Consolidated Financial Statements

Year Ended December 31, 2017 and Period from Incorporation on July 4, 2016 to December 31, 2016

(Expressed in thousands of United States dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Superior Gold Inc.

We have audited the accompanying consolidated financial statements of Superior Gold Inc., which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016, the consolidated statements of income (loss) and comprehensive income (loss), changes in equity and cash flows for the year ended December 31, 2017 and for the period from incorporation on July 4, 2016 to December 31, 2016, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Superior Gold Inc. as at December 31, 2017 and December 31, 2016, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2017 and for the period from incorporation on July 4, 2016 to December 31, 2016 in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

March 13, 2018
Toronto, Canada

SUPERIOR GOLD INC.

Consolidated Statement of Financial Position
(Expressed in thousands of United States Dollars)

	December 31, 2017	December 31, 2016 (restated – note 19)
ASSETS		
Current assets		
Cash and cash equivalents	$ 29,121	$ 6,096
Restricted cash (note 5)	1,798	1,749
Receivables and other assets (note 6)	2,526	2,455
Inventories (note 7)	9,942	9,295
Total current assets	43,387	19,595
Non-current assets		
Mining interests; exploration and evaluation assets; and property, plant and equipment (note 8)	63,853	56,104
TOTAL ASSETS	$ 107,240	$ 75,699
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 10,660	$ 8,929
Income taxes payable (note 16)	1,645	339
Short-term loan (note 9)	548	566
Contingent payable to Northern Star Resources (note 19)	-	18,090
Current portion of finance lease obligation (note 17)	744	1,535
Current portion of provisions (note 10)	6,005	4,794
Total current liabilities	19,602	34,253
Non-current liabilities		
Finance lease obligation (note 17)	1,140	27
Provisions (note 10)	24,016	18,279
Warrant liability (note 13(c))	749	151
Deferred tax liability (note 16)	6,462	8,673
Total non-current liabilities	32,367	27,130
TOTAL LIABILITIES	51,969	61,383
SHAREHOLDERS' EQUITY		
Share capital (note 13(a and b))	$ 49,220	$ 1,471
Subscription receipts (note 13(b))	-	10,552
Contributed Surplus (note 13 (c and d))	5,151	-
Accumulated other comprehensive income (loss)	1,237	(452)
Retained earnings	(337)	2,745
TOTAL EQUITY	$ 55,271	$ 14,316
TOTAL EQUITY AND LIABILITIES	$ 107,240	$ 75,699

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

Approved by the Board of Directors

/s/ Christopher Bradbrook
Christopher Bradbrook, Director

/s/ Shaun Day
Shaun Day, Director

SUPERIOR GOLD INC.

Consolidated Statement of Income (loss) and Comprehensive Income (loss)
(Expressed in thousands of United States Dollars, except per share amounts)

	Year ended December 31, 2017	For the Period from Incorporation on July 4, 2016 to December 31, 2016 (restated – Note 19)
REVENUES		
Metal sales	$ 103,215	$ 24,750
EXPENSES		
Cost of sales	93,670	19,727
General and administrative	3,879	740
OPERATING INCOME (LOSS)	5,666	4,283
OTHER EXPENSES (INCOME)		
Net finance cost (income) (note 14)	322	520
Business acquisition expenses (recovery)	(458)	3,864
(Gain) loss on change in valuation of warrant liability (note 13)	425	(16)
(Gain) on sale of assets (note 8)	(42)	-
Bargain purchase gain on acquisition of Plutonic Gold Operations (note 19)	-	(3,111)
Loss on settlement of Contingent Payable to Northern Star Resources (note 19)	7,056	-
INCOME (LOSS) BEFORE TAXES	(1,637)	3,026
Income and mining tax expense (note 16)	1,445	281
NET INCOME (LOSS) FOR THE PERIOD	$ (3,082)	$ 2,745
OTHER COMPREHENSIVE INCOME		
Foreign currency translation difference on foreign operations	1,689	(452)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ (1,393)	$ 2,293
Income (loss) per share (note 13(e)):		
Basic income (loss) per share	$ (0.04)	$ 0.11
Diluted income (loss) per share	(0.04)	0.11
Weighted average number of common shares outstanding (basic & diluted)	87,968,487	25,302,368

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

SUPERIOR GOLD INC.

Consolidated Statement of Changes in Equity
(Expressed in thousands of United States Dollars)

	Note	Number of shares issued	Share capital	Contributed Surplus	Retained earnings	Accumulated other comprehensive income/(loss)	Total
Shares issued on incorporation on July 4, 2016	13	5,000,100	$ 39	$ -	$ -	$ -	**$ 39**
Private placements	13	6,492,499	1,432	-	-	-	**1,432**
Subscription receipts	13	-	12,396	-	-	-	**12,396**
Subscription receipt issue costs	13	-	(796)	-	-	-	**(796)**
Share issue costs	13	-	(1,048)	-	-	-	**(1,048)**
Total comprehensive income for the period from incorporation on July 4, 2016 to December 31, 2016		-	-	-	2,745	(452)	**2,293**
Balance as at December 31, 2016		**11,492,599**	**$ 12,023**	**$ -**	**$ 2,745**	**$ (452)**	**$ 14,316**
Balance as at January 1, 2017		**11,492,599**	**$ 12,023**	**$ -**	**$ 2,745**	**$ (452)**	**$ 14,316**
Conversion of Subscription receipts	13	32,600,000	-	-	-	-	**-**
Offering	13	32,717,500	24,916	-	-	-	**24,916**
Share issue costs	13	-	(2,114)	-	-	-	**(2,114)**
Plutonic Gold Operations Acquisition	13, 19	18,859,041	14,395	-	-	-	**14,395**
Northern Star warrants	13, 19	-	-	3,971	-	-	**3,971**
Share-based payments	13	-	-	1,180	-	-	**1,180**
Total comprehensive income for the year ended December 31, 2017		-	-	-	(3,082)	1,689	**(1,393)**
Balance as at December 31, 2017		**95,669,140**	**$ 49,220**	**$ 5,151**	**$ (337)**	**$ 1,237**	**$ 55,271**

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

SUPERIOR GOLD INC.

Consolidated Statement of Cash Flows
(Expressed in thousands of United States Dollars)

	Year ended December 31, 2017	For the Period from Incorporation on July 4, 2016 to December 31, 2016
Cash flows provided from (used by):		
OPERATING ACTIVITIES		
Net income (loss) for the period	**$ (3,082)**	**$ 2,745**
Adjustments:		
Depreciation and amortization	**18,133**	**4,602**
Bargain purchase gain on acquisition of Plutonic Gold Operations	**-**	**(3,111)**
Loss on settlement of Contingent Payable to Northern Star Resources	**7,056**	**-**
Loss on change in valuation of warrant liability	**425**	**(16)**
Share-based payments	**1,180**	**-**
Gain on sale of assets	**(42)**	**-**
Employee provisions expense	**3,073**	**682**
Net finance (income) cost	**322**	**520**
Income tax expense	**1,445**	**281**
Employee provisions paid	**(2,645)**	**(410)**
Reclamation payments	**(615)**	**-**
Income taxes recovered (paid)	**(3,157)**	**-**
Net changes in non-cash working capital items:		
Receivables and other assets	**1,033**	**(2,410)**
Inventories	**59**	**(1,365)**
Accounts payable and accrued liabilities	**(936)**	**8,894**
	22,249	**10,412**
INVESTING ACTIVITIES		
Interest received	**143**	**-**
Acquisition of Plutonic Gold Operations (note 19)	**(7,633)**	**(13,001)**
Proceeds on sale of assets	**78**	**-**
Expenditures on mineral interests; exploration and evaluation assets; and property, plant and equipment	**(13,114)**	**(1,347)**
Decrease (increase) in restricted cash	**87**	**(1,749)**
	(20,439)	**(16,097)**
FINANCING ACTIVITIES		
Issuance of common shares	**24,916**	**1,471**
Share issue costs	**(1,941)**	**-**
Subscriptions receipts, net of issue costs	**-**	**10,703**
Proceeds from short-term loan	**-**	**944**
Repayment of short-term loan	**(959)**	**(371)**
Repayment of finance lease obligation	**(1,965)**	**(396)**
Interest paid	**(101)**	**(16)**
	19,950	**12,335**
Effect of exchange rates on cash & cash equivalents	**1,265**	**(554)**
Increase in cash and cash equivalents	**23,025**	**6,096**
Cash and cash equivalents, beginning of period	**6,096**	**-**
Cash and cash equivalents, end of period	**29,121**	**6,096**

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

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Superior Gold Inc. (the "Company") was incorporated under the Business Corporations Act in Ontario on July 4, 2016 and is engaged in the acquisition, exploration, development and operation of gold resource properties. The address and domicile of the Company's registered office and its principal place of business is 70 University Avenue, Suite 1410, Toronto, Ontario M5J 2M4.

On October 12, 2016, the Company completed the acquisition of the Plutonic Gold Operations from Northern Star Resources Inc. ("Northern Star") (note 19).

The Company raised aggregate gross proceeds of $24,916 from an initial public offering ("Offering") completed on February 23, 2017 and the exercise of an Over-Allotment Option completed on March 1, 2017 (note 12 (b)). After closing of the Offering, the Company paid the contingent consideration owing for the acquisition of the Plutonic Gold Operations including 18,859,041 common shares, 14,429,521 common share purchase warrants and $7,633 (CAD$10,000) of cash according to the amendment to the Acquisition Agreement dated February 9, 2017 (note 19).

The Company is subject to risks and challenges similar to other companies in a comparable stage of operation, exploration and development. These risks include, but are not limited to, losses, successfully raising cash flows through debt or equity markets and the successful development of its mineral property interests to satisfy its commitments and continue as a going concern. The Company believes it has sufficient funds available from existing cash on hand or available from continuing operations to maintain its mineral investments, fund its exploration and evaluation and administration costs.

The consolidated financial statements of the Company for the year ended December 31, 2017 were authorized for issue in accordance with a resolution of the board of directors on March 13, 2018

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements (the "financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and the IFRS Interpretations Committee. Outlined below is a summary of the significant accounting polices used in the preparation of these financial statements.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, with the exception of certain financial instruments, warrant liability, and share-based payments, which are measured at fair value.

Basis of consolidation

These consolidated financial statements include the assets, liabilities, and expenses of the Company and its 100% owned subsidiary, Billabong Gold Pty. Ltd. Subsidiaries are entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which Superior Gold Inc. obtains control of the subsidiary, and continues to be consolidated until the date when such control ceases. All intercompany balances and transactions have been eliminated.

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below.

a) Foreign currency translation

The consolidated financial statements are presented in United States dollars, which is Superior Gold Inc.'s functional currency. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the financial position reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For Billabong Gold Pty. Ltd. which has a functional currency of the Australian dollar, foreign financial statements are translated into United States dollars for consolidation. Assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Revenues and expenses are translated at average exchange rates throughout the reporting period or at rates that approximate the actual exchange rates. Exchange gains and losses on translation are included in other comprehensive income ("OCI"). The cumulative amount of the exchange differences is presented as a separate component of equity until disposal of the foreign operation.

b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held with banks. Cash and cash equivalents have a term to maturity of three months or less from the date of acquisition.

c) Financial instruments

All financial instruments are initially recognized at fair value on the consolidated balance sheet. The Corporation has classified each financial instrument into one of the following categories: fair value through profit or loss; loans and receivables; and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Financial assets and liabilities classified as fair value through profit or loss are measured at fair value with changes in those fair values recognized in the consolidated statement of income (loss) and comprehensive income (loss) for the period.

Loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method.

The Corporation's financial assets and liabilities are recorded and measured as follows:

Asset or Liability	Category	Subsequent Measurement
Cash and cash equivalents	Fair value through profit or loss	Fair value
Restricted cash	Fair value through profit or loss	Fair value
Amounts receivable	Loans and receivables	Amortized cost
Accounts payables and accrued liabilities	Other financial liability	Amortized cost
Short-term loan	Other financial liability	Amortized cost
Contingent payable to Northern Star	Fair value through profit or loss	Fair value
Finance lease obligation	Other financial liability	Amortized cost
Warrant liability	Fair value through profit or loss	Fair value

d) Income taxes

The income tax expense or recovery for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Corporation and its subsidiary operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts likely to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred tax assets are recognized for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current and deferred tax is recognized in the consolidated statement of comprehensive income, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized directly in equity.

e) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effect.

f) Earnings per share

Basic earnings per share is calculated using the weighted average number of shares outstanding. The dilutive effect of warrants and share options is calculated using the treasury stock method. The treasury stock method assumes that any proceeds from the exercise of dilutive warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted earnings per share calculation to the extent that it is dilutive. For share options, the treasury stock method assumes that outstanding share options with an average market price that exceeds the average exercise prices of the options for the year are exercised and the assumed proceeds are used to repurchase shares of the Company at the average market price of the common share for the year.

g) Royalties

Royalties under existing royalty regimes are payable on sales and are recognized in cost of sales as the sale occurs.

h) Inventories

Gold dore, gold in circuit and stockpiles are physically measured or estimated and valued at the lower of cost and net realizable value. Cost represents the weighted average cost and includes direct purchase costs and an appropriate portion of fixed and variable production overhead expenditure, including depreciation and amortization, incurred in converting materials into finished goods.

Materials and supplies are valued at the lower of cost and net realizable value. Any allowance for obsolescence is determined by reference to specific stock items identified. A regular and on-going review is undertaken to establish the extent of surplus items and an allowance is made for any potential loss on their disposal.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of

completion and the estimated costs necessary to make the sale.

i) Leased assets

Leases of property, plant and equipment where the Corporation has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the lease property, or, if lower, the present value of the minimum lease payments.

Property, plant and equipment acquired under a finance lease is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Corporation will obtain ownership at the end of the lease term.

j) Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. Repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation / amortization method

Items of property, plant and equipment and mine properties are depreciated / amortized over their useful lives. The Corporation uses the unit-of-production basis when depreciating / amortizing mine specific assets which results in a depreciation / amortization charge proportional to the depletion of the anticipated remaining life of mine which is referenced to the estimated economic mineral reserves and resources of the property to which the assets relate. Each item's economic life, which is assessed annually, has due regard to both its physical life limitations and to present assessments of economically recoverable mineral reserves and resources of the mine property at which it is located. Depreciation of non-mine specific property, plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

- Land and buildings 5 - 20 years
- Plant and equipment 2 - 20 years
- Motor Vehicles 4 – 10 years
- Office equipment 2 - 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

k) Mineral properties

Mineral properties include aggregate expenditures in relation to acquired mineral interests, mine construction, mine development, and exploration and evaluation expenditure where a development decision has been made.

Expenditure incurred in constructing a mine is accumulated separately for each area of interest in which economically recoverable mineral reserves and resources have been identified. This expenditure includes direct costs of construction, drilling costs and removal of overburden to gain access to the ore, borrowing costs capitalized during construction and an appropriate allocation of attributable overheads.

Mine development represents expenditure in respect of exploration and evaluation, overburden removal and construction costs and development accumulated and capitalized in relation to properties in which mining has now commenced. Such expenditure comprises direct costs and an appropriate allocation of directly related overhead expenditure.

All expenditure incurred prior to commencement of production is capitalized. When further development expenditure is incurred in respect of a mine property after commencement of commercial production, such expenditure is capitalized as part of the cost of the mine property only when future economic benefits are reasonably assured, otherwise the expenditure is classified as part of the cost of production and expensed as incurred. Such capitalized development expenditure is added to the total carrying value of mine development being amortized.

Mine development costs are amortized on a units-of-production basis over the life of mine to which they relate. In applying the units of production method, amortization is calculated using the expected total contained ounces as determined by the life of mine plan. The amortization rate is updated annually as the life of mine plan is revised.

Mineral interests comprise identifiable exploration and evaluation assets which are acquired as part of a business combination or joint venture acquisition and are recognized at fair value at the date of acquisition. Where possible, mineral interests are attributable to specific areas of interest and are classified within mine properties.

l) Deferred stripping

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore from which minerals can be extracted economically. The process of removing overburden and waste materials is referred to as stripping. Prior to the commencement of commercial production, stripping costs are capitalized as part of the investment in construction of the mine and amortized using a unit-of-production basis over a portion of the mineral resources attributable to the mine.

Stripping costs incurred during the production phase which provide probable future economic benefits, provide identifiable improved access to the ore body, and which can be measured reliably are capitalized to mining properties; otherwise, stripping costs are expensed as incurred. Any capitalized costs are amortized using a unit-of-production basis over the portion of the mineral resources to which they relate.

m) Impairment of assets

At each reporting date the Corporation reviews the carrying amounts of its long life assets to determine whether there is any indication that those assets might be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) which is the amount by which the assets carrying value exceeds its recoverable amount. Where the asset does not generate cash in-flows that are independent from other assets, the Corporation estimates the recoverable amount of the cash-generating unit (“CGU”) to which the asset belongs.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in profit or loss immediately.

Where an impairment loss subsequently reverses for assets, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized in profit or loss immediately.

n) Provisions

Provisions are recognized when the Corporation has a present legal or constructive obligation because of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Rehabilitation provision

Rehabilitation costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with the requirements of the mining permits. Such costs are determined using estimates of future costs, current legal requirements and technology.

Rehabilitation costs are recognized in full at present value as a non-current liability. An equivalent amount is capitalized as part of the cost of the asset when an obligation arises to decommission or restore a site to a certain condition after abandonment as a result of bringing the assets to its present location. The capitalized cost is amortized over the life of the project and the provision is accreted periodically as the discounting of the liability unwinds. The unwinding of the discount is recorded as a finance cost.

Any changes in the estimates for the costs or other assumptions against the cost of relevant assets are accounted for on a prospective basis. In determining the costs of site restoration there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation.

Long service leave

The liability for long service leave and other long-term benefits is measured at the present value of the estimated future cash outflows to be made by the Corporation for those employees with greater than 3.5 years' service up to the reporting date. Long-term benefits not expected to be settled within 12 months are discounted using equivalent rates of high quality corporate bonds at the reporting date, which most closely match the terms of maturity of the related liability. In determining the liability for these long-term employee benefits, consideration has been given to expected future increases in wage and salary rates, management's experience with staff departures and periods of service. Related on-costs are also included in the liability.

o) Revenue

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Corporation and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognized when there has been a transfer of risks and rewards from the Corporation to an external party, no further processing is required by the Corporation, quality and quantity of the goods has been determined with reasonable accuracy, the selling price is fixed or determinable and collectability is probable.

p) Long-term debt

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost.

Leases of property, plant and equipment where the Corporation has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized under plant and equipment at the lease's inception at the

fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings.

Borrowings are classified as current liabilities unless the Corporation has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

q) Business combinations and goodwill

Business combinations relate to the acquisition of an asset or a group of assets that constitute a business. For an integrated set of activities and assets to be considered a business, it needs to contain inputs and processes. If the set of activities and assets acquired relate to an exploration stage property, the Corporation considers other factors to determine whether the set of activities and assets is a business such as the extent to which the acquired project has resources or reserves, and the extent and nature of the additional work to identify resources or convert resources into reserves. The Corporation also assesses whether the entity acquired has begun planned principal activities, has employees, necessary permits for production, intellectual property, and is pursuing a plan to produce outputs and will be able to obtain access to customers that will purchase the outputs.

Business combinations are accounted for using the acquisition method of accounting whereby identifiable assets acquired and liabilities assumed are recorded at fair value as of the date of acquisition. Mineral rights that can be reliably valued are recognized in the assessment of fair values on acquisition, including amounts attributable to expected economic conversions of resources to reserves. The excess of the purchase price over the fair value of net assets acquired is recorded as goodwill. Acquisition-related costs, other than costs to issue debt or equity securities of the acquirer, are expensed as incurred. The costs to issue equity securities of the Corporation as consideration for the acquisition are reduced from share capital as share issue costs.

When the net of the amounts assigned to assets acquired and liabilities assumed exceeds the cost of purchase, the excess is recognized as a bargain purchase gain and recorded in the consolidated statement of comprehensive income at the date of acquisition.

If a transaction does not meet the definition of a business under IFRS, the transaction is recorded as an asset acquisition. Accordingly, the net identifiable assets acquired and liabilities assumed are measured at the fair value of the consideration paid, based on their relative fair values at the acquisition date. Acquisition-related costs are included in the consideration paid and capitalized. No goodwill and no deferred tax asset or liability arising from the assets acquired and liabilities assumed are recognized upon the acquisition of assets.

r) Management judgments and key sources of estimation uncertainty

The preparation of the Corporation's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions, which are based on historical experience and various other factors believed to be reasonable under the given circumstances. These affect the application of accounting policies, the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis and actual future outcomes could differ from present judgments, estimates and assumptions, potentially having material future effects on the consolidated financial statements. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Impairment

The Corporation assesses each CGU annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating

performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Management has assessed its cash generating units as being an individual mine site, which is the lowest level for which cash inflows are largely independent of those of other assets.

Business combinations

In a business combination the identifiable assets and liabilities are measured at fair value on the date of acquisition. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgments and estimates, as of the acquisition date, of the amount of mineral reserves and resources acquired, the exploration potential for areas with no identified mineral reserves and resources, future commodity prices, future operating costs and capital expenditure requirements and discount rates. Any excess of acquisition cost over the fair value of the identifiable net assets is recognized as goodwill and if negative is recorded as a bargain purchase gain in the statement of comprehensive income.

The proceeds of acquiring a business may also include contingent consideration based on future events, some of which may be in the Corporation's control and some that may not be. In accordance with IFRS 3, the Corporation must make a determination of the fair value of that consideration using the guidance in IFRS 13 *Fair value measurement.* The determination of the fair value of such contingent consideration requires the Corporation to make certain assumptions and estimate in relation to certain future events based on the current understanding of the facts and circumstances known to them. The accounting for future changes in contingent consideration depends on whether the contingent consideration is classified as equity, an asset or a liability on inception.

Refer to note 19 for additional disclosure related the Corporation's acquisition of the Plutonic Gold Operations.

Taxes

The Corporation is subject to income tax in various jurisdictions. Significant judgment is required in determining the provision for income taxes, due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Deferred income taxes

The Corporation recognizes the deferred tax benefit related to deferred tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. To the extent that future cash flows and taxable profit differ significantly from estimates, the ability of the Corporation to realize the net deferred tax assets recorded on the statement of financial position date could be impacted. In addition, future changes in tax laws could limit the ability of the Corporation to obtain tax deductions in future periods from deferred tax assets.

Rehabilitation provision

The Corporation assesses its mine rehabilitation provision annually. Significant judgment is required in determining the provision for mine rehabilitation and closure as there are many factors that will affect the ultimate liability payable to rehabilitate the mine sites, including future disturbances caused by further development, changes in technology, changes in regulations, price increases, changes in timing of cash flows which are based on life of mine plans and changes in discount rates. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which the change becomes known.

Exploration and evaluation expenditure

Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditure is capitalized on an area of interest basis. Costs incurred before the Corporation has obtained the legal rights to explore an area are recognized as exploration expense.

Exploration and evaluation assets are only recognized if the rights of the area of interest are current and either:

i. the expenditures are expected to be recouped through successful development and exploitation of the area of interest, or
ii. activities in the area of interest have not at the reporting date; reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable mineral reserves and resources and active and significant operations in, or in relation to, the area of interest are continuing.

Once a development decision has been made all past exploration and evaluation expenditure in respect of an area of interest that has been capitalized is transferred to mine properties where it is amortized over the life of the area of interest to which it relates on a unit-of-production basis. No amortization is charged during the exploration and evaluation phase.

The application of the above accounting policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether the exploration and evaluation asset is technically feasible and commercially viable. Any such estimates and assumptions may change as new information becomes available, which may require adjustments to the carrying value of assets. Capitalized exploration and evaluation expenditure is assessed for impairment when an indicator of impairment exists.

Determination of Mineral Resources and Mineral Reserves

Mineral reserves and resources have been estimated by qualified persons as defined in accordance with Canadian Securities Administrators' National Instrument Standards of Disclosure for Mineral Projects requirements. Mineral reserve and resource estimates include numerous uncertainties and depend heavily on geological interpretations and statistical inferences drawn from drilling and other data, and require estimates of the future price for the commodity and the future cost of operations. The mineral reserve and resource estimates are subject to uncertainty and actual results may vary from these estimates. Results from drilling, testing and production, as well as material changes in metal prices and operating costs subsequent to the date of an estimate, may justify revision of such estimates.

A number of accounting estimates, as described in the relevant accounting policy notes, are impacted by the mineral reserves and resources estimates: asset carrying values, depreciation and amortization rates, development costs and provisions for restoration.

Impairment of property, plant and equipment and mine properties

Judgment is involved in assessing whether there are any indications that an asset or CGU may be impaired. This assessment is made based on an analysis of, amongst other factors, changes in the market or business environment, events that have transpired that have impacted the asset or CGU and information from internal reporting.

For determining the recoverable amount of an asset or CGU, if indicators of impairment exist, operating results and net cash flow forecasts are determined by estimating the expected future revenues and costs, including the future cash costs of production, capital expenditures, site closure and environmental rehabilitation. These include net cash flows expected to be realized from the extraction, processing and sale of mineral resources that do not currently qualify for inclusion in proven and probable mineral reserves when there is a high degree of confidence in the economic extraction of such non-reserve material. This expectation is usually based on preliminary drilling and sampling of areas of mineralization that are

contiguous with existing mineral reserves and resources. Judgment is also required in estimating the discount rate applied and future commodity prices used for impairment testing. The long-term commodity prices are derived from forward prices and analysts' commodity price forecasts. These assessments often differ from current price levels and are updated periodically.

3. NEW AND AMENDED STANDARDS ADOPTED BY THE COMPANY

The following accounting standard are effective and have been implemented as of January 1, 2017:

On January 19, 2016, the IASB issued Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12). The amendments apply retrospectively for annual periods beginning on or after January 1, 2017. Earlier application is permitted. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also clarify the methodology to determine the future taxable profits used for assessing the utilization of deductible temporary differences. The implementation of the amendments to IAS 12 did not have an impact on the Company's consolidated financial statements.

In January 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows. The amendments apply prospectively for annual periods beginning on or after January 1, 2017. Earlier application is permitted. These amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The implementation of this amendment did not have a material impact on the Company's consolidated financial statements.

4. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the consolidated financial statements to be material.

IFRS 9 Financial Instruments: Classification and Measurement
IFRS 9 Financial instruments replaces the existing guidance in IAS 39 Financial instruments recognition and measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carried forward the guidance on recognition and de-recognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted. Management has assessed the impact of IFRS 9 on the Company's financial instruments and does not expect the adoption of the standard to have a material impact on its consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 Revenue from contracts with customers will replace IAS 18 Revenue, IAS 11 Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Company generates revenue primarily from selling gold. The Company has evaluated the potential impact of IFRS 15 by analyzing its dore sales agreements. The Company will adopt IFRS 15 in its consolidated financial statements for the annual period beginning on January 1, 2018 and has concluded that the new revenue standard will not have a material impact on the Company's financial statements.

IFRS 16 Leases
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 Company intends to adopt IFRS 16 in its consolidated financial statements for the annual period beginning on January 1, 2019. The Company has not yet determined the impact of adopting IFRS 16 on the financial statements.

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

In December 2016, the IASB issued IFRIC Interpretation 22, Foreign Currency Transactions and Advance Consideration. The Interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt. The Interpretation is applicable for annual periods beginning on or after January 1, 2018. The Company intends to adopt the Interpretation in its financial statements for the annual period beginning on January 1, 2018. The Company has evaluated the potential impact of applying IFRIC 22 and has concluded that the adoption of the standard will not have a material impact on the consolidated financial statements.

IFRIC 23 – Uncertainty over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Company has not yet determined the impact of adopting IFRIC 23 on the financial statements.

5. RESTRICTED CASH

The Corporation has provided cash collateralized bank guarantees to certain suppliers totaling $1,798. The bank guarantees are short term obligations and consist of: (i) $868 for the benefit of Goldfields Gas Transmission Pty Ltd. to secure approximately six months of costs for gas transportation services to supply gas to the Plutonic Gold Operations, (ii) $780 to Zenith Pacific (NSR) Pty Ltd (“Zenith”), to secure a portion of the Corporation’s operating and potential buyout obligations under a power contract with Zenith to supply power to the Plutonic Gold Operations, (iii) $39 to APT Goldfields Pty Ltd, to secure approximately three months of fees under a pipeline operating agreement with APT, and (iv) $45 for an office lease in Perth and general credit. In addition, the Corporation provided a security deposit in the aggregate amount of $12 to a supplier to secure services related to supply and delivery of gas for the Plutonic Gold Operations and $54 to an Australian government agency to secure road access.

6. RECEIVABLES AND OTHER ASSETS

	December 31, 2017	December 31, 2016
Trade receivables	$ 365	$ 397
Prepayments	1,040	971
Sales tax receivable	1,121	1,087
Trade and other receivables	**$ 2,526**	**$ 2,455**

7. INVENTORIES

	December 31, 2017	December 31, 2016
Consumable stores	$ 5,902	$ 5,489
Stockpiles	510	150
Gold in circuit	3,242	2,386
Dore on hand	288	1,270
	$ 9,942	**$ 9,295**

The cost of inventories recognized as an expense and included in Cost of sales in 2017 and 2016 was $13,835 and $3,649, respectively. During the year ended December 31, 2017, there were $nil write downs (December 31, 2016 - $nil) or reversals of write downs (December 31, 2016 - $nil) of inventory.

8. MINING INTERESTS; EXPLORATION AND EVALUATION; AND PROPERTY, PLANT AND EQUIPMENT

	Mining interests	Exploration and evaluation	Property, plant and equipment	Capital work in progress	Total
Cost:					
As at December 31, 2016	$ 49,115	$ 1,183	$ 9,628	$ 574	$ 60,500
Additions	12,214	2,364	-	6,944	21,522
Transfers	599	(599)	3,792	(3,792)	-
Sale of assets	-	-	(434)	-	(434)
Foreign exchange movement	4,016	127	850	61	5,054
December 31, 2017	65,944	3,075	13,836	3,787	86,642
Accumulated depreciation:					
December 31, 2016	3,253	-	1,143	-	4,396
Depreciation charge	11,578	-	6,555	-	18,133
Sale of assets	-	-	(398)	-	(398)
Foreign exchange movement	469	-	189	-	658
December 31, 2017	15,300	-	7,489	-	22,789
As at beginning of period	$ 45,862	$ 1,183	$ 8,485	$ 574	$ 56,104
As at December 31, 2017	**$ 50,644**	**$ 3,075**	**$ 6,347**	**$ 3,787**	**$ 63,853**

	Mining interests	Exploration and evaluation	Property, plant and equipment	Capital work in progress	Total
Cost:					
July 4, 2016	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Acquisition of Plutonic Gold Operations	51,000	909	10,082	-	61,991
Additions	425	327	-	595	1,347
Foreign exchange movement	(2,310)	(53)	(454)	(21)	(2,838)
December 31, 2016 (restated – note 19)	49,115	1,183	9,628	574	60,500
Accumulated depreciation:					
July 4, 2016	-	-	-	-	-
Depreciation charge	3,406	-	1,196	-	4,602
Foreign exchange movement	(153)	-	(53)	-	(206)
December 31, 2016	3,253	-	1,143	-	4,396
As at beginning of period	-	-	-	-	-
As at December 31, 2016	**$ 45,862**	**$ 1,183**	**$ 8,485**	**$ 574**	**$ 56,104**

Items comprising mineral interests and property, plant and equipment include mine development properties, exploration and evaluation assets, land and buildings, plant and equipment, motor vehicles, office equipment and capital work in progress. The Company has allocated the acquisition cost to these categories through the purchase price allocation of the Plutonic Gold Operations acquisition (note 19).

Mine development properties and exploration and evaluation include the Plutonic Gold Mine, the Hermes development project located south-west of the Plutonic Gold Mine and the Bryah Basin joint venture.

The Bryah Basin joint venture is located south-west of the Plutonic Gold Mine mill and the Company has an option to earn up to an 80% interest in the joint venture by spending AUD$1.2 million ($888) over three years beginning April 2015. Failure to meet the total earn-in expenditure within the earn-in period, may result in termination of the joint venture agreement and all rights are divested by the Company.

(i) Leased assets

Plant and equipment includes the following amounts where the Corporation is a lessee under a finance lease:

	December 31, 2017	December 31, 2016
Cost	$ 2,707	$ 1,966
Accumulated depreciation	(977)	(173)
	$ 1,730	**$ 1,793**

9. SHORT-TERM LOAN

The short-term loan of $548 (December 31, 2016 - $566) represents amounts owing to a financial institution which financed the Company's annual insurance premium. The term of loan is 10 months commencing in September 2017, terminating in June 2018 and bears interest at 2.75%. The 2016 comparative figure represents a loan term of 10 months commencing in September 2016, which was repaid in June 2017 and bore interest at 2.75%.

10. PROVISIONS

	December 31, 2017	December 31, 2016
Employee entitlements	$ 5,719	$ 4,900
Rehabilitation	24,302	18,173
Total provisions	$ 30,021	$ 23,073
Current	$ 6,005	$ 4,794
Non-current	24,016	18,279
	$ 30,021	**$ 23,073**

	Employee Entitlements	Rehabilitation	Total provisions
Beginning balance on December 31, 2016	$ 4,900	$ 18,173	$ 23,073
Accretion	-	951	951
Revisions to expected cash flows	3,073	4,305	7,378
Utilized	(2,645)	(615)	(3,260)
Foreign exchange movement	391	1,488	1,879
Balance, December 31, 2017	**5,719**	**24,302**	**30,021**
Current	5,537	468	6,005
Non-current	182	23,834	24,016
Balance, December 31, 2017	**$ 5,719**	**$ 24,302**	**$ 30,021**

(ii) Employee entitlements

Employee entitlement obligations cover Plutonic's liability for long service leave and annual leave. The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have

completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the annual leave provision is presented as current, since Plutonic does not have an unconditional right to defer settlement for any of these obligations. Current employee entitlements also include provisions for bonus and Fringe Benefits tax.

(iii) Rehabilitation provision

The Company assesses its mine rehabilitation provision annually. Significant judgment is required in determining the provision for mine rehabilitation and closure as there are many factors that will affect the ultimate liability payable to rehabilitate the mine sites, including future disturbances caused by further development, changes in technology, changes in regulations, price increases, changes in timing of cash flows which are based on life of mine plans and changes in discount rates. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which the change becomes known. As at December 31, 2017, the mine rehabilitation provision has been discounted using discount rates of 2.0% - 2.6% (December 31, 2016 – 5.0%) and the cash flows have been inflated using an inflation rate of 2.2% - 2.5% (December 31, 2016 – 2.4%), payable over the years 2018 to 2032. As at December 31, 2017, the total undiscounted estimated reclamation costs are approximately $23,987 (December 31, 2016 - $20,920).

11. COMMITMENTS

(i) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognized as liabilities is as follows:

		December 31, 2017
Property, plant and equipment	$	1,548
Mine development		1,612
	$	**3,160**

In November of 2017, the Company entered into a commitment for the installation of a gravity circuit totalling $1,548 to improve recovery. In addition, the Company entered into a commitment related to services for the development of the Hermes project. The commitment totals $1,612 and payments are expected to fall due over one month. Termination of the contract can occur on 30 days' notice.

(ii) Non-cancellable operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Company has entered into an operating lease for the operation and maintenance of a power station for the Plutonic mine site. The lease term is seven years and commenced in July 2014. The Company has also entered into an operating lease for its head office in Toronto. The lease term is for five years and commenced in June 2017. Commitments for minimum lease payments in relation to these non-cancellable operating leases (excluding variable per kilowatt hour charges for the power station lease) are as follows:

		December 31, 2017
Within one year	$	1,687
Later than one but not later than five years		2,692
	$	**4,379**

12. FINANCIAL INSTRUMENTS

Fair value

The carrying value of cash and cash equivalents, restricted cash, receivables, accounts payable and accrued liabilities, short-term loan and contingent payable to Northern Star Resources approximate fair value, due to the short-term maturity of these instruments and are classified as Level 1 in accordance with the fair value hierarchy.

The carrying value of finance lease obligations approximate fair value due to its short-term maturity and are classified as Level 2 in accordance with the fair value hierarchy.

The Warrant Liability is valued using pricing models which require the use of observable inputs including market prices and interest rates obtained from or verified with information available to the market (note 13 (c)). This financial instrument is classified as Level 2 in accordance with the fair value hierarchy.

The fair value of financial instruments is summarized as follows:

	December 31, 2017		December 31, 2016	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial Assets				
Held-for-trading				
Cash and cash equivalents	$ 29,121	$ 29,121	$ 6,096	$ 6,096
Restricted cash	1,798	1,798	1,749	1,749
Loans and receivables				
Receivables (excluding HST and GST receivable)	1,405	1,405	1,368	1,368
Financial Liabilities				
Accounts payable and accrued liabilities	$ 10,660	$ 10,660	$ 8,929	$ 8,929
Short-term loan	548	548	566	566
Finance lease obligations	1,884	1,884	1,562	1,562
Contingent payable to Northern Star	-	-	18,090	18,090
Warrant liability (note 13(c))	$ 749	$ 749	$ 151	$ 151

IFRS establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs that are not based on observable market data.

b) Financial risk management

Credit risk

The Corporation is exposed to credit risk with respect to its cash and cash equivalents and trade and other receivables. Credit risk arises from the non-performance of counterparties of contractual financial obligations. Management believes

the risk of loss related to these deposits to be low. The Corporation continually evaluates changes in the status of counterparties.

Concentration of credit risk exists with respect to the Corporation's cash and cash equivalents as the majority of the amounts are held at a single Canadian and Australian financial institution, respectively. In addition, permitted instruments by which the Corporation hedges gold price risk are entered into with financial counterparties with a minimum credit rating of A (or equivalent). No such hedges have been entered into for the period since acquisition to December 31, 2017. All unhedged gold and silver is sold to a single counterparty with settlement terms of no more than 2 days. The Corporation does not have any other significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics. The Corporation's concentration of credit risk and maximum exposure thereto is as follows:

	December 31, 2017	December 31, 2016
Held at a major Canadian financial institution:		
Cash	$ 13,355	$ 458
Held at a major Australian financial institution:		
Cash	15,766	5,638
Restricted cash	1,798	1,749
Trade and other receivables	1,405	1,368
	$ 32,324	**$ 9,213**

Interest rate risk

The Corporation has cash balances and no variable rate interest-bearing debt. Interest income is not material to the Corporation. The Corporation is not exposed to significant interest rate risk. Borrowings relate to the purchases of plant and equipment under finance lease arrangements which have fixed interest rates over their term and therefore not subject to interest rate risk.

The effective interest rates of financial assets and financial liabilities with interest obligations at the reporting date are as follows:

	Fixed rate instruments December 31, 2017	Weighted average interest rate December 31, 2017	Fixed rate instruments December 31, 2016	Weighted average interest rate December 31, 2016
Financial liabilities:				
Short-term loan and Finance lease obligations	$ 2,432	4.5%	$ 2,128	4.5%

Foreign currency risk

The Corporation is exposed to currency risk to the extent that monetary assets and liabilities held by the Corporation are not denominated in United States dollars. The Corporation has not entered into any foreign currency contracts to mitigate this risk.

Certain of the Corporation's cash and cash equivalents, and accounts payable and accrued liabilities are held in Canadian ("CAD") Dollars; therefore, CAD amounts are subject to fluctuation against the United States Dollar (USD).

The Corporation had the following balances in foreign currency as at December 31, 2017:

		in CAD
Cash	$	16,795
Trade and other receivables		481
Accounts payable and accrued liabilities		(763)
	$	**16,513**

Based on the above net exposure as at December 31, 2017, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD against the USD would result in a decrease or increase of approximately $1,313 in the Corporation's net loss and total comprehensive income.

The Corporation also has transactional currency exposures. Such exposures arise from purchases in currencies other than the respective functional currencies. The Corporation manages this risk by matching receipts and payments in the same currency and monitoring.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. The Corporation is exposed to the risk of fluctuations in the prevailing market prices for the gold and silver produced from its operations.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation anticipates that sufficient capital and liquidity will be available to meet its liabilities when due.

The Corporation maintained sufficient cash and cash equivalents at December 31, 2017 in the amount of $29,121 in order to meet short-term business requirements.

The table below analyses financial liabilities at balance date into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Total	Within 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years
At December 31, 2017					
Trade and other payables	$10,660	$10,660	$ -	$ -	$ -
Finance lease liabilities	2,002	423	395	789	395
	$12,662	$11,083	$ 395	$ 789	$ 395

c) Letter of guarantee facility

In November 2017, the Company entered into a AUD$6,000 Guarantee Credit Facility (the "Credit Facility") with a leading international bank. The Credit Facility permits the Company to issue letters of guarantee for a term of up to 12 months to various suppliers from time to time to support the Plutonic Gold Operations.

The Credit Facility includes an aggregate fee of 2.94% calculated on drawn amounts, is secured by an assignment of a performance security guarantee issued by Export Development Canada ("EDC") in support of the Plutonic Gold Operations. The Credit Facility contains covenants customary for a loan facility of this nature, including limits on indebtedness and change of control. It contains a financial covenant test requiring that the Company maintain a tangible net worth of $45,000.

No guarantees or associated fees have been issued or paid under the Credit Facility as at December 31, 2017. The

Company is in compliance with all covenants as at December 31, 2017.

13. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued and outstanding

On July 4, 2016, the Company issued 5,000,100 common shares for gross cash proceeds of $39.

The Company issued 6,492,499 common shares for aggregate gross cash proceeds of $1,432 in four different tranches dated July 14, July 25, August 24 and September 26.

On September 29, 2016, the Company issued 32,600,000 Subscription Receipts for gross cash proceeds of $12,396. Each Subscription Receipt was convertible to one Special Warrant for no additional consideration upon satisfaction of certain escrow release conditions.

Each Special Warrant entitled the holder thereof, upon deemed exercise (for no additional consideration), to acquire one common share upon completion of an initial public offering. The Offering was completed on February 23, 2017 which resulted in the deemed exercise of the Special Warrants into 32,600,000 common shares of the Company.

On February 23, and March 1, 2017, respectively, the Company completed an Offering of 28,450,000 common shares with an over-allotment option of 4,267,500 common shares at a price of $0.76 and $0.75 (CAD$1.00) per common share. The gross cash proceeds to the Company were $24,916 (CAD$32,717). In connection with the offering the underwriters were paid a 6% commission totaling approximately $1,495 (CAD$1,963) and 681,525 Offering Broker Warrants (refer to note 13 (c)). Share issuance costs of $3,958 (CAD $5,208) were incurred in relation to the offering.

On February 23, 2017, the Company issued 18,859,041 common shares to Northern Star under the amended Acquisition Agreement, dated February 9, 2017 as partial consideration for the Plutonic Gold Operations (note 19).

c) Warrants

In connection with the Subscription Receipts and Offering transactions, the Company incurred $3,618 of commissions and fees, excluding the value of warrants that have been recorded as share issue costs. As part of the consideration of the services rendered by the Agent in connection with the Private Placement and Offering, the Company issued to the Agent 1,230,000 Broker Warrants and 681,525 Offering Broker Warrants. The 1,230,000 Broker Warrants and 681,525 Offering Broker Warrants are exercisable at CAD$0.50 per Broker Warrant and CAD$1.00 per Offering Broker Warrant, respectively, up to February 23, 2019. The Company has accounted for the warrants as a financial liability as the strike price of the warrants is in a different currency than Superior Gold Inc.'s functional currency. For accounting purposes, the Company determined the fair value of the Broker Warrants and Offering Broker Warrants using the Black-Scholes option pricing model and recorded the amount as a warrant liability within non-current liabilities with the change in fair value from the date of issuance being reflected in the consolidated statement of comprehensive income as a change in valuation of warrant liability.

On February 23, 2017, the Company issued 14,429,521 common share purchase warrants to Northern Star under the amended Acquisition Agreement, dated February 9, 2017 as partial consideration for the Plutonic Gold Operations (note 19). The common share purchase warrants are exercisable at $1.5166 per warrant, up to and including February 23, 2022. The Company has accounted for the warrants as an equity instrument as the strike price of these warrants is in Superior Gold Inc.'s functional currency.

A summary of the assumptions in respect of warrants issued to the Agent and Northern Star as at December 31, 2017 are as follows:

	Number of warrants	Risk free interest rate	Expected annual volatility [1]	Expected Life (in years)	Value [2]
Broker Warrants					
Granted, September 29, 2016	1,230,000	0.51%	60%	2.33	$ 167
Revalued, December 31, 2016	1,230,000	0.58%	58%	2.11	151
Fair value change as at December 31, 2016					(16)
Revalued, December 31, 2017	1,230,000	1.67%	58%	1.15	588
Fair value change as at December 31, 2017					437
Offering Broker Warrants					
Granted, February 23, 2017	553,500	0.76%	61%	2.00	142
Granted, March 1, 2017	128,025	0.76%	58%	1.98	31
Revalued, December 31, 2017	681,525	1.67%	58%	1.15	161
Fair value change as at December 31, 2017					(12)
Total liability as at December 31, 2017					749
Total fair value change as at December 31, 2017					$ 425
Northern Star Warrants					
Granted, February 23, 2017	14,429,521	1.13%	63%	5.00	$3,971

[1] Based on an expected peer group of companies over the expected life of the warrants
[2] Based on an assumed dividend yield of 0%

A summary of the status of warrants as of December 31, 2017 are as follows:

	Number outstanding	Weighted average exercise price (CAD$)
Balance at incorporation, July 4, 2016	-	$ -
Issued to Agent (Note 13c))	1,230,000	0.50
Balance, December 31, 2016	**1,230,000**	**$ 0.50**
Issued to Agent (Note 13c))	681,525	1.00
Issued to Northern Star (Note 13c))	14,429,521	1.91
Balance, December 31, 2017	**16,341,046**	**$ 1.76**

d) Share-based payments

Upon closing of the Offering, the Company granted stock options to purchase Common Shares under an omnibus equity incentive plan (the "Omnibus Equity Plan"). The Omnibus Equity Plan was approved by the Board pursuant to the rules of the Exchange, as well as presented to, and approved by, shareholders of the Company at the first annual general and special meeting of shareholders. The Omnibus Equity Plan permits the granting of incentive stock options ("Stock Options") to the Company's employees, officers, and directors for the purpose of developing the interest of the participants in the growth and development of the Company and to better enable the Company to attract and retain persons of desired experience and ability. These share options may only be settled in the Company's shares.

Movements in the share options are summarized below:

	Number of options	Weighted average exercise price [1]	Weighted average exercise price (CAD$)
Balance, January 1, 2017	-	$ -	$ -
Granted	7,600,000	0.80	1.00
Forfeited	(850,000)	0.80	1.00
Expired	-	-	-
Exercised	-	-	-
Balance December 31, 2017	**6,750,000**	**$ 0.80**	**$ 1.00**

[1] At December 31, 2017, the U.S. dollar weighted average exercise price was calculated using the period end Canadian to U.S. dollar exchange rate of 0.7952.

The fair value of the options granted to employees, officers and directors under the share option plan was measured using the Black-Scholes option pricing model. The grant date fair value is amortized, as part of compensation expense over the vesting period with one third of the Stock Options vesting on the first grant date anniversary and two thirds vesting on the second grant date anniversary.

The weighted average inputs used in the measurement of fair value at grant date during the year ended December 31, 2017 were:

Number of share options granted		7,600,000
Expected volatility [1]		63%
Risk free interest rate		1.00%
Estimated forfeiture rate		0%
Expected dividend yield		Nil
Expected life in years		3.33
Fair value (weighted average)	**- CAD$**	**$ 0.44**
	- U.S. $ [2]	**$ 0.34**

[1] Expected volatility is measured as the annualized standard deviation of share price returns, based on the historical movements in the price of comparable publicly traded companies considered included in the Company's peer group over the same period as the expected life of the option being valued.

[2] The U.S. dollar weighted average Black-Scholes value was calculated using the spot Canadian to U.S. dollar exchange rate on the date of grant.

Share options outstanding and exercisable at December 31, 2017 are:

Options outstanding					Options exercisable			
Exercise price (CAD$)	Number of options	Weighted average exercise price [1]	Weighted average exercise price CAD$	Weighted average remaining contractual life (years)	Number of options	Weighted average exercise price [1]	Weighted average exercise price CAD$	Weighted average remaining contractual life (years)
$1.00	6,750,000	$0.80	$1.00	4.22	-	$-	$-	-
$1.00	**6,750,000**	**$0.80**	**$1.00**	**4.22**	**-**	**$-**	**$-**	**-**

[1] At December 31, 2017, the U.S. weighted average exercise price was calculated using the period end Canadian to U.S. dollar exchange rate of 0.7952.

The share based payments recognized in these financial statements are as follow:

	Equity settled plans	
	Share option plan	
		Year ended December 31, 2017
Cost of sales – Mining	$	43
Cost of sales – Site services		238
General and administrative		899
	$	**1,180**

e) Earnings per share

The calculation of basic earnings per share for the year ended December 31, 2017 (December 31, 2016) was based on the (loss) income attributable to common shareholders of ($3,082) and $2,745, respectively and the weighted average number of common shares outstanding of 87,968,487 and 25,302,368, respectively. The outstanding Broker Warrants, Offering Broker Warrants and warrants issued to Northern Star (refer to note 19) are not dilutive to earnings per share for the year ended December 31, 2017.

14. NET FINANCE (INCOME) COSTS

		Year ended December 31, 2017		**For the Period from Incorporation on July 4, 2016 to December 31, 2016**
Accretion of provisions	$	951	$	235
Lease finance charges		101		16
Interest income		(143)		(1)
Foreign exchange (gain)/loss		(587)		270
	$	**322**	**$**	**520**

15. RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

		Year ended December 31, 2017		**For the Period from Incorporation on July 4, 2016 to December 31, 2016**
Management compensation	$	778	$	273
Directors' fees		104		-
Share-based payments		803		-
	$	**1,685**	**$**	**273**

Northern Star is a related party as a result of the 19.7% ownership interest in the Company's common shares and 14,429,521 warrants (note 19) acquired on February 23, 2017. Northern Star acquired 18,859,041 common shares and 14,429,521 warrants under the amended Acquisition Agreement, dated February 9, 2017 as partial consideration for the Plutonic Gold Operations (note 19). As at December 31, 2017 Northern Star held 18,346,261 or 19.2% of the Company's common shares and

13,960,561 warrants to purchase common shares of the Company. In the year ended December 31, 2017, the Company paid Northern Star $737 related to the finance lease obligation, subsequent to February 23, 2017. The Company assumed the lease from Northern Star upon acquisition of the Plutonic Gold Operations. The Current portion of finance lease obligation includes an amount of $29 owing to Northern Star at December 31, 2017. In the year ended December 31, 2017, the Company received $207 for repair work charged to Northern Star as per the Sale and Purchase Agreement, there are no amounts receivable at December 31, 2017.

16. TAXES

	Year ended December 31, 2017	For the Period from Incorporation on July 4, 2016 to December 31, 2016
Current tax expense	$ 4,451	$ 234
Deferred tax expense (recovery)	(3,006)	47
	$ 1,445	**$ 281**

The tax expense for the Corporation can be reconciled to the earnings for the period per the Consolidated Statement of Comprehensive Profit / (Loss) as follows:

	Year ended December 31, 2017	For the Period from Incorporation on July 4, 2016 to December 31, 2016 (Restated – Note 19)
Net Income (loss) before Taxes	$ (1,637)	$ 3,026
Statutory tax rate	26.5%	26.5%
Income tax expense (recovery) based on combined Canadian federal and provincial statutory rates	(434)	802
Impact of foreign tax rates	-	127
Impact of non-taxable gain on purchase of Plutonic Gold Operations	-	(933)
Impact of non-deductible expenditures	404	-
Deferred tax assets not recognized	1,440	228
Withholding taxes	114	-
Impact of foreign exchange	(79)	57
Income tax expense	**$ 1,445**	**$ 281**

The following deferred tax assets and liabilities have been recognized and offset where they relate to income taxes levied by the same taxation authority and the Corporation has the legal right and intent to offset. The significant components of the Corporation's deferred tax assets and liabilities are as follows:

	Year ended December 31, 2017	For the Period from Incorporation on July 4, 2016 to December 31, 2016 (Restated – Note 19)
Deferred tax asset		
Property, plant and equipment	$ 1,303	$ 555
Provisions	1,867	2,511
Other	269	-
	3,439	3,066
Deferred tax liability		
Inventories	402	1,449
Mineral interests and exploration & evaluation assets	9,385	10,290
Withholding taxes	114	-
	9,901	11,739
Net deferred tax liability	**$ 6,462**	**$ 8,673**

A reconciliation of the movement in the deferred tax liability is as follows:

	Year ended December 31, 2017	For the Period from Incorporation on July 4, 2016 to December 31, 2016 (Restated – Note 19)
Deferred tax liability, start of period	$ 8,673	-
Acquisition of Plutonic Gold Operations	-	$ 9,162
Expense (recovery) recognized in net income	(3,006)	47
Foreign currency translation	795	(536)
Deferred tax liability, end of period	**$ 6,462**	**$ 8,673**

At December 31, 2017 (December 31, 2016), the Corporation has unrecognized non-capital losses for Canadian income tax purposes of approximately $2,410 ($508) that may be used to offset future taxable income and expire in the 2036 and 2037 taxation years. Additionally, the corporation has unrecognized deductible temporary differences for Canadian income tax purposes of $3,118 ($1,644) and an unrecognized deductible temporary difference for Australian tax purposes of $23,842 ($18,173).

At December 31, 2017, no deferred tax liabilities have been recognized in respect of the aggregate amount of $2,371 (December 31, 2016 - $3,711) of taxable temporary differences associated with investments in subsidiaries. The Company controls the timing and circumstances of the reversal of these differences, and the differences are not anticipated to reverse in the foreseeable future.

17. FINANCE LEASE OBLIGATION

	December 31, 2017	December 31, 2016
Commitments in relation to finance leases are payable as follows:		
Within one year	$ 818	$ 1,559
Later than one year but not later than five years	1,184	27
Minimum lease payments	2,002	1,586
Future finance charges	(118)	(24)
Lease liabilities	**$ 1,884**	**$ 1,562**
Representing lease liabilities:		
Current	$ 744	$ 1,535
Non-current	1,140	27
	$ 1,884	**$ 1,562**

Lease liabilities are secured by the underlying assets which are subject to the finance lease. During the year ended on December 31, 2017, the Company acquired mobile equipment at a cost of $2,116 via a financial lease agreement.

The Company has entered into various loan agreements for the purchase of mobile equipment. The interest rates are fixed and payable over a period of up to 36 months from the inception of the lease (refer to note 12 (b) – Liquidity Risk, for the summary of future payments).

18. CAPITAL MANAGEMENT

The Corporation's objective when managing capital is to ensure the Corporation continues as a going concern by ensuring it has an appropriate amount of liquidity and that it has an appropriate capital structure. Management monitors the amount of cash, undrawn (or potentially available) financing, equity in the capital structure and adjusts the capital structure, as necessary, to support the operation, development and exploration of its projects.

In order to ensure there is adequate liquidity and an appropriate capital structure, the Corporation may issue new equity, repay debt, issue new debt, draw on credit facilities or sell assets.

The Board of Directors has not established criteria for quantitative return on capital for management, but rather relies on the expertise of management to sustain future development of the business. The Corporation considers its capital to be shareholders' equity, which amounted to $55,271 at December 31, 2017. ($14,316 – December 31, 2016).

19. PLUTONIC GOLD OPERATIONS ACQUISITION

On October 12, 2016 (the "Acquisition Date"), the Company completed the acquisition of the Plutonic Gold Operations. The Company (as the buyer) entered into an Acquisition Agreement on August 12, 2016 and amended February 9, 2017, with Northern Star (as the vendor) and Northern Star Mining Services Pty Ltd. relating to the acquisition (the "Acquisition") of the Plutonic Gold Operations, secured via a refundable deposit of $762 (AUD$1 million).

The acquisition consideration as outlined in the August 12, 2016 Acquisition Agreement and in the February 9, 2017 amended Acquisition Agreement consisted of an initial payment of AUD$12.5 million and in addition the Company:

- on completion of Superior Gold's initial public offering on February 23, 2017, paid Northern Star $7,633 cash, 18,859,041 common shares and 14,429,521 common share purchase warrants.
- paid Northern Star a working capital adjustment in the amount of AUD$4.6 million that was paid over a three month period ending December 31, 2016.
- agreed to pay Northern Star a 2% net smelter return royalty on future gold recovered from the Plutonic Gold Operations

in excess of a cumulative 300,000 ounces. The royalty terminates on the earlier of; (i) the date that a cumulative AUD$10 million is paid to Northern Star under the royalty, or (ii) gold in excess of a cumulative 600,000 ounces being produced (the "Northern Star Royalty"). The Company maintains the right to purchase the Northern Star Royalty back from Northern Star for a purchase price of AUD$6.5 million at any time before the expiry of 30 days after the date the royalty first becomes payable.

- agreed to pay Northern Star milestone payments ("Milestone Payments") of AUD$2.5 million for every 250,000 ounces of NI 43-101 compliant measured and indicated resources identified at the Plutonic Gold Operations in excess of the 1,717,000 ounces of Joint Ore Reserves Committee 2012 compliant measured, indicated and inferred resources. The aggregate of the Milestone Payments are capped at AUD$10 million.
- agreed to Northern Star being eligible to nominate one director to the Board. Mr. Shaun Day, the current Chief Financial Officer of Northern Star was appointed to the Board.

The Acquisition also includes the Hermes open pit development project ("Hermes"). Hermes is an open pit development project located south-west of the Plutonic Gold Mine.

The acquisition of the Plutonic Gold Mine also included an interest in the Bryah Basin exploration joint venture (the "Bryah Basin"). The Bryah Basin joint venture is located south west of the Plutonic Gold Operations processing plant.

In accordance with IFRS 3 *Business Combinations*, the Company has allocated the purchase price of $32,324 to the acquired assets and liabilities of the Plutonic Gold Operations. This price is the sum of initial cash payment, the contingent payable to Northern Star and an obligation to reimburse for working capital acquired and pre acquisition expenses of Northern Star. The purchase price as outlined below was finalized during the third quarter of 2017.

Cash	$	9,471
Contingent payable to Northern Star		18,943
Obligation to reimburse for working capital on acquisition and pre-acquisition expenses		3,910
Aggregate purchase price	**$**	**32,324**

The Company has determined that the fair value of the contingent consideration was not impacted by the following:

- The fair value of the Northern Star Royalty was determined to have nil value; and
- The fair value of the Milestone Payments was determined to have nil value.

During the third quarter of 2017, the Company finalized the purchase price allocation through a valuation of the property's reserves, resources and exploration potential. The significant assumptions used in determining the fair value of mining interests were: i) a gold price of US$1,250 per ounce for 2017 and US$1,300 per ounce for 2018 and beyond; ii) an after-tax discount rate of 6.5%; and iii) expected operating costs consistent with the operating costs outlined in the NI 43-101 report on the mining property. The fair value of the exploration potential was estimated based on historical and planned expenditures as well as a market value approach for mineral resources through a comparative analysis of appropriate market comparable values. The fair value of property plant and equipment was estimated based on a third-party valuation.

The revised allocation and bargain purchase gain have been recorded by restating prior reporting periods, where impacted, as outlined below.

	Original Purchase price allocation as at December 31, 2016	Adjustments	Restated
Amounts receivable	$ 49	$ -	$ 49
Inventory	9,059	(755)	8,304
Mining interests and property, plant and equipment [1]	60,981	1,008	61,989
Trade and other payables	(34)	-	(34)
Current borrowings	(1,950)	-	(1,950)
Current provisions	(3,848)	(884)	(4,732)
Non-current borrowings	(110)	-	(110)
Non-current provisions [1]	(19,457)	538	(18,919)
Deferred tax liability	(3,098)	(6,064)	(9,162)
Total net identifiable assets acquired	41,592	(6,157)	35,435
Bargain purchase gain	(9,268)	6,157	(3,111)
Total consideration paid	$ 32,324	$ -	$ 32,324

[1] Mining interests and non-current provisions include the mine rehabilitation provision of $18,794 assumed as part of the Acquisition.

A restated Condensed Consolidated Interim Statement of Comprehensive Income for the period ended December 31, 2016, reflecting the adjustments indicated above is provided below:

	For the period from incorporation on July 4, 2016 to December 31, 2016	Adjustments	Restated
REVENUES			
Metal sales	$ 24,750	$ -	$ 24,750
EXPENSES			
Cost of sales	19,727	-	19,727
General and administrative	740	-	740
OPERATING INCOME	4,283	-	4,283
OTHER EXPENSES (INCOME)			
Net finance cost	520	-	520
Business acquisition costs	3,864	-	3,864
(Gain) on change in valuation of warrant liability	(16)	-	(16)
Bargain purchase gain on acquisition of Plutonic Gold Operations	(9,268)	6,157	(3,111)
NET INCOME BEFORE TAXES	9,183	(6,157)	3,026
Income and mining tax expense	281	-	281
NET INCOME FOR THE PERIOD FROM INCORPORATION ON JULY 4, 2016 TO DECEMBER 31, 2016	$ 8,902	$ (6,157)	$ 2,745
OTHER COMPREHENSIVE INCOME (LOSS)			
Foreign currency translation difference on foreign operations	(729)	277	(452)
COMPRESHENSIVE INCOME FOR THE PERIOD FROM INCORPORATION ON JULY 4, 2016 TO DECEMBER 31, 2016	$ 8,173	$ (5,880)	$ 2,293
Loss per share (note 13(e)):			
Basic earnings per share	$ 0.35		$ 0.11
Diluted earnings per share	0.35		0.11
Weighted average number of common shares outstanding (basic)	25,302,368		25,302,368
Weighted average number of common shares outstanding diluted)	25,302,368		25,302,368