common share of the Company at a price of \$0.085 per share for a period of three years (Note 6).

**GRENVILLE GOLD CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED INERIM FINANCIAL STATEMENTS**

June 30, 2017

*(Unaudited, expressed in Canadian dollars)*

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**8. LOANS PAYABLE**

On June 25, 2014, the Company arranged for unsecured short-term bridge financing with an unrelated, non-financial lender in the principal amount of \$119,675 bearing interest at a rate of 4% per annum until December 24, 2014 and prime + 10% subsequently. The loan was repayable in full on December 24, 2014. During the year ended December 31, 2016, the Company repaid the loan in full including \$18,152 in accrued interest.

On June 28, 2017, the Company entered into a loan agreement with a non-related company to borrow \$150,000 at an interest rate of 10% per annum. This loan is payable on demand. As of June 30, 2017, the accrued interest payable was \$82.

**9. SEGMENTED INFORMATION**

The Company has just one operating segment, the exploration and evaluation of mineral properties. All of the Company's equipment and exploration and evaluation assets are located in Peru.