



Savary Gold Corp.

Condensed Consolidated Interim Financial Statements

(Unaudited, Expressed in Canadian dollars)

**For the nine months ended
September 30, 2017 and 2016**

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Management of Savary Gold Corp. is responsible for the preparation of the accompanying unaudited condensed consolidated interim financial statements. The unaudited condensed consolidated interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of condensed consolidated interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

The Company’s auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by CPA Canada (Chartered Professional Accountants of Canada) for a review of interim financial statements by an entity’s auditor.

Savary Gold Corp.

Condensed Consolidated Interim Statements of Financial Position

(Unaudited)

(Expressed in Canadian dollars)

As at:

	September 30, 2017	December 31, 2016
ASSETS		
Current		
Cash	\$ 1,358,485	\$ 3,145,784
Prepaid expenses	17,483	12,246
Amounts receivable	71,167	111,329
TOTAL CURRENT ASSETS	1,447,135	3,269,359
Exploration and evaluation properties (Note 3)	-	7,727,136
Investment in associate (Note 3)	8,242,279	-
TOTAL ASSETS	\$ 9,689,414	\$ 10,996,495
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 3)	\$ 198,293	\$ 2,056,270
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	10,496,092	9,504,836
Reserves (Note 4)	2,725,975	2,875,990
Deficit	(3,730,946)	(3,440,601)
TOTAL SHAREHOLDERS' EQUITY	9,491,121	8,940,225
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	\$ 9,689,414	\$ 10,996,495

Nature of Operations and Going Concern (Note 1)

Commitments and Contingences (Note 10)

Subsequent Events (Note 11)

Approved on November 28, 2017 on behalf of the Board:

"Daniel Nocente"

Daniel Nocente - Director

"Craig Pearman"

Craig Pearman – Director

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

Savary Gold Corp.

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

(Unaudited, Expressed in Canadian dollars)

For the:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Expenses				
Investor relations	\$ 6,269	\$ -	\$ 59,242	\$ 6,362
Insurance	5,774	4,199	16,812	13,708
Office and administration	1,619	2,931	9,110	8,769
Professional fees	12,600	11,900	39,415	27,900
Share-based compensation	10,000	22,500	170,000	104,500
Transfer agent and filing fees	4,298	6,588	26,845	27,891
Travel	-	-	3,286	1,709
Consulting fees	34,822	37,750	100,478	100,939
Loss before other items	75,382	85,868	425,188	291,778
Other (income) / expenses				
Interest income	(1,710)	-	(10,800)	-
Foreign exchange (gain)/ loss	(48,138)	(2,053)	(92,763)	42,696
Net loss and comprehensive loss for the period	(25,534)	\$ (83,815)	\$ (321,625)	\$ (334,474)
Basic and diluted loss per common share	\$0.00	\$0.00	\$0.00	\$0.00
Weighted average number of common shares outstanding	181,654,284	154,702,107	179,897,053	145,026,211

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

Savary Gold Corp.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited, Expressed in Canadian dollars)

For the nine months ended

	September 30, 2017	September 30, 2016
Cash flows from Operating activities		
Net loss for the period	\$ (321,625)	\$ (334,474)
Item not affecting cash:		
Foreign exchange loss/(gain)	(92,763)	42,696
Share-based compensation	170,000	104,500
Changes in non-cash working capital items:		
Prepaid expenses and deposits	(5,236)	(7,833)
Amounts receivable	40,162	16,848
Accounts payable and accrued liabilities	(5,428)	(395,184)
Net cash flows (used in)/from operating activities	(214,890)	(573,447)
Cash flows from Investing activities		
Exploration and evaluation properties (Note 3)	(2,274,928)	(732,914)
Net cash flows (used in) investing activities	(2,274,928)	(732,914)
Cash flows from Financing activities		
Issuance of common shares	-	2,994,480
Warrants exercised	702,520	203,600
Share issue costs	-	(187,509)
Net cash flows provided by financing activities	702,520	3,010,571
Net change in cash during the period	(1,787,299)	1,704,210
Cash, beginning of the period	3,145,784	1,448,454
Cash, end of the period	\$ 1,358,485	\$ 3,152,664

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

Savary Gold Corp.Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited, Expressed in Canadian dollars)

	Number of Shares Issued #	Share Capital \$	Reserves \$	Deficit \$	Total Shareholders' Equity \$
Balance, December 31, 2016	171,618,284	9,504,836	2,875,990	(3,440,601)	8,940,225
Share-based payments	-	-	170,000	-	170,000
Warrants exercised	10,036,000	991,256	(288,735)	-	702,521
Warrants expired	-	-	(31,280)	31,280	-
Net loss for the period	-	-	-	(321,625)	(321,625)
Balance, September 30, 2017	181,654,284	10,496,092	2,725,975	(3,730,946)	9,491,121
Balance, December 31, 2015	140,065,739	7,042,515	2,172,840	(3,132,765)	6,082,590
Private placement, net of issue costs	27,222,545	2,806,971	-	-	2,806,971
Share-based payments	-	-	104,500	-	104,500
Options expired	-	-	(77,600)	77,600	-
Warrants exercised	2,630,000	260,972	(57,372)	-	203,600
Warrants issued	-	(1,383,463)	1,383,463	-	-
Net loss for the period	-	-	-	(334,474)	(334,474)
Balance, September 30, 2016	169,918,284	8,726,995	3,525,831	(3,389,639)	8,863,187

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

Savary Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2017 and 2016

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Savary Gold Corp. (the "Company") was incorporated under the *Business Corporations Act (BC)* on February 15, 2008 and has been continued to Ontario pursuant to the *Business Corporations Act (Ontario)*. The Company is focused on the exploration and evaluation of its gold project in Burkina Faso, Africa. From September 29, 2017 onwards, the Company's exploration and evaluation assets were included in its investment in associate, being an investment in a jointly controlled company. See Note 3. The Company's common shares trade on the TSX Venture Exchange ("TSXV") under the symbol "SCA".

These condensed interim consolidated financial statements were approved by the Board of Directors on November 28, 2017.

The Company and its Associate are in the early stages of exploring and evaluating the property and have not yet determined whether it contains reserves that are economically recoverable.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's ability to continue as a going concern and the recoverability of the amounts capitalized as exploration and evaluation assets are dependent upon the Company's ability to raise additional financing in order to continue exploration and development of the exploration and evaluation properties, the discovery of economically recoverable reserves, obtaining future profitable production or proceeds from disposition of the Company's exploration and evaluation properties.

Although the Company and its Associate have taken steps to verify title to the properties on which they are conducting exploration and in which they have an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims, and noncompliance with regulatory and environmental requirements. The assets of the Company and its Associate may also be subject to increases in taxes and royalties, renegotiation of contracts, expropriation of properties and political uncertainty.

These condensed consolidated interim financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. The Company has incurred operating losses since inception, has no source of operating cash flow and has working capital of \$1,248,842 as at September 30, 2017. There can be no assurances that sufficient funding, including adequate financing, will be available to acquire and explore its property and to cover general and administrative expenses necessary for the maintenance of a public company. These matters reflect material uncertainties which cast significant doubt about the ability of the Company to continue as a going concern. The Company's status as a going concern is contingent upon raising the necessary funds via private placement or debt financing. Continued support of shareholders and the ability to raise funds through the issuance of equity or debt will be required. Realization values may be substantially different from carrying values as shown in these consolidated financial statements. These condensed interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

Savary Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements
September 30, 2017 and 2016
(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, (IAS 34) Interim Financial Reporting using policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Boards ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Unless otherwise stated, these condensed interim consolidated financial statements have been prepared using the same accounting policies and method of computation as presented in Note 3 of the annual consolidated financial statements of the Company as at and for the year ended December 31, 2016.

Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise stated.

Basis of consolidation

These condensed consolidated interim financial statements include the financial statements of the Company and its wholly-owned subsidiaries. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. All intercompany transactions and balances have been eliminated on consolidation. Companies acquired or disposed of during the period are included in the consolidated financial statements from the date of acquisition or up to the date of disposal. On September 29, 2017, certain subsidiaries of the Company became subject to a joint venture arrangement and ceased being subsidiaries.

Subsidiaries of the Company at September 30, 2017 included:

Name of Subsidiary	Percentage Ownership
Burkina Gold Corporation	100%
Savary Gold Burkina SARL	100%
Savary A1 Inc.	100%

Savary Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2017 and 2016

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (Continued)

Critical accounting estimates and judgments

Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements, and related notes to the consolidated financial statements. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results could differ from those estimates and such differences could be significant.

Share-Based Payments

Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumption about them. The value of the share-based payment expense for the year along with the assumptions and model used for estimating fair value for share based compensation transactions are disclosed in Note 4.

Income, value added, withholding and other taxes

The Company its subsidiaries and its associate are subject to income, value added, withholding and other taxes. Significant judgment is required in determining the provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Recoverability of Exploration and Evaluation properties

The Company is in the process of exploring and evaluating its properties and has not yet determined whether the exploration and evaluation properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation properties are dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the development of those mineral reserves and upon future production or proceeds from the disposition thereof.

Joint Venture

Judgement is required to determine the type of joint arrangement that exists. This judgement involves considering its rights and obligations arising from the arrangement. An entity assesses its rights and obligations by considering the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

Savary Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2017 and 2016

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (Continued)

Savary has a joint arrangement with Sarama (see Note 3). The Company has joint control over this arrangement as under the contractual agreement with Sarama, unanimous consent is required from all parties to the agreements for certain key strategic, operating, investing and financing policies. The Company's joint arrangement is structured as a corporation (JV Company) and provides the Company and Sarama (parties to the agreements) with rights to the net assets of the limited company under the arrangements. Therefore, this arrangement has been classified as a joint venture and has been recorded as an investment in associate. See Note 3.

New Accounting Policies

Joint arrangements

The Company applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures, depending on the contractual rights and obligations of each investor. Savary has assessed the nature of its joint arrangement and determined it to be a joint venture. Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Company's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Company's net investment in the joint ventures), the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. Unrealized gains on transactions between the Company and its joint ventures are eliminated to the extent of the Company's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Company.

3. INVESTMENT IN ASSOCIATE & EXPLORATION AND EVALUATION PROPERTIES

In March 2014, the Company and Sarama Resources Ltd. ("Sarama") signed a Heads of Agreement in respect of a proposed joint venture arrangement ("JV") between Sarama and the Company to unify the operatorship of the Company's Houndé South property and Sarama's Serakoro 1 property.

On September 29, 2017 the Company formally closed its previously announced (see September 11, 2014 news release) Karankasso JV Project with Sarama Resources Ltd. ("Sarama") pursuant to which the JV company now controls a 688 square kilometre property in the highly prospective Houndé belt. As at September 30, 2017 the JV Company is 69.5% owned by Savary and 30.5% owned by Sarama, with Savary acting as the operator. The Joint Venture Company is called Joint Venture BF1 Inc ("JV Company"). The JV Company is a corporation registered in the British Virgin Islands. The Company recognizes its interest in the joint venture relationship with Sarama as an investment and effectively September 29, 2017 accounts for the investment using the equity method and are recognized as an Investment in Associate on the Statement of Financial Position. The Joint Venture Company is considered jointly controlled by Sarama and Savary.

Licenses are subject to periodic renewals. While the JV Company expects to be able to continue to renew and update its licenses as they come due, there is no assurance that the licenses required will be granted.

Savary Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements
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(Expressed in Canadian dollars)

**3. INVESTMENT IN ASSOCIATE & EXPLORATION AND EVALUATION PROPERTIES
EXPLORATION AND EVALUATION PROPERTIES**

	Houndé South Property
	\$
Balance, December 31, 2014	3,837,636
Deferred exploration costs:	
Balance, December 31, 2015	\$ 5,670,901
Deferred exploration costs:	
Drilling	936,724
Assaying	168,392
Geophysics & surveying	197,917
Geology	344,225
Overheads and field supports	291,012
Option payment	88,442
Technical reports	29,523
Total deferred exploration costs for the year	2,056,235
Balance, December 31, 2016	\$ 7,727,136
Deferred exploration costs:	
Drilling	1,399,093
Assaying	208,900
Geophysics & surveying	29,883
Geology	325,313
Overheads and field supports	331,199
Option payment	-
Technical reports	73,858
Total deferred exploration costs for the period	2,368,246
Transferred to investment in associate	(10,095,381)
Balance, September 30, 2017	\$ 0
INVESTMENT IN ASSOCIATE	
Contributions from Savary of exploration and evaluation properties	\$ 10,095,381
Less: contributions from joint venture partner and other	(1,853,102)
Balance, September 30, 2017	\$ 8,242,279

Savary Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements September 30, 2017 and 2016 (Expressed in Canadian dollars)

3. INVESTMENT IN ASSOCIATE & EXPLORATION AND EVALUATION PROPERTIES (continued)

As at September 30, 2017, the financial statements of the Associate include current assets of \$302,358, current liabilities of \$3,171, contributions from owners of \$6,988,225, and the values of the properties contributed by the Company and Sarama. As the JV capitalizes its exploration and evaluation expenses, the JV Company is not expected to have a net loss from operations as all expenditures are directly related to exploration and evaluation activities.

4. SHARE CAPITAL AND OTHER EQUITY RESERVES

a. Authorized capital

Unlimited number of common voting shares, without par value
Unlimited number of preferred shares, without par value

b. Share issuances

During the nine months ended September 30, 2017, 10,036,000 shares were issued on the exercise of warrants.

c. Shares held in escrow

Endeavour Escrow shares

On November 3, 2014, the Company issued 13,338,729 common shares pursuant to the Option Agreement with Endeavour. The shares were released from escrow on April 21, 2016 upon the formal transfer of the mineral permits and the receipt of a title opinion from Endeavour.

d. Stock options

As at September 30, 2017, a summary of stock options outstanding and exercisable was as follows:

Grant Date	Number of Outstanding	Number of exercisable	Price	Expiry date	Remaining contractual life
14-Jul-14	200,000	200,000	\$0.07	14-Jul-19	1.78 years
13-Mar-14	1,150,000	1,150,000	\$0.10	14-Mar-19	1.45 years
28-Nov-13	640,000	640,000	\$0.05	28-Nov-18	1.16 years
27-Jun-13	625,000	625,000	\$0.10	27-Jun-18	0.74 years
11-Oct-12	650,000	650,000	\$0.29	11-Oct-17	0.03 years
31-Mar-15	2,000,000	2,000,000	\$0.06	31-Mar-20	2.50 years
17-Feb-16	1,400,000	1,400,000	\$0.05	17-Feb-21	3.39 years
12-May-16	150,000	150,000	\$0.09	12-May-21	3.62 years
24-Aug-16	250,000	250,000	\$0.13	24-Aug-21	3.90 years
04-Nov-16	100,000	100,000	\$0.10	04-Nov-21	4.10 years
20-Jan-17	2,000,000	2,000,000	\$0.10	20-Jan-22	4.31 years
02-Aug-17	200,000	200,000	\$0.06	02-Aug-22	4.84 years
	9,365,000	9,365,000			

Savary Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements
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(Expressed in Canadian dollars)

4. SHARE CAPITAL AND OTHER EQUITY RESERVES (continued)

e. Share-based compensation

The Company recognizes compensation expense for all stock options granted using the fair value based method of accounting. The fair value of stock options is estimated by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, expected dividend yields, expected volatility factors of the expected market price of the Company's common shares and expected life of the options. During the period ended September 30, 2017, the Company recognized share-based compensation of \$170,000 (2016 - \$104,500). The estimated fair value for options granted during the period ended September 30, 2017 is \$0.06 (2016 - \$0.05) per option.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the period ended September 30, 2017:

Expected Dividend rate	0%
Risk-free interest rate	0.50%
Expected life	5 years
Expected annualized volatility	136%
Fair value of options granted (per option)	\$0.05

f. Warrants

As at September 30, 2017, a summary of warrants outstanding and exercisable was as follows:

No. exercisable	Grant date	Expiry date	Exercise price	Fair Value at grant date
#			\$	\$
28,350,000	20-Mar-15	20-Mar-18	0.08	668,989
2,608,500	20-Mar-15	20-Mar-18	0.08	132,931
13,611,272	19-Aug-16	19-Feb-19	0.15	631,520
1,584,488	19-Aug-16	19-Feb-19	0.11	158,449
46,154,260				1,591,889

During 2017, 10,036,000 warrants were exercised and 1,084,000 warrants expired unexercised.

Savary Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements
September 30, 2017 and 2016
(Expressed in Canadian dollars)

5. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying consolidated financial statements are summarized below.

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors, corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

The remuneration to key management personnel during the six months ended September 30, 2017 and 2016 is as follows:

	2017	2016
	\$	\$
Short-term benefits*	236,250	202,250
Share based compensation	64,000	70,000
	300,250	272,250

*includes consulting fees, management fees and other employment benefits, pursuant to consultancy arrangements

6. SEGMENTED INFORMATION

The Company currently operates in one reportable operating segment, being the acquisition, exploration and evaluation of mineral properties in Burkina Faso. On September 29, 2017, the Company's properties were transferred to a joint venture Company, and the Company now accounts for its interest in the JV Company as an interest in an associate. See note 3.

7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

The fair value of the Company's cash, amounts receivable and accounts payable and accrued liabilities approximate carrying value which is the amount recorded on the consolidated statement of financial position due to their short term maturity.

Risk management is carried out by the Company's management team under policies approved by the Board of Directors. The Board of Directors also provides reward guidance for overall risk management. There have been no significant change in the risks, objects, policies and procedures during 2017 and 2016. As at September 30, 2017, the Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Savary Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2017 and 2016

(Expressed in Canadian dollars)

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (continued)

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. The Company's credit risk is primarily attributable to cash balance and amounts receivable.

The Company's cash is held at large Canadian financial institutions. The Company's amounts receivable consist mainly of input tax credit receivable due from the Government of Canada, and as a result the Company does not believe it is subject to significant credit risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined in Note 9 to the consolidated financial statements. Accounts payable and accrued liabilities are due within 30 days.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices and foreign currency fluctuations.

(a) Interest Rate Risk

As at September 30, 2017, the Company did not have investments or interest bearing debt thus it is not subject to interest rate risk.

(b) Price risk

The Company is marginally exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

(c) Currency risk

Currency exchange risk is the risk that the future cash flows of financial instruments will fluctuate as a result of changes in foreign exchange rates. The majority of the Company's operations are conducted in U.S. and Canadian dollars; the Company's recent financing and any future equity raised is expected to be predominantly in Canadian dollars. Consequently, the Company is impacted by changes in the exchange rate between the Canadian and United States dollars. As of September 30, 2017, the Company's net financial assets and financial liabilities in foreign currencies were net assets of US\$621,102. Thus, a 10% change in the Canadian dollar versus the foreign currencies exchange rate would affect net loss by approximately \$62,000.

Savary Gold Corp.

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(Expressed in Canadian dollars)

9. CAPITAL MANAGEMENT

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

In the management of capital, the Company considers components of shareholders' equity, with cash and cash equivalents being its primary components.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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

The Company's capital management objectives, policies and processes have remained unchanged during the six months ended September 30, 2017 and year ended December 31, 2016.

10. COMMITMENTS AND CONTINGENCIES

The Company is party to certain management and consulting contracts. Minimum commitments remaining under the agreements are approximately \$152,100, which is payable within one year. These contracts also require that additional payments of up to \$372,000 be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these condensed consolidated interim financial statements.

The exploration and evaluation activities of the Company and its Associate are subject to various 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.

11. SUBSEQUENT EVENTS

Subsequent to September 30, 2017, the Company granted 200,000 stock options, exercisable at \$0.06 per share, for a period of five years and an additional 1,800,000 stock options, exercisable at \$.055 per share, for a period of five years. All options granted vested immediately.