Contact Gold Corp.

(formerly Winwell Ventures Inc.)

An exploration stage company

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2017

Unaudited

(Expressed in Canadian dollars)

Contact Gold Corp.
Condensed Interim Consolidated Statements of Financial Position

Unaudited
(Expressed in Canadian dollars, except per share amounts)

As at

	September 30, 2017	December 31, 2016
	$	$
Assets		
Current assets		
Cash and cash equivalents	8,989,141	250
Receivables and prepaids (Note 4)	799,967	3,511
Total current assets	9,789,108	3,761
Non-current assets		
Bonding deposit (Note 4)	189,072	-
Exploration properties, deposits and deferred acquisition costs (Note 5)	38,092,117	727,912
Total non-current assets	38,281,189	727,912
Total assets	48,070,297	731,673
Liabilities and shareholders' equity		
Current liabilities		
Payables and accrued liabilities (Notes 6 and 9)	706,493	805,471
Promissory note (Note 6)	-	200,000
Total current liabilities	706,493	1,005,471
Non-current liabilities		
Preference shares (Note 7)	10,363,508	-
Total non-current liabilities	10,363,508	-
Shareholders' Equity		
Share capital (Note 8)	41,000,559	250
Contributed surplus (Note 8)	343,331	-
Accumulated other comprehensive loss	(3,068,935)	-
Accumulated deficit	(1,274,659)	(274,048)
Total shareholders' equity	37,000,296	(273,798)
Total liabilities and shareholders' equity	48,070,297	731,673

Nature of business and basis of presentation (Note 1)

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

Approved by the Board of Directors:

"Riyaz Lalani", Director

"John Dorward", Director

Contact Gold Corp.
Condensed Interim Consolidated Statement of Loss and Comprehensive Loss

Unaudited
(Expressed in Canadian dollars, except share amounts)

		Three months ended September 30 2017		Nine months ended September 30 2017
		$		$
Operating expenses:				
Listing expense (Note 1)		-		2,200,747
Exploration and evaluation expenditures (Note 5)		1,940,971		2,015,048
Professional, legal & advisory fees		89,121		538,716
Accretion of Preferred Share obligation (Note 7)		367,961		464,998
Stock based compensation (Notes 8(e)&(f))		276,620		319,812
Wages and salaries		212,371		292,478
Investor relations, promotion and advertising		119,454		174,355
Administrative, office and general		73,824		127,878
Interest and other income		(20,620)		(38,095)
Foreign exchange gain		(284,735)		(617,404)
Gain on embedded derivatives (Note 7)		(2,611,802)		(4,477,922)
Loss before income taxes		163,165		1,000,611
Income taxes		- nil		- nil
Net loss for the period		163,165		1,000,611
Other comprehensive income/(loss)				
Exchange difference on translation of foreign operations		(1,500,057)		(3,068,935)
Net loss and comprehensive loss for the period		1,663,222		4,069,546
Loss per Contact Share (Note 8)				
Basic and diluted loss per share	$	0.00	$	0.03
Weighted average number of Contact Shares (basic and diluted)		47,514,049		36,071,982

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

Contact Gold Corp.
Condensed Interim Consolidated Statement of Shareholders' Equity
Unaudited
(Expressed in Canadian dollars, except share amounts)

	Common Shares					
	Shares (restated) (see Notes 1 and 8)	Amount	Contributed Surplus (Note 8)	Accumulated other comprehensive income (loss)	Accumulated Deficit	Total Shareholders' Equity
	#	$			$	$
Balance as at December 31, 2016	2,769,486	250	-	-	(274,048)	(273,798)
Shares issued pursuant to private placements	23,815,000	21,157,500	-	-	-	21,157,500
Equity attributable to RTO	5,000,000	2,769,486	-	-	-	2,769,486
Shares issued pursuant to acquition of Clover	18,550,000	18,550,000	-	-	-	18,550,000
Shares issued pursuant to acquition of Pony Spur and Poker Flats	112,500	84,375				84,375
Stock-based compensation	-	-	333,609	-	-	333,609
Restricted shares	100,000	-	9,722	-	-	9,722
Share issue costs	-	(1,561,052)	-	-	-	(1,561,052)
Cumulative translation adjustment	-	-	-	(3,068,935)	-	(3,068,935)
Loss for the period	-	-	-	-	(1,000,611)	(1,000,611)
Balance as at September 30, 2017	50,346,986	41,000,559	343,331	(3,068,935)	(1,274,659)	37,000,296

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

Contact Gold Corp.
Condensed Interim Consolidated Statement of Cash Flows
Unaudited
(Expressed in Canadian dollars)

	For the nine months ended September 30, 2017 $
Cash flows from operating activities	
Loss for the period	(1,000,611)
Adjusted for:	
Listing expense (Note 1)	2,200,747
Gains and losses relating to change in fair value of embedded derivatives (Note 7)	(4,477,922)
Foreign exchange relating to Prefered Shares (Note 7)	(610,588)
Stock based compensation (Note 8)	343,331
Accretion of Preferred Shares (Note 7)	464,998
Movements in working capital:	
Receivables	(122,020)
Prepaids (including balace acquired on acquisition of Clover) (Note 1)	(528,735)
Payables and accrued liabilities	421,709
Interest income on cash and cash equivalents	(17,351)
Unrealized foreign exchange	(6,816)
Net cash used in operating activities	(3,333,257)
Cash flows from investing activities	
Acquisition of Clover (Note 1)	(6,800,000)
Transaction costs relating to acquisition of Clover (Note 1)	(552,574)
Cash received from RTO (Note 1)	361,658
Exploration property acquisiton expenditures (Notes 5 and 12)	(107,526)
Cash deposits for bonding and exploration activities (Note 4)	(189,072)
Net cash used by investing activities	(7,287,514)
Cash flows from financing activities	
Cash received from issuances of common shares (Note 8)	21,157,500
Share issue costs paid	(1,561,052)
Net cash generated by financing activities	19,596,448
Effect of foreign exchange on cash	13,213
Net increase in cash	8,988,890
Cash at beginning of period	250
Cash end of the period	8,989,140

Supplemental cash flow information (Note 12)

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

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of Business

Contact Gold Corp. (the "Company", or "Contact Gold") (formerly Winwell Ventures Inc., "Winwell"), was incorporated under the Yukon Business Corporations Act on May 26, 2000, and was continued under the *Business Corporations Act (British Columbia)* (the "Act") on June 14, 2006.

Reverse Take-Over

The Company entered into an arrangement agreement dated December 8, 2016, as amended on January 31, 2017 (the "Arrangement Agreement"), with Carlin Opportunities Inc. ("Carlin"), a private British Columbia company, whereby, subject to the terms and conditions of the Arrangement Agreement, the following transactions occurred on June 7, 2017, pursuant to a court approved statutory plan of arrangement (the "Arrangement"):

1. a share consolidation (the "Consolidation") on the basis of one (1) new common share in the capital of Winwell (the "New Winwell Shares") for every eight (8) existing common shares of Winwell;
2. the conversion of 23,815,000 previously issued subscription receipts of Carlin (the "Subscription Receipts") into common shares of Carlin (the "Carlin Shares");
3. the acquisition by Winwell of 28,815,000 Carlin Shares (being all the then issued and outstanding Carlin Shares) (the "Acquisition") in exchange for the issuance of New Winwell Shares to shareholders of Carlin (the "Carlin Shareholders") on a one share for one share basis (the "Share Exchange"); and
4. the authorization for Winwell to continue into the State of Nevada and change its name to "Contact Gold Corp.".

Following the name change and completion of the continuance of Winwell to the State of Nevada, holders of New Winwell Shares (which included the former holders of Carlin Shares) became holders of common shares of the Company ("Contact Shares").

Pursuant to the Acquisition, 91.2% of the Contact Shares were issued to the Carlin Shareholders, yielding them control of the Company. In accordance with applicable accounting guidance, the substance of the Acquisition was a reverse acquisition of a non-operating company (an "RTO"). The transaction did not, however, constitute a business combination since Winwell did not meet the definition of a business under IFRS 3, *Business Combinations* ("IFRS 3"). As a result, the Acquisition was accounted for as a share-based payment transaction, with Carlin identified as the accounting acquirer, and the transaction being measured at the fair value of the equity consideration deemed to have been issued to the shareholders of Winwell by Carlin ($2,769,486). The difference between the fair value of the consideration paid, and the net of Winwell's assets acquired and liabilities assumed ($568,739), was recognized as a non-cash "listing expense" in the condensed interim consolidated statements of loss and comprehensive loss in the period ended September 30, 2017.

Asset Acquisition

Winwell and Carlin, together with Waterton Nevada Splitter, LLC ("Waterton Nevada"), and Clover Nevada II LLC ("Clover") also entered into a securities exchange agreement dated December 8, 2016, as amended on January 31, 2017 (the "Securities Exchange Agreement"), pursuant to which Contact Gold, immediately following the completion of the Arrangement, acquired 100% of the membership interests of Clover, the entity holding a portfolio of 2,762 unpatented mining claims distributed over 13 gold properties covering 24,772 hectares (247 square kilometres) located on Nevada's Carlin, Independence and Northern Nevada Rift gold trends (the "Contact Gold Properties")(Note 5), in exchange for:

i) 18,550,000 Contact Shares (Note 8);

ii) 11,111,111 non-voting preferred shares of Contact Gold ("Contact Preferred Shares")(Note 7); and

iii) a cash payment of $7,000,000 (the "Cash Payment")

(the "Asset Acquisition", and together with the Arrangement, the "Transactions").

In accordance with IFRS 3, a business combination is a transaction in which an acquirer obtains control of a business which is defined as an integrated set of activities and assets that are capable of being conducted and managed to provide a return to investors. For an integrated set of activities and assets to be considered a business, the set needs to contain inputs and processes.

The Asset Acquisition did not meet the definition of a business combination as (i) the Contact Gold Properties are at the exploration stage with no defined mineral reserves, and (ii) neither Contact nor Clover contain any business processes, thus not meeting the definition of a business. Consequently, the transaction was not characterized as a business combination, and was accounted for as an acquisition of an asset.

(Expressed in Canadian dollars)

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION (continued)

Basis of Presentation

Winwell was renamed Contact Gold and continued under the laws of the State of Nevada when the Transactions closed on June 7, 2017. The Company began trading on the TSX Venture Exchange ("TSXV") under the symbol "C" on June 15, 2017.

Carlin is presented herein as the parent company, and accordingly, these unaudited condensed interim consolidated financial statements, including comparative figures (the "Interim Statements") reflect the assets, liabilities and operations of Carlin since its November 23, 2016 incorporation at their historical carrying value, and of the Company from June 7, 2017.

The Interim Statements, have been prepared according to International Accounting Standard 34 *Interim Financial Reporting*. Accordingly, the Interim Statements do not include all the disclosures required in annual financial statements and should be read in conjunction with Carlin's financial statements as at, and for the period from incorporation on November 23, 2016 to December 31, 2016 (the "Annual Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

Continuance of Operations & Approval

The Company is engaged in the acquisition, exploration and development of exploration properties in Nevada. The Company is domiciled in Canada and maintains a head office at 1400-400 Burrard St., Vancouver, BC, Canada.

The Company has not generated significant revenues or cash flows from operations. The Interim Statements have been prepared on a going concern basis that contemplates the realization of assets and discharge of liabilities at their carrying values in the normal course of business for the foreseeable future.

As at September 30, 2017, the Company has working capital of $9.1 million, a sufficient amount to cover on-going operating costs for the next 12 months. Contact Gold recorded a loss and comprehensive loss of $4.1 million for the nine months ended September 30, 2017, the Company incurred negative cash flows from operations, and has an accumulated deficit of $1.3 million as at September 30, 2017.

The Board of Directors of the Company (the "Board") authorised the Interim Statements on November 23, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except where noted, these Interim Statements have been prepared using accounting policies consistent with those used in the Annual Statements. A fulsome discussion of the Company's accounting policies follows:

a. Basis of consolidation

As a consequence of the acquisitions of Clover and of Carlin, the Company's subsidiaries and their geographic locations as at September 30, 2017 now include:

Name of subsidiary	Principal activity	Location	Ownership interest and voting power held
Carlin Opportunities Inc.	Holding company	Canada	100%
Clover Nevada II LLC	Mineral exploration	United States	100%

b. Cash and cash equivalents

The Company considers cash in banks, deposits in transit, and highly liquid term deposits with original maturities of three months or less to be cash. Because of the short maturity of these instruments, the carrying amounts approximate their fair value. Restricted cash is excluded from cash and cash equivalents and is included in long-term assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Foreign exchange

In order to enhance comparability with our peers, the presentation currency of these financial statements is the Canadian dollar ("CAD").

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). Each of Carlin and Contact Gold Corp. raise financing and incur expenditures in CAD, giving rise to a CAD functional currency; Clover incurs expenditures and receives funding from the Company in United States dollars ("USD"), and accordingly has a USD functional currency.

In preparing the financial statements, transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are in a currency other than CAD are retranslated at the rates prevailing at that date, giving rise to foreign exchange gains and losses in the statement of loss and comprehensive loss. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in this case, the exchange rates at the dates of the transactions are used. Equity transactions are translated using the exchange rate at the date of the transaction. Exchange differences arising from assets and liabilities held in foreign currencies, are recognised in other comprehensive loss as cumulative translation adjustments. Non-current assets are translated at historical rates, the rate on the date of the transaction.

d. Exploration property acquisition costs

Exploration property acquisition costs are capitalized. Claim maintenance fees paid to the United States' Department of Interior's Bureau of Land Management (the "BLM") and similar fees paid to various Nevada Counties (together, "Claims Maintenance fees") are accounted for as prepaid assets and amortized over the course of the period through which they provide access and title. Capitalized acquisition costs and prepaid Claims Maintenance fees are impaired in the period in which it is determined that the exploration property has no future economic value. Capitalized amounts, including Claims Maintenance fees, may be impaired if future cash flows, including potential sales proceeds, related to the property are estimated to be less than the carrying value of the property. Management of Contact Gold reviews the carrying value of each exploration property interest periodically, and whenever events or changes in circumstances indicate that the carrying value may not be recoverable, the amount is adjusted.

Although management of Contact Gold take steps to verify title to exploration properties in which it holds an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects.

Upon disposal or abandonment, any consideration received is credited against the carrying amount of the exploration and evaluation assets, with any excess consideration greater than the carrying amount included as a gain in profit or loss.

e. Exploration and development costs

With the exception of Claim Maintenance fees, exploration costs are expensed as incurred. When it has been established that a mineral deposit can be commercially mined and a decision has been made to formulate a mining plan (which occurs upon completion of a positive economic analysis of the mineral deposit), the costs subsequently incurred to develop the mine prior to the start of mining operations will be capitalized. Capitalized amounts may be written down if future cash flows, including potential sales proceeds, related to an exploration property are estimated to be less than the carrying value of the property. To date, no amounts have been capitalized in respect of development activities.

f. Impairment

At each reporting date, capitalized exploration property acquisition costs are evaluated for impairment by management whenever events or changes in circumstances indicate that the carrying value is impaired and may not be recoverable.

For capitalized exploration property costs, Contact Gold follows the guidance in IFRS 6, *Exploration for and Evaluation of Mineral Resources* to determine whether capitalized exploration property costs are impaired. This determination requires significant judgment. Impairment indicators relevant for exploration and evaluation properties include whether the rights to explore the area of interest have expired during the period or will expire in the near future, and the rights are not expected to be renewed, substantive expenditure of further exploration and evaluation is not planned or budgeted, the activities have not led to a discovery of commercial reserves and the Company has decided not to continue such activities in the area of interest or deteriorating local conditions such that it may become unsafe to continue operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Impairment (continued)

If an impairment indicator is identified, management will perform an impairment test. If the recoverable amount of the capitalized exploration property costs is less than the carrying amount, an impairment loss will be recorded in the financial statements. Past impairments (if any) are also considered at each reporting period and where there is an indication that an impairment loss may have decreased, the recoverable amount is calculated as outlined above to determine the extent of the recovery. If the recoverable amount of the asset is more than its carrying amount, the carrying amount of the asset is increased to its recoverable amount and the impairment loss is reversed in profit or loss for that period. The increased carrying amount due to reversal will not be more than what the depreciated historical cost would have been if the impairment had not been recognized. Additionally, the review of impairment indicators takes into account factors such as political, social and legal and environmental regulations. These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount. The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding its projects.

g. Provisions for Constructive Obligations

Provisions for environmental restoration, restructuring costs and legal claims are recognized when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and when the amount has been reasonably estimated. Provisions are not recognized for future operating losses.

Constructive obligations are obligations that derive from actions of Contact Gold where:

i. An established pattern of past practice, published policies or a sufficiently specific current statement, the Company has indicated to other parties that it will accept certain responsibilities; and
ii. As a result, the Company has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Contact Gold records provisions for closure and reclamation on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate and the liability is recognized at the time environmental disturbance occurs. The resulting costs are capitalized to the corresponding asset. The provision for closure and reclamation is estimated using expected cash flows and discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation, the offset of which is charged to the statement of loss, and any changes in the amount or timing of the underlying future cash flows. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation costs.

Changes in closure and reclamation estimates are accounted for as a change in the corresponding capitalized cost. Expenditures of rehabilitation projects for which a provision has been recorded are recorded directly against the provision as incurred, most of which are incurred at the end of the life of the mine.

h. Financial assets and liabilities

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Financial assets and liabilities (continued)

At initial recognition, Contact Gold classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

(i) Financial assets and liabilities at fair value through profit or loss ("FVTPL"): A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges. Embedded derivatives classified as liabilities, which are interconnected and relate to similar risk exposures are valued together as one embedded derivative.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of loss. Gains and losses arising from changes in fair value are presented in the statement of loss within other gains and losses in the period in which they arise. Financial assets and liabilities, and embedded derivatives at FVTPL are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which is classified as non-current.

(ii) Available-for-sale investments: Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories.

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income (loss). Available-for-sale investments are classified as non-current, unless the investment matures within twelve months, or management expects to dispose of them within twelve months. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income (loss) to the statement of loss and included in other gains and losses.

As at September 30, 2017, the Company has no financial assets in this category.

(iii) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables of Contact Gold are comprised of 'Receivables', and are classified as appropriate in current or non-current assets according to their nature. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

The carrying value of receivables approximate their fair value due to their short-term nature.

(iv) Held to maturity: Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management of the Company has the positive intention and ability to hold to maturity. They are measured at amortized cost less any allowance for impairment. Amortization of premiums or discounts and losses due to impairment are included in current period loss. As at September 30, 2017, the Company has no financial assets in this category.

(v) Financial liabilities at amortized cost: Financial liabilities at amortized cost include account payables and accrued liabilities. Accounts payables and accrued liabilities are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, accounts payables are measured at amortized cost using the effective interest method.

Financial liabilities and the Contact Preferred Shares are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities. No amount of the Contact Preferred Shares is currently due within 12 months.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and included situations where there is little, if any, market activity for the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Impairment of financial assets

At each reporting date, management assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss, as follows:

(i) Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

(ii) Available-for-sale financial assets: A significant or prolonged decline in the fair value of the security below its cost is evidence that the assets are impaired. The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of loss. This amount represents the cumulative loss in accumulated other comprehensive income that is reclassified to net income.

k. Loss per share

Loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of Contact Shares outstanding during the reporting period. The calculation of diluted earnings per share assumes that outstanding options and warrants (if any) are exercised and the proceeds are used to repurchase Contact Shares at the average market price of the shares for the period. The effect is to increase the number of shares used to calculate diluted earnings per share relative to basic earnings per share and is only recognized when the effect is dilutive.

l. Comprehensive Loss

In addition to net loss, comprehensive loss includes all changes in equity during a period, such as cumulative unrecognized changes in fair value of marketable equity securities classified as available-for-sale or other investments, and the translation of foreign subsidiaries to the Company's Canadian dollar presentation currency.

m. Accounting standards and pronouncements adopted during the year

(i) Amendments to IAS 7, *Statement of Cash Flows* ("IAS 7"). In January 2016, amendments to IAS 7 were issued to clarify IAS 7 to improve information provided to users of financial statements regarding an entity's financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017, with earlier application being permitted.

(ii) Amendments to IAS 12, *Income Taxes* ("IAS 12"). On December 19, 2016, amendments to IAS 12 were issued with retrospective application for annual periods beginning on or after January 1, 2017, with early adoption 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 basis 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 future income tax profits used for assessing the utilization of deductible temporary differences. The Company adopted these amendments in its financial statements for the period beginning January 1, 2017, with no material impact on the financial statements.

n. New accounting standards and interpretations no yet adopted

(i) A number of new standards, amendments to standards and interpretations effective for annual periods beginning after January 1, 2018, including IFRS 2, *Share-based Payments* ("IFRS 2"), IFRS 9, *Financial Instruments*, and IFRS 16, *Leases* have not been applied in preparing these financial statements. The extent of the effects of the adoption of these standards on the consolidated financial statements has not yet been determined and the Company does not expect to apply these standards prior to their mandatory effective date.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and expenses. Estimates and judgments are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Further information on management's judgments, estimates and assumptions and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements.

Judgments
In the process of applying accounting policies for Contact Gold, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements.

i) Exploration property acquisition and transaction costs

The application of the Company's accounting policy for exploration property acquisition and transaction costs requires judgment to determine the type and amount of such costs to be deferred. Furthermore, judgment is required to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

Relatively significant costs may be incurred when evaluating, pursuing and completing an acquisition, with such costs often included amongst legal and advisory fees incurred as part of more general consultation and advisory services. Pursuant to IFRS, only those direct, incremental costs of any such acquisition can be deferred; accordingly, judgment is required in determining which of the expenditures are eligible for deferral.

The Company determined the price at which the Subscription Receipts were issued ($1.00 per Subscription Receipt) to be the most appropriate indicator of value in the acquisition of Clover and its portfolio of exploration properties as the $1.00 per Subscription Receipt price reflected the understanding of market participants of the Transaction, and particularly the planned Asset Acquisition.

The $40.97 million value of Consideration reflects the aggregate value of the Cash Payment, and the fair value of the Preferred Shares (Note 7), with the remaining value attributed to the Contact Shares issued to Waterton Nevada (Note 8). Consideration was allocated to the respective exploration property interests acquired principally on the basis of a value-per-hectare of each individual property acquired (based on that of a group of peer companies and their respective exploration property interests), along with management-assess quantitative and qualitative judgments relating to the prospectivity and marketability of each.

Resource exploration is a speculative business and involves a high degree of risk. There is no certainty that the expenditures made by Contact Gold in the exploration of its property interests will result in discoveries of commercial quantities of minerals. Exploration for mineral deposits involves risks which even a combination of professional evaluation and management experience may not eliminate. Significant expenditures are required to locate and estimate ore reserves, and further the development of a property.

Capital expenditures to bring a property to a commercial production stage are also significant. There is no assurance the Company has, or will have, commercially viable ore bodies. There is no assurance that the management will be able to arrange sufficient financing to bring ore bodies into production.

ii) Review of asset carrying values and impairment assessment
Individual assets are evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset is measured at the higher of value in use and fair value less costs to sell. The most significant assets assessed for impairment include the carrying value of the Company's exploration property interests, and capitalized exploration property acquisition costs.

iii) Embedded Derivatives
In determining the fair value of the embedded derivatives on the date of issue it was necessary for the Company to make certain judgments relating to the probability and timing of a change of control. The nature of this judgment, and the factors management considered in determining the resultant calculation is inherently uncertain, and subject to change from period to period. Such changes could materially affect the fair value estimate of the embedded derivatives and the change from period to period

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the Interim Financial Statements and the reported amounts of expenses during the reporting period. Management of Contact Gold have evaluated estimates and assumptions related to asset valuations, asset impairment, and loss contingencies. Management bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the other sources. The actual results experienced by the Company may differ materially and adversely from the estimates presented in these financial statements. To the extent there are material differences between estimates and the actual results, future results of operations will be affected. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are:

i) Exploration and evaluation expenditures

Exploration property acquisition costs are capitalized. Development costs are capitalized only when it has been established that a mineral deposit can be commercially mined and a decision has been made to formulate a mining plan. In addition to applying judgment to determine whether future economic benefits are likely to arise from the Company's exploration and evaluation assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, management have to apply a number of estimates and assumptions.

The publication of a resource pursuant to National Instrument 43-101, *Standards of Disclosure for Mineral Projects*, is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e., measured, indicated or inferred). The estimates and related determination of potential project economics directly impact when the Company capitalizes exploration acquisition costs and development expenditures. Any such estimates and assumptions may change as new information becomes available. If, after development expenditures are capitalised, information becomes available suggesting that the recovery of such expenditure is unlikely, the relevant capitalised amount is written off in the statement of loss and other comprehensive loss in the period when the new information becomes available.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

ii) Fair Value of Share Based Payments

The Company follows IFRS 2, in determining the fair value of share based payments.

As it relates to equity remuneration, this calculated amount is not based on historical cost, but is derived based on assumptions (such as the expected volatility of the price of the underlying security, expected hold period before exercise, dividend yield and the risk-free rate of return) input into a pricing model. The model requires that management make forecasts as to future events, including estimates of: the average future hold period of issued stock options before exercise, expiry or cancellation; future volatility of the Company's share price in the expected hold period; dividend yield; and the appropriate risk-free rate of interest. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 8. The resulting value calculated is not necessarily the value that the holder of the equity compensation could receive in an arm's length transaction, given that there is no market for the options and they are not transferable.

The assumptions used in these calculations are inherently uncertain. Changes in these assumptions could materially affect the related fair value estimates.

iii) Embedded Derivatives

In determining the fair value of the embedded derivatives on the date of issue of USD 5,066,520 ($6,846,649)(Note 7), it was necessary for the Company to make certain assumptions to derive the effective interest rate used in calculating the Company's credit spread, as well as assumptions relating to the probability and timing of a change of control, share price volatility, and future fluctuations in the rate of foreign exchange between the CAD and the USD.

The Company based its assumptions and estimates on parameters relevant to the June 7, 2017 issue date of the Preferred Shares, and then again as at September 30, 2017. The assumptions used in these calculations are inherently uncertain. Existing circumstances and assumptions about future developments, may change due to market change or circumstances arising beyond the control of the Company. Such changes could materially affect the related fair value estimate, and are reflected in the assumptions when they occur.

(Expressed in Canadian dollars)

4. RECEIVABLES AND PREPAIDS

	As at September 30, 2017	As at December 31, 2016
	$	$
Sales taxes recoverable	100,796	- nil
Other receivables	18,178	- nil
Prepaid expenses	680,993	3,511
	799,967	3,511

Prepaid expenses include $586,431 relating to Claims Maintenance fees. Such fees to the BLM cover the subsequent twelve-month period ranging from September 1 to August 31 of the subsequent year. Fees paid to the respective Nevada counties cover the subsequent twelve-month period from November 1 to October 31 of the subsequent year.

The Company also has non-current deposits of $189,072 relating to undertaking business at its exploration properties in Nevada, including an amount of $62,400 (USD 50,000) made in connection with securing exploration and disturbance bonding in the State of Nevada.

5. EXPLORATION PROPERTIES AND DEFERRED ACQUISITION COSTS

At September 30, 2017, the Contact Gold Properties, located on Nevada's Carlin, Independence, and Northern Nevada Rift gold trends, encompass approximately 25,433 hectares (254.3 km^2) of target rich mineral tenure hosts numerous known gold occurrences in Carlin-type gold systems, ranging from early to advanced exploration and resource definition stage.

Pursuant to the Asset Acquisition, on June 7, 2017, the Company completed the acquisition of 100% of the membership interests of Clover, a Nevada limited liability company of which Waterton Nevada was the sole member. Clover is the legal entity that holds the mineral property rights and interests that comprise the Contact Gold Properties. The Company has subsequently acquired additional mineral property claims contiguous to the original tenure.

Total consideration paid and transaction costs ("Acquisition Costs") incurred to acquire Clover of $40,973,369 was allocated to the Contact Gold Properties acquired based on relative fair values. Consideration paid comprised Contact Shares (Note 8), Contact Preferred Shares (Note 7) and a total of $7,000,000 in cash. Pursuant to an assessment of the fair values of the respective properties acquired, this total purchase consideration was attributed to the respective Contact Gold Properties as follows:

	Total January 1, 2017	Clover Acquisition	Additions	Foreign exchange differences	Total September 30, 2017
Pony Creek (a)	$ -	$ 27,335,390	$ 129,323	$ (2,050,350)	**$ 25,414,363**
Dixie Flats (b)	$ -	3,479,125	62,578	(264,403)	**$ 3,277,300**
North Star	$ -	620,278	-	(46,306)	**$ 573,972**
Cobb Creek	$ -	125,619	-	(9,378)	**$ 116,241**
Portfolio properties	$ -	9,412,957	-	$ (702,716)	**$ 8,710,241**
Total	**$ -**	**$ 40,973,369**	**$ 191,901**	**$ (3,073,153)**	**$ 38,092,117**

There are no prior period balances incurred on the respective properties reflecting the acquisition of the Contact Gold Properties on June 7, 2017. Balances presented as Portfolio properties include the remaining Contact Gold Properties

As at December 31, 2016, the Company had recorded a $200,000 advance cash payment conveyed to Waterton Nevada in partial settlement of the Cash Payment (the "Advance"), and $527,912 in expenditures incurred .to acquire Clover as, "Deposit and Deferred Acquisition Costs". Upon closing the Transactions, the Advance was attributed to the consideration paid, along with those expenditures incurred to acquire Clover, and allocated to the respective Contact Gold Properties.

a) Pony Creek

The Pony Creek project is located within the Pinion Range, in western Elko County, Nevada, south of Gold Standard Ventures' ("GSV's") Railroad-Pinion project ("Pinion"). The value assigned as part of the Clover acquisition for the Pony Creek property is $27,147,164 plus $188,226 in transaction costs. Subsequent to closing the Asset Acquisition, the Company staked an additional 2200 hectares of adjacent tenure, and on September 11, 2017, acquired a further 58.5 hectares through a purchase of what was known as the "Pony Spur" property. The Company issued 75,000 Contact Shares and paid $60,640 in cash (USD 50,000) to the vendor of Pony Spur, and incurred $12,433 in directly attributable transaction costs, including a reimbursement to the vendors of BLM fees.

There is a 3% net smelter returns royalty ("NSR") on Pony Creek, 1% of which can be bought-back for USD 1,500,000. The royalty reduction option expires on February 7, 2020.

(Expressed in Canadian dollars)

5. EXPLORATION PROPERTIES AND DEFERRED ACQUISITION COSTS (continued)

b) Dixie Flats

The Dixie Flats property sits approximately 2.5 kilometres to the east and south of Newmont Mining Corporation's Emigrant Mine, in western Elko County, Nevada. The value assigned the Dixie Flats property is $3,412,500 plus $66,625 in transaction costs. Subsequent to closing the Asset Acquisition, the Company acquired a further 83.6 hectares through a purchase of what was known as the "Dixie Flats" property. The Company issued 37,500 Contact Shares and paid $30,320 in cash (USD 25,000) to the vendor of Dixie Flats, and incurred $4,133 in directly attributable transaction costs, including a reimbursement to the vendors of BLM fees.

There is a 2% NSR on the Dixie Flats property, 1% of which can be bought-back for USD 1,500,000.

Exploration and evaluation expenditures expensed to the statement of loss and comprehensive loss

Details of exploration and evaluation expenditures incurred by Contact Gold, including claims maintenance fees paid, which have been cumulatively expensed in the Statement of Loss and Comprehensive Loss, are as follows:

For the period from acquisition on June 7, 2017 to September 30, 2017	$
Drilling, assaying & geochemistry	1,069,875
Geological contractors/consultants & related crew care costs	338,495
Land claims fees	326,022
Permitting and environmental monitoring	122,694
Wages and salaries, including stock based compensation (Notes 8(e) & (f))	111,288
Property evaluation and data review	46,674
Expenditures for the period	**2,015,048**
Cumulative balance – September 30, 2017	2,015,048

Details of exploration and evaluation expenditures incurred and expensed by Contact Gold on specific, focal, Contact Gold Properties are as follows:

	For the period from acquisition on June 7, 2017 to September 30, 2017 **$**
Pony Creek	1,815,765
Dixie Flats	20,798
North Star	3,709
Cobb Creek	18,069
Portfolio properties	110,033
Property evaluation and data review	46,674
Expenditures for the period	**2,015,048**

None of the Company's properties have any known body of commercial ore or any established economic deposit; all are currently in the exploration stage. Waterton Nevada holds a right of first offer, a right of first refusal and other rights over the Contact Gold Properties (Note 7).

With the exception of the 49%-owned Cobb Creek property (Note 14), the Contact Gold Properties each carry an NSR of between 2% and 4%, some of which include buy-down options.

6. PAYABLES, ACCRUED LIABILITIES, AND PROMISSORY NOTE

	As at September 30, 2017	As at December 31, 2016
	$	$
Payables	702,248	594,170
Accrued liabilities	4,245	211,301
	706,493	805,471

Payables and accrued liabilities are non-interest bearing and are normally settled on 30-day terms.

Pursuant to an unsecured, non-interest bearing promissory note dated December 8, 2016, Carlin had borrowed an amount of $200,000 from the Company in connection with the Asset Acquisition. The Advance was conveyed to Waterton Nevada in 2016 as part of the Cash Payment (Note 1), and was included in the balance of deferred acquisition costs as at December 31, 2016 (Note 5).

7. CONVERTIBLE PREFERRED SHARES

On June 7, 2017, as partial consideration for the Asset Acquisition, the Company issued 11,111,111 Contact Preferred Shares with an aggregate face value denominated in USD of 11,100,000 (the "Face Value") ($15,000,000, converted using the Bank of Canada indicative exchange rate on the date prior to issuance of USD 0.74), maturing five years from the date of issuance (the "Maturity Date"), and carrying a cumulative cash dividend accruing at 7.5% per annum (the "Dividend"), to Waterton Nevada (the Face Value, and the sum of the accrued Dividend amount together being the "Redemption Amount"). The accrued Dividend amount is payable on the earlier of conversion and the Maturity Date.

The Contact Preferred Shares have been recognized as a financial liability at amortized cost, reflective of the fixed rate 7.5% per annum Dividend, and the mandatory redemption feature, both payable in cash on the Maturity Date. The Contact Preferred Shares were initially recorded at fair value and are subsequently measured at amortized cost using the effective interest method. Upon issuance, the fair value of the Contact Preferred Shares was determined to be $14,987,020 (approximately equal to the Face Value), including $6,846,649 in value attributable to the Embedded Derivatives

Pursuant to IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"), an embedded derivative is a component of a combined (hybrid) instrument that also includes a non-derivative "host" contract, with the effect that some of the cash flows of the combined instrument vary, according to a specified interest rate, commodity price, foreign exchange rate or other such variable, in a way similar to a standalone derivative.

As a contract to buy non-financial assets (the Contact Gold Properties) that is ultimately settled in either cash or Contact Shares, the Contact Preferred Shares are considered to be the host instrument. Certain rights, privileges, restrictions and conditions attached to the Contact Preferred Shares (the "Pref Share Rights") are each, respectively, embedded derivatives and give rise to a bifurcation of value, and are measured separately from the Contact Preferred Shares, as a reflection of the potential modification and variability of the related cash flows arising therefrom.

Those Pref Share Rights for which there is separate accounting from the host contract (the "Embedded Derivatives") are as follows:

i. The "*Conversion Option*": Subject to the limitation that Waterton Nevada (and/or its affiliates) cannot own more than 49% of the issued and outstanding Contact Shares following conversion of the Contact Preferred Shares (the "Conversion Cap"), the Contact Preferred Shares are convertible at the holder's election, into Contact Shares at a conversion price of $1.35 per Contact Preferred Share (the "Conversion Price"). The number of Contact Shares to be issued on conversion is equal to the Redemption Amount at the conversion date, converted to Canadian dollars, and divided by the Conversion Price. Accordingly, because the Face Value and Dividend amount are denominated in USD, and the conversion price is denominated in Canadian dollars, the preferred share conversion ratio is modified by changes in the USD-Canadian dollar exchange rate. This changes the number of Contact Shares that the Company would issue to the preferred shareholder(s) upon conversion.

ii. The "*Early Redemption Option*": Contact Gold has the option to redeem the Contact Preferred Shares at any time before the Maturity Date at the Redemption Amount, in USD. Upon receipt of notification of redemption, and subject to the Conversion Cap, the holder can choose to exercise their conversion right for all or any portion of the Contact Preferred Shares.

(Expressed in Canadian dollars)

7. CONVERTIBLE PREFERRED SHARES (continued)

iii. The "*Change of Control Redemption Option*": If a Change of Control (as such term is defined in the Securities Exchange Agreement, and generally including such events as a merger, amalgamation, reorganization or similar transaction that causes a change in control of Contact Gold, or the sale, lease, transfer or other disposition of all or substantially all of Contact Gold's assets), occurs on or prior to the fourth anniversary of the issuance of the Contact Preferred Shares (the "PShare Anniversary"), the holder of the Contact Preferred Shares has the option to require Contact Gold to redeem all or part of the Contact Preferred Shares for the "COC Redemption Amount", unless such change in control transaction is with Waterton Nevada.

The COC Redemption Amount is calculated as (a) 120% of the Redemption Amount, if there is a Change of Control on or prior to the second PShare Anniversary; or (b) 115% of the Redemption Amount, if there is a Change of Control after the second PShare Anniversary, but on or prior to, the fourth PShare Anniversary.

The Embedded Derivatives are classified as liabilities, and each are interconnected and relate to similar risk exposures, namely Contact Gold's interest rate risk (as changes in the Company's credit spread change the economic value of the redemption), and the Company's foreign exchange rate risk exposure (as the foreign exchange rate, and the price of the Company's common shares and volatility thereof, impact the conversion price and number of Contact Shares issuable on conversion). Accordingly, the Embedded Derivatives are valued together as one compound instrument and reflect the partial inverse relationship subject to the Conversion Cap, between the Conversion Option, the Early Redemption Option, and the Change of Control Redemption Option.

<u>Preferred Shares (host)</u>

The total fair value of the Contact Preferred Share host instrument at issuance is USD 6,033,480 ($8,140,371).

Using the effective interest rate method, at a rate of 18.99%, the Contact Preferred Shares are remeasured at amortized cost, with an accretion expense of $464,998 recorded to the condensed interim consolidated statement of loss and comprehensive loss for the period June 7, 2017 to September 30, 2017. The impact from changes to the foreign exchange rate resulted in a $610,588 gain, reducing the preferred share obligation in that same period.

<u>Pref Share Rights</u>

The total estimated fair value of the Embedded Derivatives at issuance was USD 5,066,520 ($6,846,649). This amount has been recorded as part of the convertible redeemable Preferred Shares liability account on the condensed interim consolidated statement of financial position. The valuation technique used significant unobservable inputs such that the fair value measurement was classified as Level 3. Significant inputs into the determination of fair value included the Company's common share price, an indexed average historical volatility of 48.5%, rates from the USD/CAD foreign exchange forward curve, the USD risk-free rate curve and the CAD risk-free rate curve at the date of inception, and again at period end. The Company also determined probability weightings for the potential exercise and timing thereof of the (i) Change of Control Redemption Option, and (ii) Early Redemption Option. During the period June 7, 2017 to September 30, 2017, the fair value of the Embedded Derivative decreased by $4,477,922 as a result of changes to these inputs and assumptions, some of which are judgments with significant potential impact to the calculation and which may change from period to period. The change in fair value amount is included in the Loss on Embedded Derivatives account on the Statement of Loss and Comprehensive Loss.

A summary of the changes in the Contact Preferred Shares for the period from issuance on June 7, 2017 to September 30, 2017 amount is set out below:

	$
Fair value of the Preferred Shares host instrument at issuance	8,140,371
Change in fair value of the Preferred Shares host instrument	
Accretion	464,998
Foreign exchange	(610,588)
Fair value of Embedded Derivatives at issuance	6,846,649
Change in fair value of Embedded Derivatives	(4,477,922)
Contact Preferred Shares as at September 30, 2017	**10,363,508**

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7. CONVERTIBLE PREFERRED SHARES (continued)

Other Pref Share Rights

In addition to the Embedded Derivatives, the Pref Share Rights include the following rights, privileges, restrictions and conditions ("Other Terms") for which there is no accounting impact:

- So long as Waterton Nevada and/or its affiliates beneficially own or control 33⅓% or more of the Contact Preferred Shares issued on closing of the Asset Acquisition, and subject to the provisions of the Contact Preferred Shares:

  i. *Right of First Offer*. Contact Gold will be obligated to inform Waterton Nevada of its intention to sell, lease, exchange, transfer or otherwise dispose of any of its interests in the Contact Gold Properties that is not a sale of all or substantially all of Contact Gold’s assets and provide Waterton Nevada with a summary of the essential terms and conditions by which it is prepared to sell any specified interest in the Contact Gold Properties. Upon receipt of such divesting notice, Waterton Nevada will have the right to elect to accept the offer to sell by Contact Gold on the terms contained on the divesting notice. If Waterton Nevada does not elect to accept the offer for such specified terms, Contact Gold shall be permitted to sell its specified interest in the Contact Gold Properties to a third party for a period of 180 days from the date of the original divesting notice on terms and conditions no less favourable to Contact Gold than those contained in the divesting notice.

  ii. *Right of First Refusal*. If Contact Gold shall have obtained an offer from one or more third party buyers in respect of the sale, lease, exchange, transfer or other disposition of any of the Contact Gold Properties, in whole or in part, in any single transaction or series of related transactions, which offer Contact Gold proposes to accept, Contact Gold shall promptly provide written notice of such fact to Waterton Nevada and offer to enter into such a transaction with Waterton Nevada.

  iii. *Sale of Substantially All of Contact Gold’s Assets*. Contact Gold shall not sell, lease, exchange, transfer or otherwise dispose of all or substantially all of its assets without Waterton Nevada’s prior written consent, which will not be unreasonably withheld or delayed.

- *Liquidation*. In the event of a liquidation, dissolution or winding-up of Contact Gold or other distribution of assets of Contact Gold among its shareholders for the purpose of winding up its affairs or any steps taken by Contact Gold in furtherance of any of the foregoing, the holders of Contact Preferred Shares shall be entitled to receive from the assets of the Contact Gold in priority to any distribution to the holders of Contact Shares or any other class of stock of Contact Gold, the Liquidation Value (as such term is defined in the articles of incorporation of Contact Gold) per Contact Preferred Share held by them respectively, but such holders of Contact Preferred Shares shall not be entitled to participate any further in the property of Contact Gold.

Costs incurred relating to the issuance of the Contact Preferred Shares are included in the total of Transaction Costs (Note 5) as the Contact Preferred Shares were issued as partial consideration in exchange for the acquisition of Clover.

The number of Contact Shares to be issued would be 10,261,333 if all of the outstanding Contact Preferred Shares had been converted into Contact Shares based on the rate of foreign exchange of $0.80 on September 30, 2017.

8. SHARE CAPITAL AND CONTRIBUTED SURPLUS

a) Authorized

The Company’s authorized share capital consists of:

(i) up to 500,000,000 Contact Shares with a par value of US$0.001, voting and participating
(ii) up to 15,000,000 Class A non-voting Contact Preferred Shares (Note 7)

b) Common shares

Changes in issued common share capital and equity reserves for the nine-month period ended September 30, 2017:

(i) On June 7, 2017, the Company consolidated the existing 22,155,978 common shares on an 8:1 basis such that shareholders of the Company held 2,769,486 New Winwell Shares, which, which automatically became Contact Shares with a value of $2,769,486, on completion of the continuance.

(ii) Pursuant to the Acquisition, on June 7, 2017, 28,815,000 Carlin Shares with an value of $21,157,750, being all of those then issued and outstanding, were exchanged for New Winwell Shares, which automatically became Contact Shares pursuant to the Share Exchange, on completion of the continuance.

(Expressed in Canadian dollars)

8. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

c) Common shares (continued)

Changes in issued common share capital and equity reserves for the nine-month period ended September 30, 2017:

(iii) Pursuant to the Asset Acquisition, on June 7, 2017, the Company issued 18,550,000 Contact Shares, with a value of $18,550,000, to Waterton Nevada (Note 1).

In connection with the Subscription Receipts financing, which was completed in two tranches, on March 17, 2017, and March 22, 2017, consideration was paid to agents and financial advisors in the amount of $952,500.

The aggregate of fees and disbursements reimbursed to the agents and advisors (including the fees and disbursements of the agents' and advisors' legal counsel, including HST, thereon), and those fees and expenses incurred directly by the Corporation relating to the share issuance and Share Exchange, was an additional $608,552.

(iv) On June 13, 2017, the Company issued 100,000 Restricted Shares to an officer of the Company (Note 8(e)).

(v) On September 11, 2017, the Company issued 112,500 Contact Shares with a value of $84,375 as partial consideration for the acquisition of the Pony Spur and Dixie Flats properties (Notes 5(a) and (b)).

There were no changes in issued common share capital during the year ended December 31, 2016.

Pursuant to an investor rights agreement entered into amongst the Company, certain of its directors and Waterton Precious Metals Fund II Cayman, LP (the "Investor"), Contact Gold agreed not to announce or complete any financing-related share issuance (a "Subsequent Offering") for a period of six months following the closing of the Transactions, where the subscription price with respect to such Subsequent Offering is less than 125% of the weighted average subscription price of all previously completed arm's length financings without the prior written consent of the Investor.

d) Escrowed Contact Shares

As at September 30, 2017, 21,069,222 (December 31, 2016 – nil) of the Contact Shares were held in escrow and restricted from trading, pursuant to the rules of the TSXV. These trading restrictions expire as follows:

December 14, 2017	3,511,537
June 14, 2018	3,511,537
December 14, 2018	3,511,537
June 14, 2019	3,511,537
December 14, 2019	3,511,537
June 14, 2020	3,511,537
	21,069,222

As a condition to the completion of the Transactions, and in addition to the escrow provisions imposed by the TSXV, Waterton Nevada's shareholdings in Contact Gold (18,500,000 Contact Shares) are subject to a lock-up whereby it shall not sell or otherwise dispose of its securityholdings in Contact Gold for a period of 24 months, other than in limited circumstances.

In addition, the Contact Shares held by certain directors and officers of the Company (in aggregate, 5,785,248 Contact Shares) are also subject to a lock-up period ending 24 months following the completion of the Transactions.

e) Restricted Shares

Restricted Shares granted under the Incentive Plan to an officer of the Company vest in thirds at the end of each year from the date of grant. The Restricted Shares were deemed to have a fair value of $1.00 per Restricted Share on the date of grant, with reference to the price at which the Company issued the Contact Shares pursuant to the Subscription Receipt financing.

(Expressed in Canadian dollars)

8. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

e) Restricted Shares (continued)

Transactions relating to Restricted Shares are summarised below:

	Number of Restricted Shares
Outstanding at December 31, 2016	- nil
Granted – June 13, 2017	100,000
Vested – September 30, 2017	- nil
Outstanding at September 30, 2017	**100,000**

The Restricted Shares are issued from treasury with vesting conditions, as determined by the Board, on grant date. The fair value of the Restricted Shares is charged to contributed surplus, and is expensed to the statement of loss and comprehensive loss over the vesting period. An amount of $9,722 was charged to the condensed interim consolidated statement of loss and comprehensive loss as a component of exploration and evaluation during the nine-month period ended September 30, 2017

f) Stock options

As a component of its "2017 Contact Gold Omnibus Stock and Incentive Plan" (the "Incentive Plan"), the Company has established a “rolling” stock option plan in compliance with the TSXV’s policy for granting stock options. Under the Incentive Plan, the maximum number of Contact Shares reserved for issuance may not exceed 10% of the total number of issued and outstanding Contact Shares and, to any one optionee, may not exceed 5% of the issued Contact Shares on a yearly basis. The exercise price of each stock option to purchase a Contact Share ("Option") shall not be less than the market price of the Contact Shares at the date of grant. Options have expiry dates of no later than 10 years after the grant date. Vesting of Options is determined by the Board at the time of grant.

As at September 30, 2017, no Options have vested. A summary of the changes in Options is presented below:

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2016	- nil	$ -
Granted – prior to closing of Transactions	- nil	N/A
Granted – June 2017	3,233,000	$ 1.00
Granted – September 2017	150,000	$ 0.75
Outstanding at September 30, 2017	3,383,000	$ 0.99

On June 13, 2017, subsequent to closing of the Transactions, and prior to the listing of the Contact Shares on the TSXV, the Company granted 3,233,000 Options to its directors and officers, exercisable at $1.00 with a five-year expiry. 2,900,000 of these Options vest in thirds over a period of three years, and the remaining 333,000 Options vest in quarters over a period of four years.

On September 11, 2017, the Company granted 150,000 Options to certain finance and geological personnel, exercisable at $0.75 with a five-year expiry; vesting in thirds over a period of three years.

Share-based compensation expense for the nine-months ended September 30, 2017 is $319,812 (December 31, 2016: $-nil). An additional amount of $13,797 was charged to exploration and evaluation on the condensed interim consolidated statement of comprehensive loss for the nine-months ended September 30, 2017.

For the purposes of estimating the fair value of Options using Black-Scholes, certain assumptions are made such as expected dividend yield, volatility of the market price of the Company’s common shares, risk-free interest rates and expected average life of the Options. Contact Gold bases its expectation of volatility on the volatility of similar publicly-listed companies, as the expected life of the Company’s Options exceeds the Company’s trading history.

(Expressed in Canadian dollars)

8. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

f) Stock options (continued)

The weighted average fair value of Options granted during the period, determined using Black-Scholes was C$0.57 per Option (for those Options awarded on June 13, 2017, the price was based on the last most recently completed offering of common shares). The remaining average contractual life of Options outstanding is 4.66 years. For the purposes of estimating the fair value of Options using the Black-Scholes model, certain assumptions are made such as the expected dividend yield (0%), risk-free interest rates (range between 1.15% and 1.75%), and expected average life of the options (5 years). A volatility of 71%, reflecting that of a group of similar publicly-listed companies was used in determining an expectation of volatility of the market price of the Company's shares, as the expected life of Contact Gold's Options exceeded the length of time over which the Contact Shares have traded. A 0% forfeiture rate was applied to the Option expense. There have been no Options cancelled or exercised, nor have any expired.

g) Income (loss) per share

The calculation of basic and diluted loss per Contact Share for the nine-months period ended was based on the loss attributable to common shareholders of $1,000,611 and a weighted average number of common shares outstanding of 36,071,982, including the restricted shares.

Diluted loss per share did not include the effect of 3,383,000 Options (December 31, 2016: -nil) as they are anti-dilutive.

9. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Key management includes members of the Board, the President and Chief Executive Officer, the Chief Financial Officer & VP Strategy, the Company's Executive Vice-President, and the VP Exploration. There were no directors' fees paid or payable in the nine months ended September 30, 2017. The aggregate total compensation paid, or payable to key management for employee services is shown below:

	September 30, 2017	December 31, 2016
Salaries and other short-term employee benefits	$309,093	$ - nil
Share-based payments and Restricted Shares	151,980	$ - nil
Total	$461,073	$ - nil

An amount of $19,000 was also paid to a corporation controlled by an officer of the Company relating to management services rendered.

In addition to the above, the Contact Gold's related parties include its subsidiaries, and Waterton Nevada as a reflection of its 37% ownership interest in the Company, its preferred shareholding and the right Waterton Nevada holds to place two nominees to the Board.

With the exception of the Transactions and an Option Grant to Waterton Nevada's Board appointees, there were no transactions amongst the Company and Waterton Nevada.

10. SEGMENT INFORMATION

Reportable segments are those operations whose operating results are reviewed by the chief operating decision maker, being the individual at Contact Gold making decisions about resources to be allocated to a particular segment, and assessing performance provided those operations pass certain quantitative thresholds.

The Company undertakes administrative activities in Canada, and is engaged in the acquisition, exploration, and evaluation of certain mineral property interests in the State of Nevada, USA. Accordingly, the Company's operations are in two geographic and only one commercial segments.

At September 30, 2017 Contact Gold has two geographic locations: Canada and the USA (at December 31, 2016, only Canada). The total assets attributable to the geographic locations, with the exception of cash and cash equivalents, and the balance of prepaids and receivables, relate entirely to capitalized acquisition costs for the Contact Gold Properties held by the Company in Nevada, and have been disclosed in Note 5.

10. SEGMENT INFORMATION (continued)

Net income (loss) is distributed by geographic segment per the table below:

	Three months ended September 30, 2017	Nine months ended September 30, 2017
Canada	$ 1,773,786	$ 1,015,403
United States	(1,936,951)	(2,016,014)
	$ (163,165)	$ (1,000,611)

The Company is in the exploration stage and accordingly, has no reportable segment revenues. There is no comparative period information reflecting the incorporation of Carlin on November 23, 2016.

11. FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Company's financial instruments consist of cash and cash equivalents, receivables, accounts payable and accrued liabilities, the Contact Preferred Shares and the Embedded Derivatives. It is management's opinion that with the exception of the Contact Preferred Shares and the Embedded Derivatives: (i) the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments, and (ii) the fair values of these financial instruments approximate their carrying values unless otherwise noted in these Interim Statements.

Contact Preferred Shares and the Embedded Derivatives are both considered to be Level 3 type financial liabilities, with each determined by observable data points, in particular the Company's share price, the rate of CAD/USD foreign and the Company's credit spread, with reference to current interest rates and yield curves.

The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Contact Gold's credit risk is primarily attributable to its liquid financial assets. The Company limits exposure to credit risk and liquid financial assets through maintaining its cash with high credit quality banking institutions in Canada and the USA. The Company mitigates credit risk on these financial instruments by adhering to its investment policy that outlines credit risk parameters and concentration limits. As at September 30, 2017 the balance of cash and cash equivalents held on deposit was $8,989,141 (December 31, 2016: $250). The Company has not experienced any losses in such amounts and believes it is not exposed to any significant risks on its cash and cash equivalents in bank accounts.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages its capital in order to meet short term business requirements, after taking into account cash flows from operations, expected capital expenditures and the Company's holdings of cash. The Company may have to issue additional Contact Shares to ensure there is sufficient capital to meet long term objectives. The Company's financial liabilities of payables and accrued liabilities are payable within a 90-day period and are to be funded from cash on hand.

Interest Rate Risk

Contact Gold is subject to interest rate risk with respect to its investments in cash. The Company's current policy is to invest cash at floating rates of interest, and cash reserves are to be maintained in cash and cash equivalents in order to maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates when cash and cash equivalents mature impact interest income earned.

Market Risk - Foreign Exchange

The significant market risk to which the Company is exposed is foreign exchange risk. The results of the Company's operations are exposed to currency fluctuations. To date, the Company has raised funds entirely in Canadian dollars. The majority of the Company's exploration property expenditures, will be incurred in United States dollars. The fluctuation of the Canadian dollar relation to the USD will consequently have an impact upon the financial results of the Company.

A 1% increase or decrease in the exchange rate of the US dollar against the Canadian dollar would result in a $112,184 increase or decrease respectively, in the Company's cash balance. The Company has not entered into any derivative contracts to manage foreign exchange risk at this time.

Fair Value Estimation

The carrying value of the Company's financial assets and liabilities approximates their estimated fair value due to their short-term nature.

(Expressed in Canadian dollars)

12. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash financing and investing transactions:	September 30, 2017	December 31, 2016
Non-cash financing and investing transactions		
Issuances of Common Shares pursuant to Asset Acquisition	$ 18,550,000	$ -
Issuances of Common Shares pursuant to acquisition of Pony Spur and Poker Flats	84,375	
Issuance of Contact Preferred Shares	14,987,020	$ -
	$ 33,621,395	$ -

13. MANAGEMENT OF CAPITAL RISK

The Company relies upon management to manage capital in order to safeguard the Company's ability to continue as a going concern, to pursue the exploration and development of unproven mineral properties, and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company's current capital consists of equity funding through private issuances of common shares, preferred shares and a deficit incurred through operations.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To facilitate the management of its capital requirements, the Company undertakes an annual budget process that will be updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

As the Company is currently in the exploration phase none of its financial instruments are exposed to commodity price risk; however, the Company's ability to obtain long-term financing and its economic viability may be affected by commodity price volatility.

The Company currently does not produce any revenue and has relied on existing balances of cash and cash equivalents, and capital financing to fund its operations. The Company is currently not subject to externally imposed capital requirements.

There were no changes in the Company's approach to capital management in the period ended September 30, 2017.

14. SUBSEQUENT EVENTS

a) On November 7, 2017, the Company acquired the 51% interest in the Cobb Creek property it did not control. Consideration for the transaction is payable in cash as USD 30,000 per annum for six years. The first installment payment of which has been paid.