

TRIUMPH GOLD CORP.
(FORMERLY NORTHERN FREEGOLD RESOURCES LTD.)
(An Exploration Stage Corporation)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017
(Unaudited - prepared by Management)
(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements. The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

VANCOUVER, BC
November 28, 2017

TRIUMPH GOLD CORP.

(Formerly Northern Freegold Resources Ltd.)

Condensed Consolidated Interim Statements of Financial Position

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	September 30, 2017	December 31, 2016 (Audited)
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents (note 6)	3,485,694	1,327,230
Trade and other receivables	99,461	32,864
Prepayments and deposits	205,109	192,096
	<u>3,790,264</u>	<u>1,552,190</u>
Non-current assets		
Prepayments and deposits	97,000	97,000
Property and equipment (note 3)	18,515	12,812
Investments in equities	1	1
Exploration and evaluation assets (note 4)	3,019,341	2,968,508
	<u>3,134,857</u>	<u>3,078,321</u>
Total assets	<u><u>6,925,121</u></u>	<u><u>4,630,511</u></u>
LIABILITIES		
Current liabilities		
Trade and other payables (note 7)	480,696	104,744
Deferred premium on flow-through shares (note 5)	332,640	-
	<u>813,336</u>	<u>104,744</u>
Non-current liabilities		
Reclamation provision	25,000	25,000
Total liabilities	<u>838,336</u>	<u>129,744</u>
SHAREHOLDERS' EQUITY		
Share capital (note 5)	55,461,065	49,417,652
Subscriptions received (note 5)	18,000	-
Reserve (note 5)	4,242,347	3,792,589
Deficit	(53,634,627)	(48,709,474)
	<u>6,086,785</u>	<u>4,500,767</u>
Total shareholders' equity and liabilities	<u><u>6,925,121</u></u>	<u><u>4,630,511</u></u>

Nature and continuance of operations (note 1)

Commitments and contingencies (note 6)

Approved on behalf of the board:

"John Anderson"

John Anderson

Director

" Paul Reynolds "

Paul Reynolds

President and CEO

TRIUMPH GOLD CORP.

(Formerly Northern Freegold Resources Ltd.)

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	3 months ended September 30, 2017	9 months ended September 30, 2017	3 months ended September 30, 2016	9 months ended September 30, 2016
	\$	\$	\$	\$
Expenses				
Administrative expenses	36,117	133,148	24,221	63,791
Corporate communications	155,434	492,590	34,871	82,505
Depreciation	3,408	6,816	2,454	8,388
Exploration expenditures (note 4)	2,302,521	3,428,567	164,135	235,450
Listing and filing fees	1,658	13,241	1,937	15,998
Professional fees (note 7)	34,211	105,794	9,086	47,192
Share-based compensation (note 5)	449,758	449,758	-	-
Wages and salaries (note 7)	96,176	312,781	29,790	115,595
	<u>3,079,283</u>	<u>4,942,695</u>	<u>266,494</u>	<u>568,919</u>
Other items				
Interest and other income	9,056	11,715	140	282
Write-down of exploration and evaluation assets (note 4)	-	-	(1)	(2,851)
Recovery of exploration deposit	-	5,827	-	-
Total other items	<u>9,056</u>	<u>17,542</u>	<u>139</u>	<u>(2,569)</u>
Total loss for the period	<u>(3,070,227)</u>	<u>(4,925,153)</u>	<u>(266,355)</u>	<u>(571,488)</u>
Loss per share - basic and diluted	<u>(\$0.05)</u>	<u>(\$0.09)</u>	<u>(\$0.01)</u>	<u>(\$0.02)</u>
Weighted average number of shares outstanding - basic and diluted	<u>60,534,537</u>	<u>57,552,362</u>	<u>39,942,837</u>	<u>35,801,920</u>

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

TRIUMPH GOLD CORP.

(Formerly Northern Freegold Resources Ltd.)

Condensed Consolidated Interim Statements of Changes In Shareholder's Equity

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	Number of Shares	Share Capital \$	Subscriptions Received \$	Reserve \$	Deficit \$	Total Shareholders' Equity \$
Balance, December 31, 2015	28,992,103	47,025,993	-	3,792,589	(47,745,875)	3,072,707
Shares issuance, net of costs	10,050,734	599,686	-	-	-	599,686
Warrants exercised	900,000	81,000	-	-	-	81,000
Loss for the period	-	-	-	-	(571,488)	(571,488)
Balance, September 30, 2016	39,942,837	47,706,679	-	3,792,589	(48,317,363)	3,181,905
Shares issuance, net of costs (note 5)	7,105,000	1,779,608	-	-	-	1,779,608
Share issue cost (note 5)	-	(68,635)	-	-	-	(68,635)
Loss for the period	-	-	-	-	(392,111)	(392,111)
Balance, December 31, 2016	47,047,837	49,417,652	-	3,792,589	(48,709,474)	4,500,767
Shares issuance (note 5)	11,880,000	6,272,640	-	-	-	6,272,640
Share issue cost (note 5)	-	(43,357)	-	-	-	(43,357)
Flow-through share premium (note 5)	-	(332,640)	-	-	-	(332,640)
Warrants exercised (note 5)	1,606,700	146,770	-	-	-	146,770
Subscriptions received (note 5)	-	-	18,000	-	-	18,000
Share-based payments (note 5)	-	-	-	449,758	-	449,758
Loss for the period	-	-	-	-	(4,925,153)	(4,925,153)
Balance, September 30, 2017	60,534,537	55,461,065	18,000	4,242,347	(53,634,627)	6,086,785

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

TRIUMPH GOLD CORP.

(Formerly Northern Freegold Resources Ltd.)

Condensed Consolidated Interim Statements of Cash Flows

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	9 months ended	
	September 30, 2017	September 30, 2016
	\$	\$
Cash flows from operating activities		
Loss for the period	(4,925,153)	(571,488)
Items not involving cash		
Depreciation	6,816	8,388
Share-based compensation	449,758	-
Write-off of capital assets	-	1,494
Write-down of exploration and evaluation assets	-	2,851
	<u>(4,468,579)</u>	<u>(558,755)</u>
Change in non-cash working capital		
Trade and other receivables	(66,597)	60,000
Prepayments and deposits	(13,013)	(83,120)
Trade and other payables	375,952	(64,062)
	<u>(4,172,237)</u>	<u>(645,937)</u>
Cash flows from investing activities		
Acquisition of property and equipment	(12,519)	-
Acquisition of exploration and evaluation assets	(50,833)	(2,850)
	<u>(63,352)</u>	<u>(2,850)</u>
Cash flows from financing activities		
Proceeds on issuance of common shares, net of share issuance costs	6,229,283	599,686
Exercise of warrants	146,770	81,000
Subscriptions received	18,000	-
	<u>6,394,053</u>	<u>680,686</u>
Increase in cash and cash equivalents	2,158,464	31,899
Cash and cash equivalents, beginning of period	1,327,230	83,836
Cash and cash equivalents, end of period	<u>3,485,694</u>	<u>115,735</u>
Cash and cash equivalents consist of:		
Cash	46,144	45,739
Term deposit	3,439,550	69,996
	<u>3,485,694</u>	<u>115,735</u>

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TRIUMPH GOLD CORP.

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Notes to the Condensed Consolidated Interim Financial Statements

Three and nine months ended September 30, 2017 and 2016

(Unaudited – Prepared by Management)

1. NATURE AND CONTINUANCE OF OPERATIONS

Triumph Gold Corp. (formerly Northern Freegold Resources Ltd., the “Company”) was incorporated under the Alberta Business Corporations Act on January 13, 2006 and was extra- provincially registered in British Columbia and the Yukon Territory. On January 24, 2017, the Company changed its name to Triumph Gold Corp. The Company is listed on the TSX Venture Exchange (“TSXV”), having the symbol TIG.V. The Company’s principal business activity is the exploration for mineral resources, primarily in the Yukon Territory, Canada.

The Company’s corporate office and principal place of business is Suite 1100, 1111 Melville Street, Vancouver, British Columbia, Canada.

These interim consolidated financial statements have been prepared on a going concern basis which assumes the Company will realize its assets and discharge its liabilities in the normal course of business. The Company’s ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity to the public, will be sought to finance the operations of the Company. Although the Company has a history of raising money, there is no guarantee of this in the future. As a result, there always exists uncertainty about the Company’s ability to continue as a going concern. These consolidated interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

2. BASIS OF PRESENTATION

Statement of compliance to International Financial Reporting Standards

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). Therefore, these financial statements comply with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2016.

The financial statements were authorized for issue on November 28, 2017 by the directors of the Company.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and the wholly- owned subsidiaries, Bushmaster Exploration Services (2007) Ltd., Northern Freegold (USA) Inc. and Northern Freegold (USA) LLLP. As of December 31, 2016, the Company wound up Northern Freegold (USA) Inc. and Northern Freegold (USA) LLLP. All significant intercompany transactions and balances have been eliminated upon consolidation. The financial statements of the subsidiaries are prepared using

TRIUMPH GOLD CORP.

(Formerly Northern Freegold Resources Ltd.)

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2. BASIS OF PRESENTATION (continued)**Principles of consolidation** (continued)

consistent accounting policies and reporting dates of the Company. The functional currency for the Company and its subsidiaries is the Canadian dollar.

New accounting standards issued but not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning on or after June 1, 2017 or later periods. The following new standards, amendments and interpretations that have not been early adopted in these consolidated financial statements, are not expected to have a material effect on the Company's future results and financial position:

- (i) IFRS 9 "Financial Instruments" (New; to replace IAS 39 and IFRIC 9) is to be effective January 1, 2018.
- (ii) IFRS 16 "Leases" is to be effective for fiscal periods beginning on or after January 1, 2019.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. PROPERTY AND EQUIPMENT

	Automotive	Computer Equipment	Computer Software	Equipment	Total
	\$	\$	\$	\$	\$
Cost					
Balance, December 31, 2015	107,242	136,680	110,756	139,905	494,583
Write-down	-	(136,680)	(110,756)	(71,858)	(319,294)
Balance, December 31, 2016	107,242	-	-	68,047	175,289
Additions	-	12,519	-	-	12,519
Balance, September 30, 2017	107,242	12,519	-	68,047	187,808
Accumulated depreciation					
Balance, December 31, 2015	102,591	125,182	110,756	112,083	450,612
Depreciation	1,996	3,449	-	5,398	10,843
Write-down	-	(128,631)	(110,756)	(59,591)	(298,978)
Balance, December 31, 2016	104,587	-	-	57,890	162,477
Additions	598	4,694	-	1,524	6,816
Balance, September 30, 2017	105,185	4,694	-	59,414	169,293
Net book value					
As at December 31, 2016	2,655	-	-	10,157	12,812
As at September 30, 2017	2,057	7,825	-	8,633	18,515

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Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited – Prepared by Management)

4. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets and related expenditures comprise:

	Canada			USA	Total
	Freegold Mountain	Other	Andalusite Peak	Burro Creek	
	\$	\$		\$	\$
Exploration and evaluation assets					
Balance, December 31, 2015	2,968,507	1	-	1	2,968,509
Write-down	-	-	-	(1)	(1)
Balance, December 31, 2016	2,968,507	1	-	-	2,968,508
Additions	49,731	-	1,102	-	50,833
Balance, September 30, 2017	3,018,238	1	1,102	-	3,019,341
Current Exploration Expenditures					
Year ended December 31, 2016					
Administrative	2,582	-	-	2,850	5,432
Camp costs	25,991	-	-	-	25,991
Equipment and supplies	15,073	-	-	-	15,073
Geological costs	102,695	-	-	-	102,695
Transportation and storage	19,040	-	-	-	19,040
Travel and accomodation	6,217	-	-	-	6,217
Wages and labour costs	155,771	-	-	-	155,771
Exploration grant	(19,068)	-	-	-	(19,068)
Total	308,301	-	-	2,850	311,151
Period ended September 30, 2017					
Administrative	3,502	-	-	-	3,502
Assaying	183,285	660	569	-	184,514
Camp costs	376,950	3,450	-	-	380,400
Drilling	1,570,935	-	-	-	1,570,935
Equipment and supplies	280,399	1,230	1,000	-	282,629
Geological costs	166,490	-	-	-	166,490
Geophysical costs	850	-	-	-	850
Helicopter	7,942	7,629	3,562	-	19,133
Transportation and storage	70,809	1,018	1,320	-	73,147
Travel and accomodation	83,333	100	3,142	-	86,575
Wages and labour costs	659,782	4,780	2,217	-	666,779
Exploration grant	(6,387)	-	-	-	(6,387)
Total	3,397,890	18,867	11,810	-	3,428,567

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Notes to the Condensed Consolidated Interim Financial Statements

Three and nine months ended September 30, 2017 and 2016

(Unaudited – Prepared by Management)

4. EXPLORATION AND EVALUATION ASSETS (continued)

	Canada			USA	Total
	Freegold Mountain	Other	Andalusite Peak	Burro Creek	
	\$	\$		\$	\$
Cumulative Exploration Expenditures					
Administrative	665,059	-	-	99,413	764,472
Assaying	183,285	660	569	-	184,514
Camp costs	2,823,014	3,450	-	80,516	2,906,980
Drilling costs	13,904,918	-	-	543,221	14,448,139
Equipment and supplies	295,472	1,230	1,000	-	297,702
Geological costs	4,837,604	39,227	-	241,895	5,118,726
Geophysical costs	1,287,517	-	-	-	1,287,517
Helicopter	7,942	7,629	3,562	-	19,133
Transportation and storage	1,244,376	22,632	1,320	89,655	1,357,983
Travel and accomodation	637,936	100	3,142	36,114	677,292
Wages and labour costs	9,974,067	20,413	2,217	232,025	10,228,722
Exploration grant	(325,455)	-	-	-	(325,455)
Total	35,535,735	95,341	11,810	1,322,839	36,965,725

Freegold Mountain, Canada

The Freegold Mountain project is comprised of the following exploration properties:

(i) Tinta Hill Property, Yukon

The Company holds a 100% interest in the Tinta Hill Property subject to an annual advanced royalty payment of \$20,000 commencing March 2017 and a 3% Net Smelter Return (“NSR”).

The advanced royalty payment will be netted against royalty interest payments after commencement of commercial production.

Of the 3% NSR, the Company can elect to purchase 2% at a cost of \$250,000 for the first 1% and \$1,000,000 for the second 1%.

(ii) Freegold Property, Yukon

The Company holds a 100% interest in the Freegold Property subject to an annual advanced royalty payment of \$ 10,000 commencing March 2017 and a 3% NSR.

The advanced royalty payment will be netted against royalty interest payments after commencement of commercial production.

Of the 3% NSR, the Company can elect to purchase 2% at a cost of \$250,000 for the first 1% and \$1,000,000 for the second 1%.

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4. EXPLORATION AND EVALUATION ASSETS (continued)

Freegold Mountain, Yukon, Canada (continued)

(iii) Goldstar Property, Yukon

The Company holds a 100% interest in the Goldstar Property subject to an advance payment of \$ 10,000 commencing March 2017 and a 3% NSR.

The advanced royalty payment will be netted against royalty interest payments after the commencement of commercial production.

Of the 3% NSR, the Company can elect to purchase 2% at a cost of \$500,000 for the first 1% and \$1,000,000 for the second 1%.

(iv) Golden Revenue Property, Yukon

The Company holds a 100% interest in the Golden Revenue Property subject to a 1% NSR in favour of Atac Resources Ltd on that portion of the property which is not subject to an underlying royalty. There is a 2% underlying NSR on a portion of the property. A total of 75% of the underlying NSR (1.5% NSR) may be purchased at any time for \$600,000.

Other, Canada

(i) Tad/Toro Property, Yukon

The Company holds a 100% interest in the Tad/Toro Property subject to a 3% NSR, of which the first 1% may be purchased for \$500,000 and a second 1% for \$1,000,000.

(ii) Severance Property, Yukon

The Company holds a 100% interest in the Severance Property subject to a 3% NSR, of which 2% may be purchased for \$1,500,000.

Due to the limitation of cash resources in previous years, the Company has been unable to explore other Yukon properties to the full extent and has written down the value of the properties to \$1.

Andalusite Peak, British Columbia, Canada

The Company staked the Andalusite Peak Property and holds a 100% interest.

Burro Creek, USA

During the year ended December 31, 2016 the Company relinquished its option on the Burro Creek Property, located in Arizona, and wrote-off acquisition costs of \$1.

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5. SHARE CAPITAL

Authorized:

Unlimited common shares with no par value

Unlimited preferred shares the series rights and restrictions to be determined by the Board of Directors on issuance

Issued:

For the period ended September 30, 2017

On March 2, 2017, the Company completed a private placement financing of 11,880,000 flow-through shares at a price of \$0.528 per share for gross proceeds of \$6,272,640. On issuance, the Company bifurcated the flow-through shares into i) a flow-through share premium of \$332,640 that investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital of \$5,940,000. Once the Company has renounced eligible exploration expenditures, the flow-through liability will be reduced accordingly. The Company incurred share issue costs of \$43,357.

During the nine month period ended September 30, 2017, 1,606,700 warrants were exercised for total proceeds of \$146,770. The Company also received \$18,000 in subscriptions towards the exercise of 200,000 warrants, which were issued subsequent to September 30, 2017.

For the year ended December 31, 2016

On April 5, 2016, the Company completed a private placement by issuing 10,050,734 units at a price of \$0.06 per unit for gross proceeds of \$603,044. Each unit is comprised of one common share of the Company and one-half of one transferable common share purchase warrant of the Company. Each whole warrant is exercisable into an additional common share at a price of \$0.10 per share until April 9, 2019. The Company incurred share issue costs of \$3,358.

On November 21, 2016, the Company completed a private placement by issuing 7,105,000 units at a price of \$0.25 per unit for gross proceeds of \$1,776,250. Each unit is comprised of one common share of the Company and one share purchase warrant of the Company. Each warrant is exercisable into an additional common share at a price of \$0.35 per share. The warrants expire between November 9, 2020 and November 21, 2020. Finders' fees of \$51,100 were paid in connection with the private placement. The Company also incurred additional share issue costs of \$14,177.

During the year ended December 31, 2016, 900,000 warrants were exercised for total proceeds of \$81,000.

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Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited – Prepared by Management)

5. SHARE CAPITAL (continued)**Stock options:**

The Company has a stock option plan whereby options to purchase common shares are granted by the board of directors to directors, officers, employees and consultants to the Company. Under the terms of the plan, the Company has reserved an amount of common shares for options up to 10% of the issued and outstanding common shares. Options granted under this plan are non-transferable; expire no later than the tenth anniversary of the date the option is granted and must comply with the requirements of the regulatory authorities.

A summary of outstanding stock options at September 30, 2017 is as follows:

Number of stock options outstanding	Exercise price	Expiry date	Number of stock options exercisable
	\$		
144,000	1.00	October 17, 2017 ⁽¹⁾	144,000
185,000	1.00	August 16, 2018	185,000
5,665,000	0.40	July 30, 2022	1,566,250
5,994,000			1,895,250

(1) Subsequently expired, unexercised.

Stock option transactions are summarized as follows:

	Number of stock options	Weighted average exercise price	Weighted average remaining life
		\$	
December 31, 2015	895,500	1.00	1.50
Expired	(403,500)	1.00	
December 31, 2016	492,000	1.00	1.16
Cancelled	(163,000)	1.00	
Granted	5,665,000	0.40	4.83
September 30, 2017	5,994,000	0.43	4.60

On July 30, 2017, the Company granted 5,665,000 stock options to directors, officers and consultants. The stock options are exercisable at \$0.40 per share until July 30, 2022. These options vest as to 1,566,250 immediately, 1,366,250 on January 31, 2018, 1,366,250 on July 31, 2018 and 1,366,250 on January 31, 2019. The total fair value of \$1,626,737 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 5 years, expected dividend yield of 0%, a risk-free interest rate of 1.55% and an expected volatility of 98.52%. The vesting of these options resulted in a share-based compensation expense of \$449,758 being recorded during the period ended September 30, 2017.

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5. SHARE CAPITAL (continued)**Warrants:**

A summary of outstanding warrants at September 30, 2017 is as follows:

Number of warrants outstanding	Exercise price	Expiry date	Remaining life (years)
	\$		
4,808,667	0.10 ⁽¹⁾	April 15, 2019	1.51
11,461,114	0.09 ⁽²⁾	January 30, 2020	2.33
6,305,000	0.35	November 9, 2020	3.11
800,000	0.35	November 21, 2020	3.15
23,374,781			

(1) In the event that the Company's common shares trade at a 10-day volume-weighted average trading price of \$0.25 or greater on the TSXV at any time six months after the closing date, the Company may accelerate the expiry date of the warrants outstanding by giving notice to the holders thereof, and in such case the Warrants will expire on the 30th day after the date on which such notice is given by the Company.

(2) In the event that the Company's common shares trade at a 20-day volume-weighted average trading price of \$0.25 or greater on the TSXV at any time one year after the closing date, the Company may accelerate the expiry date of 50% of the warrants outstanding to 20 calendar days from the date of notice; and in the event that the Company's common shares trade at a 20-day volume-weighted average trading price of \$0.40 or greater on the TSXV at any time one year after the closing date, the Company may accelerate the expiry date of 100% of the warrants outstanding to 20 calendar days from the date of notice.

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price	Weighted average remaining life
		\$	
December 31, 2015	15,589,031	0.21	3.65
Granted	12,130,367	0.25	
Exercised	(900,000)	0.09	
Expired	(1,837,915)	1.12	
December 31, 2016	24,981,481	0.17	3.14
Exercised	(1,606,700)	0.09	
September 30, 2017	23,374,781	0.17	2.41

Reserve:

The reserve records items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital. Any fair value attributed to the warrants is recorded in the reserve. If the warrants expire unexercised, the value attributed to the warrants is transferred to deficit.

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(Unaudited – Prepared by Management)

6. COMMITMENTS AND CONTINGENCIES

- (i) As of September 30, 2017, the Company has \$8,050 (December 31, 2016 – \$13,800) in term deposits with a Canadian financial institution for the guarantee of business credit cards.

Under the terms of the Company's by-laws, the Company indemnifies individuals who have acted at the Company's request to be a director and/or officer of the Company. The claims covered by such indemnifications are subject to statutory and other legal limitation periods.

- (ii) Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

During the period ended September 30, 2017, the Company received \$6,272,640 from the issue of flow-through shares and has not renounced any eligible expenditures. Such expenditures, once incurred, will not be available to the Company for future deduction from taxable income.

Under the IFRS framework, the increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds, or "premium", are recorded as deferred income. As at September 30, 2017, the Company is committed to expend \$6,272,640 of the flow-through share proceeds from flow-through shares issued during the current period on future qualifying exploration expenditures.

7. RELATED PARTY TRANSACTIONS

The Company had the following transactions involving key management during the nine month period ended September 30, 2017:

- (i) A previous officer of the Company provided accounting services to the Company. Professional fees incurred during the period were \$40,000 (September 30, 2016 – \$19,500). At September 30, 2017, this officer was owed \$5,250 (December 31, 2016 – \$21,000).
- (iii) An officer of the Company provides accounting services to the Company. Professional fees incurred during the period were \$4,000 (September 30, 2016 - \$nil). At September 30, 2017, this officer was owed \$4,200 (December 31, 2016 - \$nil).
- (iii) Westview Consulting Ltd., a company controlled by the President and CEO of the Company, provided management and geological services during the period. Consulting fees incurred during the period were \$90,000 (September 30, 2016 – \$47,500). At September 30, 2017, this company was owed \$10,500 (December 31, 2016 – \$27,469).
- (iv) Purplefish Capital Limited, a company controlled by a director of the Company, provides consulting services to the Company. Consulting fees incurred during the period were \$125,452 (September 30, 2016 – \$22,500). At September 30, 2017, this company was owed \$nil (December 31, 2016 – \$21,000).

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(Formerly Northern Freegold Resources Ltd.)

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7. RELATED PARTY TRANSACTIONS (continued)

- (v) Wages and salaries of \$277,136 (September 30, 2016 – \$40,000) were paid to a directors and officers of the Company.
- (vi) OMC Services Ltd. a company controlled by an officer of the Company provided consulting services to the Company. Consulting fees incurred during the period were \$550 (September 30, 2016 – \$1,275).
- (vii) Directors of the Company were paid consulting fees of \$52,500 (September 30, 2016 – \$19,500) were paid or accrued.
- (viii) Recorded \$380,481 (September 30, 2016 - \$Nil) in share-based compensation, for stock options issued and vested, to officers and directors of the Company.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to/from the related parties are non-interest bearing, unsecured and have no fixed terms of repayment. Fair value cannot be readily determined.

8. SEGMENTED INFORMATION

The Company operates in one operating segment, that being exploration of mineral properties. All of the Company's assets are located in Canada.

9. CAPITAL MANAGEMENT

The Company includes cash and cash equivalents and equity, comprising of issued common shares, reserve and deficit, in the definition of capital.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended September 30, 2017. The Company is not subject to externally imposed capital requirements.

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10. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks by virtue of its activities. The overall financial risk management program focuses on preservation of capital, and protecting current and future Company assets and cash flows by reducing exposure to risks posed by the uncertainties and volatilities of financial markets.

The types of risk exposure and the way in which such exposures are managed are as follows:

Credit Risk - The Company's credit risk is primarily attributable to its liquid financial assets. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and cash equivalents with high-credit quality financial institutions. The Company does not have financial assets that are invested in asset backed commercial paper.

Liquidity Risk – The Company's cash and cash equivalents are invested in business accounts with high-credit quality financial institutions and which is available on demand for the Company's programs. Future operations or exploration programs will require additional financing primarily through equity markets.

Market Risk – Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity prices.

Interest rate risk – In respect to the Company's financial assets, the interest rate risk mainly arises from the interest rate impact on cash and cash equivalents and term deposits. Every 1% fluctuation in interest rates up or down would have an insignificant impact on profit or loss.

Foreign currency risk - The Company is exposed to foreign currency risk to the extent that certain monetary financial instruments and other assets are denominated in United States dollars. The Company has not entered into any foreign currency contracts to mitigate this risk and has no financial instruments held in United States funds. Therefore, foreign currency risk is minimized.

Commodity price risk – The value of the Company's mineral resource properties is related to the price of various commodities and the outlook for them. Commodity prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial retail demand, central bank lending, forward sales by producers and speculators, level of worldwide production and short-term changes in supply and demand. Price risk to which the Company is exposed include its investment in equities which is comprised of shares held in Dawson Gold Corp., which are designated as available-for-sale and listed on the TSXV. A \$0.01 change in the quoted share price would change the fair value of the investments by approximately \$1,500. The change would be recorded in accumulated other comprehensive income (loss).

Fair Value - The Company has various financial instruments comprised of cash and cash equivalents, trade and other receivables, investments in equities and trade and other payables.

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10. FINANCIAL INSTRUMENTS (continued)

For disclosure purposes, all financial instruments measured at fair value are categorized into one of three hierarchy levels, described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

Level 1 – Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
September 30, 2017				
Assets:				
Cash and cash equivalents	3,485,694	-	-	3,485,694
Investment in equities	1	-	-	1
December 31, 2016				
Assets:				
Cash and cash equivalents	1,327,230	-	-	1,327,230
Investment in equities	1	-	-	1