

GOLDEN PEAK MINERALS INC.
CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED NOVEMBER 30, 2016
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim financial statements they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed 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 condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim financial statements by an entity's auditor.

January 25, 2017

GOLDEN PEAK MINERALS INC.
Condensed Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

| | November 30, 2016 | October 31, 2016 |
|--|----------------------|---------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 49,173 | \$ 170 |
| Share subscriptions receivable | 46,599 | - |
| GST receivable | 19,028 | 6,859 |
| Prepaid expenses | 6,519 | - |
| | 121,319 | 7,029 |
| Prepaid expenses | 24,250 | - |
| Exploration and evaluation assets (Note 6) | 1,645,305 | 393,959 |
| | \$ 1,790,874 | \$ 400,988 |

LIABILITIES & SHAREHOLDERS' EQUITY

Liabilities

Current

| | | |
|---|------------|------------|
| Accounts payable and accrued liabilities (Note 7) | \$ 160,212 | \$ 279,002 |
|---|------------|------------|

Shareholders' Equity

| | | |
|------------------------|---------------------|-------------------|
| Share capital (Note 8) | 3,216,114 | 1,487,628 |
| Contributed surplus | 307,545 | 219,332 |
| Deficit | (1,892,997) | (1,584,974) |
| | 1,630,662 | 121,986 |
| | \$ 1,790,874 | \$ 400,988 |

Going Concern (Note 2)
 Commitments (Notes 6 and 11)
 Subsequent Events (Note 12)

Authorized for issuance on behalf of the Board:

"R. Todd Hanas" Director

"Dominic Verdejo" Director

GOLDEN PEAK MINERALS INC.
Condensed Interim Statements of Comprehensive Loss
For the Three Months Ended November 30,
(Unaudited - Expressed in Canadian Dollars)

| | 2016 | 2015 |
|---|---------------------|--------------------|
| Expenses | | |
| Consulting fees | \$ 73,500 | \$ - |
| Management fees (Note 7) | 28,250 | 15,000 |
| Office and general | 1,084 | 5,047 |
| Professional fees (Note 7) | 1,411 | 8,112 |
| Rent (Note 7) | - | 5,774 |
| Share-based payments (Note 8) | 12,550 | - |
| Shareholder communications and investor relations | 33,043 | 200 |
| Transfer agent and filing fees | 50,408 | 2,261 |
| Net Loss Before Other Items | (200,246) | (36,394) |
| Other Items | | |
| Part XII.6 tax and penalties (Note 11) | 444 | - |
| Loss on settlement of accounts payable (Note 8) | 107,333 | - |
| | (107,777) | - |
| Net Loss and Comprehensive Loss for the Period | \$ (308,023) | \$ (36,394) |
| Loss per Share - Basic and Diluted | \$ (0.06) | \$ (0.03) |
| Weighted Average Number of Common Shares Outstanding | 5,470,980 | 1,301,860 |

GOLDEN PEAK MINERALS INC.
Condensed Interim Statement of Changes in Equity
(Unaudited - Expressed in Canadian Dollars)

| | Share Capital | | Contributed Surplus | Deficit | Total |
|---|------------------|---------------------|---------------------|-----------------------|---------------------|
| | Number of Shares | Share Capital | | | |
| Balance, August 31, 2015 | 1,301,860 | \$ 1,116,381 | \$ 212,129 | \$ (1,009,738) | \$ 318,772 |
| Net and comprehensive loss for the period | - | - | - | (36,394) | (36,394) |
| Balance, November 30, 2015 | 1,301,860 | 1,116,381 | 212,129 | (1,046,132) | 282,378 |
| Shares issued for exploration and evaluation assets | 307,500 | 212,750 | - | - | 212,750 |
| Shares issued for cash | 307,141 | 185,000 | - | - | 185,000 |
| Share issuance costs | - | (19,300) | - | - | (19,300) |
| Finders' warrants | - | (7,203) | 7,203 | - | - |
| Net and comprehensive loss for the period | - | - | - | (538,842) | (538,842) |
| Balance, August 31, 2016 | 1,916,501 | 1,487,628 | 219,332 | (1,584,974) | 121,986 |
| Shares issued for exploration and evaluation assets | 2,850,000 | 1,150,000 | - | - | 1,150,000 |
| Shares issued for cash | 4,166,658 | 499,999 | - | - | 499,999 |
| Share issuance costs | - | (3,483) | - | - | (3,483) |
| Shares issued for settlement of accounts payable | 9,259 | 4,074 | - | - | 4,074 |
| Units issued for settlement of accounts payable | 177,037 | 77,896 | 75,663 | - | 153,559 |
| Stock options granted | - | - | 12,550 | - | 12,550 |
| Net and comprehensive loss for the period | - | - | - | (308,023) | (308,023) |
| Balance, November 30, 2016 | 9,119,455 | \$ 3,216,114 | \$ 307,545 | \$ (1,892,997) | \$ 1,630,662 |

GOLDEN PEAK MINERALS INC.
Condensed Interim Statements of Cash Flows
For the Three Months Ended November 30,
(Unaudited - Expressed in Canadian Dollars)

| | 2016 | 2015 |
|--|------------------|----------------|
| Operating Activities | | |
| Net loss for the period | \$ (308,023) | \$ (36,394) |
| Items not involving cash: | | |
| Share-based payments | 12,550 | - |
| Loss on settlement of accounts payable | 107,333 | - |
| Changes in non-cash working capital balances: | | |
| GST receivable | (12,169) | (1,881) |
| Prepaid expenses | (30,769) | - |
| Accounts payable and accrued liabilities | (57,840) | 35,155 |
| Cash Used in Operating Activities | (288,918) | (3,120) |
| Investing Activity | | |
| Exploration and evaluation asset expenditures, net | (111,996) | - |
| Cash Used in Investing Activity | (111,996) | - |
| Financing Activities | | |
| Shares issued for cash, net | 449,917 | - |
| Loans from directors | - | 3,000 |
| Cash Provided by Financing Activities | 449,917 | 3,000 |
| Change in Cash | 49,003 | (120) |
| Cash, Beginning of Period | 170 | 190 |
| Cash, End of Period | \$ 49,173 | \$ 70 |

Non-Cash Transactions and Supplemental Disclosures

| | | |
|--|--------------|------|
| Shares issued for exploration and evaluation asset (Notes 6 and 8) | \$ 1,150,000 | \$ - |
| Shares and units issued for accounts payable | \$ 157,663 | \$ - |
| Exploration and evaluation expenditures included in accounts payable | \$ 14,350 | \$ - |
| Interest paid | \$ - | \$ - |
| Income taxes paid | \$ - | \$ - |

GOLDEN PEAK MINERALS INC.
Notes to the Condensed Interim Financial Statements
For the Three Months Ended November 30, 2016
(Unaudited - Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Golden Peak Minerals Inc. (the "Company") is an exploration stage company incorporated pursuant to the British Columbia Business Corporations Act on March 31, 2011. The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired. The Company's shares are listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "GP". The address of the Company's corporate office and its principal place of business is 510-744 West Hasting Street, Vancouver, British Columbia, Canada, V6C 1A1.

On August 11, 2016, the Company consolidated its common shares on a one new share for ten old shares basis. All share and per share amounts have been revised to reflect the consolidation.

2. GOING CONCERN

These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company incurred a net loss of \$308,023 for the three months ended November 30, 2016 (2015 - \$36,394) and has an accumulated deficit of \$1,892,997 at November 30, 2016 (August 31, 2016 - \$1,584,974). These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These condensed interim financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying condensed interim financial statements.

3. BASIS OF PREPARATION

a) Statement of compliance

The condensed interim financial statements of the Company have been prepared in accordance with IAS 34 Interim Financial Reporting.

The condensed interim financial statements of the Company should be read in conjunction with the Company's 2016 annual financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on January 25, 2017.

b) Measurement basis

These condensed interim financial statements have been prepared under the historical cost basis, except for financial instruments classified as available-for-sale, and fair value through profit or loss. These condensed interim financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

GOLDEN PEAK MINERALS INC.
Notes to the Condensed Interim Financial Statements
For the Three Months Ended November 30, 2016
(Unaudited - Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in Note 4 to the audited financial statements for the year ended August 31, 2016.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income/loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed interim financial statements within the next financial year are discussed below:

a) Impairment of exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation expenditure and impairment of the capitalized expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the year the new information becomes available.

b) Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

c) Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

GOLDEN PEAK MINERALS INC.
Notes to the Condensed Interim Financial Statements
For the Three Months Ended November 30, 2016
(Unaudited - Expressed in Canadian Dollars)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Critical judgments in applying accounting policies (continued)

c) Income taxes (continued)

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

d) Going concern risk assessment

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These condensed interim financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying condensed interim financial statements.

Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the condensed interim financial statements.

a) Decommissioning liabilities

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from year to year. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market condition at the time the rehabilitation costs are actually incurred.

The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for. As at November 30, 2016, the Company has no known rehabilitation requirements and accordingly, no provision has been made.

GOLDEN PEAK MINERALS INC.
Notes to the Condensed Interim Financial Statements
For the Three Months Ended November 30, 2016
(Unaudited - Expressed in Canadian Dollars)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Key sources of estimation uncertainty (continued)

b) Valuation of flow-through premium

The determination of the valuation of flow-through premium and warrants in equity units is subject to significant judgment and estimates. The flow-through premium is valued as the estimated premium that investors pay for the flow-through feature, being the portion in excess of the market value of shares without the flow-through feature issued in concurrent private placement financing. In the case that the Company did not issue non-flow-through shares together with the flow-through shares, the market value of shares without the flow-through feature will be determined using their closing quoted bid price.

GOLDEN PEAK MINERALS INC.
Notes to the Condensed Interim Financial Statements
For the Three Months Ended November 30, 2016
(Unaudited - Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

Total costs incurred on exploration and evaluation asset are summarized as follows:

| | Columbia Shear Property | Foubert Lake Property | Oyster Property | Atikwa Lake Property | Lac Lapointe Property | Grenfell Property | Heikki Property | Total |
|---|-------------------------------|-----------------------------|--------------------|-------------------------|--------------------------|----------------------|--------------------|--------------|
| <u>Acquisition Costs</u> | | | | | | | | |
| Balance, August 31, 2015 | \$ 39,250 | \$ 155,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 194,250 |
| Claim costs | - | - | - | 1,209 | - | - | - | 1,209 |
| Acquisition and option payments (shares) | - | - | 60,000 | 60,000 | 92,750 | - | - | 212,750 |
| Impairment | (39,250) | - | - | - | - | - | - | (39,250) |
| Balance, August 31, 2016 | - | 155,000 | 60,000 | 61,209 | 92,750 | - | - | 368,959 |
| Acquisition and option payments (cash) | - | - | - | - | - | 50,000 | - | 50,000 |
| Acquisition and option payments (shares) | - | - | - | - | - | 110,000 | 1,040,000 | 1,150,000 |
| Claim costs | - | - | - | 1,246 | - | - | - | 1,246 |
| Balance, November 30, 2016 | - | 155,000 | 60,000 | 62,455 | 92,750 | 160,000 | 1,040,000 | 1,570,205 |
| <u>Deferred Exploration Expenditures</u> | | | | | | | | |
| Balance, August 31, 2015 | 240,148 | - | - | - | - | - | - | 240,148 |
| Geological | - | - | - | - | 25,000 | - | - | 25,000 |
| Impairment | (240,148) | - | - | - | - | - | - | (240,148) |
| Balance, August 31, 2016 | - | - | - | - | 25,000 | - | - | 25,000 |
| Camp and other | - | - | - | 30,000 | - | - | - | 30,000 |
| Geological | - | - | - | 1,000 | 750 | 5,000 | 13,350 | 20,100 |
| Balance, November 30, 2016 | \$ - | \$ - | \$ - | \$ 31,000 | \$ 25,750 | \$ 5,000 | \$ 13,350 | \$ 75,100 |
| <u>Total Exploration and Evaluation Assets</u> | | | | | | | | |
| Balance, August 31, 2016 | \$ - | \$ 155,000 | \$ 60,000 | \$ 61,209 | \$ 117,750 | \$ - | \$ - | \$ 393,959 |
| Balance, November 30, 2016 | \$ - | \$ 155,000 | \$ 60,000 | \$ 93,455 | \$ 118,500 | \$ 165,000 | \$ 1,053,350 | \$ 1,645,305 |

GOLDEN PEAK MINERALS INC.
Notes to the Condensed Interim Financial Statements
For the Three Months Ended November 30, 2016
(Unaudited - Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (Continued)

a) Columbia Shear Group Property

On May 9, 2011, and subsequently amended on September 17, 2012, the Company entered into an option agreement to acquire a 100% undivided interest in 22 mineral claims located in British Columbia. As consideration, the Company agreed to pay a total of \$75,000 in cash, issue 12,500 common shares of the Company and incur \$1,000,000 in exploration expenditures as follows:

| | Cash Payments | Exploration Expenditures | Number of Common Shares to be Issued |
|--|------------------|-----------------------------|---|
| Upon execution of the Agreement (paid) | \$ 10,000 | \$ - | - |
| One year from the Agreement date (incurred) | - | 100,000 | - |
| Upon listing on April 10, 2013 (paid and issued) | 15,000 | - | 7,500 |
| Before April 10, 2014 (issued) | - | - | 5,000 |
| Before April 10, 2015 | 10,000 | 200,000 | - |
| Before April 10, 2016 | 15,000 | 300,000 | - |
| Before April 10, 2017 | 25,000 | 400,000 | - |
| Total | \$ 75,000 | \$ 1,000,000 | 12,500 |

The Company agreed to pay the optionor a 3% Net Smelter Royalty ("NSR") on the property. The Company also had the option to purchase 2% of the 3% NSR (two-thirds) at a price of \$500,000 per percentage point at any time starting on the date that the property is put into commercial production. The purchase of the remaining 1% was negotiable after commercial production commences.

During the year ended August 31, 2016, the Company relinquished its option on the Columbia Sheer Group Property. Accordingly, the property was written down to \$nil.

b) Foubert Lake Property

On June 26, 2015, the Company entered into an agreement to acquire a 100% undivided interest in 11 mineral claims located in Quebec. As consideration, the Company paid a total of \$11,000 in cash and issued a total of 240,000 common shares of the Company at a value of \$144,000.

The vendor retains a 1% NSR on the property. The Company has the option to purchase the NSR at a price of \$500,000.

c) Oyster Property

On September 23, 2015, the Company entered into an agreement to acquire a 100% undivided interest in 4 mineral claims located in Manitoba. As consideration, the Company issued 100,000 common shares of the Company at a value of \$60,000.

The vendor retains a 3% Gross Overriding Royalty Return ("GORR") on the property. The Company has the option to purchase 1% of the 3% GORR (one-third) at a price of \$1,000,000.

d) Atikwa Lake Property

On February 4, 2016, the Company entered into an agreement to acquire a 100% undivided interest in 20 mineral claims located in Ontario. As consideration, the Company issued 75,000 common shares of the Company at a value of \$60,000.

GOLDEN PEAK MINERALS INC.
Notes to the Condensed Interim Financial Statements
For the Three Months Ended November 30, 2016
(Unaudited - Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (Continued)

e) Lac Lapointe Property

On February 15, 2016, the Company entered into an option agreement to acquire a 100% undivided interest in 20 mineral claims located in Quebec. Under the terms of the option agreement, the Company can earn a 100% interest by making payments as follows:

- Issuing 132,500 common shares of the Company upon approval by the TSX-V (issued and valued at \$92,750);
- Cash payment of \$40,000 on or before August 15, 2017; and
- Cash payment of \$100,000 on or before February 15, 2019.

The vendor retains a 2% GORR on the property. The Company has the option to purchase 1% of the 2% GORR (one-half return) at a price of \$1,000,000.

f) Grenfell Property

On October 13, 2016, the Company entered into an option agreement to acquire the Grenfell Property located in Ontario.

Under the terms of the option agreement, the Company can earn a 100% interest by making payments as follows:

- Issuing 250,000 common shares of the Company (issued and valued at \$110,000) and making a cash payment of \$50,000 (paid) upon approval by the TSX-V;
- Issuing 250,000 common shares of the Company and making a cash payment of \$50,000 by October 26, 2017;
- Issuing 250,000 common shares of the Company and making a cash payment of \$50,000 by October 26, 2018; and
- Issuing 250,000 common shares of the Company and making a cash payment of \$50,000 by October 26, 2019.

In the event of a minimum discovery of 1,000,000 ounces of gold or gold equivalent resource, the Company will pay a bonus of \$1,000,000 to the optionor upon completion of a National Instrument 43-101 compliant report.

The original vendor retains a 2% NSR on the property. The Company has the option to purchase 1% of the 2% NSR (one-half) at a price of \$1,000,000.

g) Heikki Property

On October 28, 2016, the Company entered into four option agreements to acquire the Esa, Kulta, Seija and Soturi properties, collectively the Heikki Property, located in Ontario.

Under the terms of the option agreement, the Company can earn a 100% interest by making payments as follows:

- Issuing 2,600,000 common shares of the Company (issued and valued at \$1,040,000) and making a cash payment of \$105,000 (paid subsequent to November 30, 2016) upon approval by the TSX-V;
- Issuing 3,100,000 common shares of the Company by November 17, 2017; and
- Issuing 1,750,000 common shares of the Company by November 17, 2018.

The vendors retain a 3% NSR on the property. The Company has the option to purchase 1% of the 3% NSR (one-third) at a price of \$500,000.

GOLDEN PEAK MINERALS INC.
Notes to the Condensed Interim Financial Statements
For the Three Months Ended November 30, 2016
(Unaudited - Expressed in Canadian Dollars)

7. RELATED PARTY BALANCES AND TRANSACTIONS

These amounts of key management compensation are included in the amounts shown on the statements of comprehensive loss:

| | Three Months Ended November 30, 2016 | Three Months Ended November 30, 2015 |
|-----------------|---|---|
| Management fees | \$ 28,250 | \$ 15,000 |

Key management includes directors and officers of the Company, including the Chief Executive Officer and Chief Financial Officer.

During the three months ended November 30, 2016, the Company paid \$16,000 for consulting fees to companies controlled by directors, \$nil (2015 - \$4,800) for professional fees to a company controlled by a director and \$nil (2015 - \$4,500) in rent to companies controlled by directors.

As at November 30, 2016, included in accounts payable and accrued liabilities is \$nil (August 31, 2016 - \$126,789) due to directors and officers of the Company and companies controlled by directors of the Company. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

8. SHARE CAPITAL

a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued and outstanding

During the three months ended November 30, 2016

On September 26, 2016, the Company completed a non-brokered private placement for gross proceeds of \$499,999. The Company issued 4,166,658 units at a price of \$0.12 per unit. Each unit consisted of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.20 for a period of two years. The Company incurred share issue costs of \$3,483.

On October 26, 2016, the Company settled accounts payable and accrued liabilities of \$50,300 by issuing 9,259 common shares and 177,037 units, each unit consisting of one common share and one non-transferable warrant of the Company. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.36 for a period of four years. The fair value of the common shares issued was \$4,074 and the fair value of the units issued was \$153,559. Accordingly, the Company realized a loss on settlement of accounts payable of \$107,333. The fair value of the warrants included in the units was calculated using the Black-Scholes option pricing model with the following assumptions: expected life of 4 years; risk-free interest rate of 0.62%; annualized volatility of 214%; dividend yield of zero; and stock price at date of grant of \$0.44. The Company used historical volatility to estimate the volatility of the share price.

On October 26, 2016, the Company issued 250,000 common shares valued at \$110,000 for the acquisition of the Grenfell Property (Note 6(f)).

GOLDEN PEAK MINERALS INC.
Notes to the Condensed Interim Financial Statements
For the Three Months Ended November 30, 2016
(Unaudited - Expressed in Canadian Dollars)

8. SHARE CAPITAL (Continued)

b) Issued and outstanding (continued)

On November 17, 2016, the Company issued 2,600,000 common shares valued at \$1,040,000 for the acquisition of the Heikki Property (Note 6(g)).

During the year ended August 31, 2016

On December 24, 2015, the Company completed a non-brokered private placement for gross proceeds of \$110,000. The Company issued 157,142 flow-through units at a price of \$0.70 per unit. Each unit consisted of one flow-through common share of the Company and one-half of one share purchase warrant. Each warrant entitles the holder to acquire one non-flow-through common share of the Company at an exercise price of \$1.20 for a period of one year.

The premium paid by investors on the flow-through units was calculated as \$nil per share. Accordingly, no other liability was recorded.

The Company paid finders fees of \$19,300 and issued 12,571 finder's warrants valued at \$7,203 (Note 8(c)) and entitling the holder to acquire one non-flow-through common share of the Company at an exercise price of \$0.70 for a period of three years.

On February 10, 2016, the Company issued 75,000 common shares valued at \$60,000 for the acquisition of the Atikwa Lake Property (Note 6(d)).

On February 19, 2016, the Company issued 132,500 common shares valued at \$92,750 for the acquisition of the Lac Lapointe Property (Note 6(e)).

On May 4, 2016, the Company issued 100,000 common shares valued at \$60,000 for the acquisition of the Oyster Property (Note 6(c)).

On July 7, 2016, the Company completed a non-brokered private placement for gross proceeds of \$75,000. The Company issued 150,000 common shares of the Company at a price of \$0.50 per share.

c) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

| | Three Months Ended November 30, 2016 | | Year Ended August 31, 2016 | |
|----------------------------------|---|---------------------------------------|-----------------------------------|---------------------------------------|
| | Number of Warrants | Weighted Average Exercise Price | Number of Warrants | Weighted Average Exercise Price |
| Outstanding, beginning of period | 258,002 | \$ 1.69 | 166,860 | \$ 1.50 |
| Issued | 4,343,695 | 0.21 | 91,142 | 1.13 |
| Expired | (166,860) | 2.00 | - | - |
| Outstanding, end of period | 4,434,837 | \$ 1.69 | 258,002 | \$ 1.69 |

The following warrants were outstanding and exercisable at November 30, 2016:

GOLDEN PEAK MINERALS INC.
Notes to the Condensed Interim Financial Statements
For the Three Months Ended November 30, 2016
(Unaudited - Expressed in Canadian Dollars)

8. SHARE CAPITAL (Continued)

c) Warrants (continued)

| Expiry Date | Weighted Average Remaining Contractual Life in Years | Exercise Price | Warrants |
|---------------------|--|----------------|-----------|
| December 24, 2016** | 0.07 | \$ 1.20 | 78,571 |
| September 26, 2018 | 1.82 | \$ 0.20 | 4,166,658 |
| December 24, 2018 | 2.07 | \$ 0.70 | 12,571 |
| October 26, 2020 | 3.91 | \$ 0.36 | 177,037 |
| | 1.87 | | 4,434,837 |

**Expired unexercised subsequent to November 30, 2016.

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its finder's warrants granted. The fair value of each finder's warrant grant was calculated using the following weighted average assumptions:

| | Three Months Ended November 30, 2016 | Year Ended August 31, 2016 |
|--|---|-------------------------------|
| Expected life (years) | N/A | 3.00 |
| Risk-free interest rate | N/A | 0.50% |
| Expected annualized volatility | N/A | 235% |
| Dividend yield | N/A | N/A |
| Stock price at grant date | N/A | \$0.60 |
| Exercise price | N/A | \$0.70 |
| Weighted average grant date fair value | N/A | \$0.57 |

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has used historical volatility to estimate the volatility of the share price.

d) Stock options

The Company adopted a Stock Option Plan (the "Plan") to grant incentive stock options to directors, officers, employees and consultants. Under the plan, the aggregate number of common shares which may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date including options granted prior to the adoption of the Plan. Options granted may not exceed a term of 10 years, and the term will be reduced to one year following the date of death of the optionee. All options vest when granted unless they are otherwise specified by the Board of Directors or if they are granted for investor relations activities. Options granted for investor relations activities vest over a 12-month period with no more than 25% of the options vesting in any three-month period.

Stock option transactions and the number of stock options outstanding under the Company's stock option plan are summarized as follows:

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8. SHARE CAPITAL (Continued)

d) Stock options (continued)

| | Three Months Ended November 30, 2016 | | Year Ended August 31, 2016 | |
|----------------------------------|---|--|---------------------------------------|--|
| | Number of Options | Weighted Average Exercise Price | Number of Options | Weighted Average Exercise Price |
| Outstanding, beginning of period | 16,000 | \$ 1.50 | 37,000 | \$ 1.50 |
| Expired | (16,000) | 1.50 | (21,000) | 1.50 |
| Granted | 152,000 | 0.20 | - | - |
| Outstanding, end of period | 152,000 | \$ 0.20 | 16,000 | \$ 1.50 |

The following options were outstanding and exercisable at November 30, 2016:

| Expiry Date | Weighted Average Remaining Contractual Life in Years | Exercise Price | Outstanding | Exercisable |
|-------------------|--|----------------|-------------|-------------|
| September 7, 2017 | 0.77 | \$ 0.20 | 152,000 | 152,000 |

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. The fair value of each stock option grant was calculated using the following weighted average assumptions:

| | Three Months Ended November 30, 2016 | Year Ended August 31, 2016 |
|--|---|---------------------------------------|
| Expected life (years) | 1.00 | N/A |
| Risk-free interest rate | 0.54% | N/A |
| Expected annualized volatility | 130% | N/A |
| Dividend yield | N/A | N/A |
| Stock price at grant date | \$ 0.18 | N/A |
| Exercise price | \$ 0.20 | N/A |
| Weighted average grant date fair value | \$ 0.08 | N/A |

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has used historical volatility to estimate the volatility of the share price.

9. FINANCIAL INSTRUMENTS

The Company's financial instruments include cash and accounts payable. Cash is classified as FVTPL. Accounts payable is classified as other financial liabilities. The carrying value of these instruments approximates their fair values due to the relatively short periods to maturity of these instruments.

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

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9. FINANCIAL INSTRUMENTS (Continued)

| November 30, 2016 | Level 1 | Level 2 | Level 3 | Total |
|--------------------------|----------------|----------------|----------------|--------------|
| Cash | \$ 49,173 | \$ - | \$ - | \$ 49,173 |

| August 31, 2016 | Level 1 | Level 2 | Level 3 | Total |
|------------------------|----------------|----------------|----------------|--------------|
| Cash | \$ 170 | \$ - | \$ - | \$ 170 |

Financial risk management objectives and policies

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk on cash, the Company places the instrument with a major Canadian financial institution.

b) Liquidity risk

The Company manages liquidity risk by maintaining a balance between continuity of funding and flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at November 30, 2016, the Company had cash of \$49,173 (August 31, 2016 - \$170) to settle accounts payable of \$160,212 (August 31, 2016 - \$279,002) which fall due for payment within twelve months of the statement of financial position date. All of the liabilities presented as accounts payable are due within 30 days of the reporting date.

The Company intends to address its working capital deficiency private placement financings.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

i) *Currency risk* - The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal. The Company does not have any significant foreign currency denominated monetary assets or liabilities.

ii) *Interest rate risk* - The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations. The Company has no interest-bearing financial liabilities.

iii) *Other price risk* - Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company does not have significant exposure to this risk.

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10. MANAGEMENT OF CAPITAL

The Company considers its capital to be comprised of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of capital stock, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the three months ended November 30, 2016. The Company is not subject to externally imposed capital requirements.

11. COMMITMENTS

a) Environmental Contingencies

The Company's mining and exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

b) Flow-through Expenditures

On December 24, 2015, pursuant to the issuance of 157,142 flow-through units, the Company renounced \$110,000 of qualified exploration expenditures to flow-through shareholders which it is to expend by December 31, 2016 under the Look-back Rule. As at November 30, 2016, the Company has incurred qualified exploration expenditures totaling \$25,750 relating to this commitment. The Company has agreed to indemnify the subscribers for any tax related amounts that become payable by the subscriber should the Company not be able to meet its flow-through expenditure commitments.

During the 2016 calendar year, the Company is also subject to Part XII.6 taxes, accumulated on a monthly basis, for the remaining commitment. As at November 30, 2016, the Company has included in accounts payable and accrued liabilities a provision for Part XII.6 tax of \$811.

12. SUBSEQUENT EVENTS

- a) On December 21, 2016, the Company completed a non-brokered private placement for gross proceeds of \$2,314,949. The Company issued 2,000,000 non-flow-through common shares of the Company at a price of \$0.50 per share and 2,022,998 flow-through common shares of the Company at a price of \$0.65 per share. The company incurred finder's fees of \$196,495 and issued 332,300 finder's warrants with an exercise price of \$0.50 per share and an expiry date of December 21, 2018.
- b) Subsequent to November 30, 2016, the Company collected share subscriptions receivable of \$46,599.