

HARVEST GOLD CORPORATION

(An Exploration Stage Company)

Condensed Consolidated Interim Financial Statements

Nine Months Ended December 31, 2016

(Unaudited – prepared by management)

(Expressed in Canadian Dollars)

NOTICE TO READER

In accordance with National Instrument 51-102 of the Canadian Securities Administrators, Harvest Gold Corporation (the "Company") discloses that its auditors have not reviewed the unaudited interim financial statements.

The unaudited condensed consolidated interim financial statements of the Company for the nine months ended December 31, 2016 ("Financial Statements") have been prepared by management. The Financial Statements should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2016, which are available at the SEDAR website www.sedar.com. The Financial Statements are stated in Canadian dollars, unless otherwise indicated, and are prepared in accordance with International Financial Reporting Standards ("IFRS").

Harvest Gold Corporation
(An Exploration Stage Company)
Interim Condensed Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Notes	December 31, 2016	March 31, 2016
ASSETS			
Current assets			
Cash		\$ 845,829	\$ 15,559
Marketable securities	4	333	333
Receivables	5	5,045	5,116
Prepaid		-	917
		851,207	21,925
Reclamation bond	7	15,983	15,983
Exploration and evaluation assets	6	983,669	100,000
TOTAL ASSETS		\$ 1,850,859	\$ 137,908
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	8,9	\$ 63,734	\$ 157,444
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	10	12,511,469	10,476,249
Share-based payment reserve	10	1,572,867	1,329,398
Investment revaluation reserve	4	187	187
Deficit		(12,297,398)	(11,825,370)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		1,787,125	(19,536)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 1,850,859	\$ 137,908

Nature and continuance of operations (Note 1)

Harvest Gold Corporation
(An Exploration Stage Company)
Consolidated Statements of Comprehensive Income (Loss)
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015	Nine Months Ended December 31, 2016	Nine Months Ended December 31, 2015
EXPENSES				
Consulting fees	\$ 17,798	\$ 196	\$ 25,878	\$ 614
Management fees	25,100	12,000	49,100	36,000
Office and miscellaneous	4,399	2,988	10,627	5,295
Professional fees	20,045	18,373	139,786	29,751
Shareholder communications	-	-	-	2,075
Share-based payments	213,595	-	213,595	-
Transfer agent, filing fees and shareholder relations	23,141	1,258	32,837	7,905
Travel	5,942	-	6,647	-
	<u>(310,020)</u>	<u>(34,815)</u>	<u>(478,470)</u>	<u>(81,640)</u>
OTHER ITEMS				
Option payments received on exploration and evaluation assets	-	-	6,442	6,475
Loss and comprehensive loss for the period	\$ (310,020)	\$ (34,815)	\$ (472,028)	\$ (75,165)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	50,517,864	8,111,325	36,544,920	8,111,325

Harvest Gold Corporation
(An Exploration Stage Company)
Condensed Consolidated Statement of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Notes	Share capital		Share-based payment reserves	Investment revaluation reserve	Deficit	Total
		Number of shares	Amount				
Balance at March 31, 2015		8,111,325	\$10,476,249	\$ 1,329,398	\$ 142	\$(11,152,796)	\$ 652,993
Comprehensive income:							
Loss for the period		-	-	-	-	(75,165)	(75,165)
Balance at December 31, 2015		8,111,325	10,476,249	1,329,398	142	(11,227,961)	577,828
Balance at March 31, 2016		8,111,325	\$10,476,249	\$ 1,329,398	\$ 187	\$(11,825,370)	\$ (19,536)
Comprehensive loss:							
Loss for the period		-	-	-	-	(472,028)	(472,028)
Share-based payment		-	-	213,595	-	-	-
Shares issued for private placement	6	25,824,000	1,291,200	-	-	-	1,291,200
Shares issuance costs		35,000	(97,107)	29,875	-	-	(97,107)
Shares issued for mineral property	6	16,822,539	841,127	-	-	-	841,127
Balance at December 31, 2016		50,792,864	\$12,511,469	\$ 1,572,868	\$ 187	\$(12,297,397)	\$ 1,822,143

See accompanying notes to the condensed consolidated interim financial statements

Harvest Gold Corporation
(An Exploration Stage Company)
Condensed Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Nine months ended	
	December 31, 2016	December 31, 2015
Operating activities		
Net income (loss) for the period	\$ (472,028)	\$ (75,165)
Changes in non-cash working capital items:		
Receivables and prepaids	(71)	(1,902)
Trade payables and accrued liabilities	(120,943)	18,438
Net cash flows provided by (used in) operating activities	(351,156)	(58,629)
Investing activities		
Reclamation bond refund		9,915
Option payment received on exploration and evaluation assets	100,000	32,298
Expenditures on mineral properties	(142,542)	(11,883)
Net cash flows provided by (used in) investing activities	(42,542)	30,330
Financing activities		
Shares issued for cash, net	1,223,968	-
Net cash flows provided by (used in) investing activities	1,223,968	-
Change in cash	830,270	(28,299)
Cash, beginning	15,559	61,626
Cash, ending	\$ 845,829	\$ 33,327

There were no non-cash transactions during the nine months ended December 31, 2015.

During the nine months ended December 31, 2016, the Company issued 16,822,539 common shares valued at \$841,127 on the acquisition of mineral properties. The Company also granted 1,272,800 Agent Warrants valued at \$29,875 and issued 35,000 common shares valued at \$1,750.

1. NATURE AND CONTINUANCE OF OPERATIONS

Harvest Gold Corporation (the “Company” or “Harvest”) was incorporated on June 28, 2005, under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in North America. The Company is a Tier 2 Mining Issuer listed and trading on the TSX Venture Exchange (“TSX-V”).

The head office, principal address, records office and registered address of the Company are located at 750 West Pender Street, Suite 804, Vancouver, British Columbia, Canada, V6C 2T7.

The Company’s principal business activities is the exploration of natural resource properties. The recovery of the Company’s investment in resource properties and related deferred expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to develop the properties and establish future profitable production from the properties, or from the proceeds of their disposition. The Company has not earned any revenues to date and is considered to be in the exploration stage.

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. The ability of the Company to continue operations as a going concern is ultimately dependent upon achieving profitable operations. To date, the Company has not generated profitable operations from its resource activities and will need to invest additional funds in carrying out its planned exploration, development and operational activities. These uncertainties cast significant doubt about the Company’s ability to continue as a going concern.

The exploration and evaluation properties in which the Company currently has an interest in are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and cover administrative costs, the Company will use its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire interests in additional properties if there is sufficient geologic or economic potential and if adequate financial resources are available to do so.

These condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The financial statements were authorized for issue on February 28, 2017 by the Board of Directors of the Company.

Statement of compliance with International Financial Reporting Standards

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

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

Basis of preparation

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars, which unless otherwise noted, is the Company’s functional currency.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Harvest Gold Corporation (US), incorporated in the United States. All intercompany transactions and balances have been eliminated upon consolidation.

Significant 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The preparation of the financial statements also requires management to exercise judgement in the process of applying the accounting policies.

On an on-going basis, management evaluates its estimates and assumptions in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances, as the basis for its estimates and assumptions. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates under different assumptions and conditions.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include stock-based awards and payments, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets and provisions for restoration and environmental obligations.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses; and
- the determination of the functional currency of the Company and its subsidiary.

3. ACCOUNTING STANDARD ISSUED BUT NOT YET EFFECTIVE

IFRS 9, "Financial Instruments."

The Company has not early adopted this standard, however the Company is currently assessing what impact the application of this standard will have on the consolidated financial statements of the Company.

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

4. MARKETABLE SECURITIES

At December 31, 2016 and March 31, 2016, marketable securities consisted of the following:

	December 31, 2016 and March 31, 2016		
	Shares	Fair value	Original cost
Company:			
Gunpoint Exploration Ltd.	1,800	\$ 333	\$ 9,180
	1,800	\$ 333	\$ 9,180

During the year ended March 31, 2016, the Company recognized an unrealized gain of \$45 (2015 - \$142) on its marketable securities, which are classified as available-for-sale, which has been recorded in other comprehensive income (loss). During the year ended March 31, 2016, the Company sold marketable securities and recognized a gain of \$7,885.

5. RECEIVABLES

The Company's receivables consist of GST receivable due from the Government of Canada.

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6. EXPLORATION AND EVALUATION ASSETS

	Rosebud Gold Mine		RW Claims		Suriname Concession		Total
Balance, March 31, 2016	\$	648,058	\$	-	\$	-	\$ 648,058
Acquisition:		-		-		900,257	900,257
Total, December 31, 2016	\$	648,058	\$	-	\$	900,257	\$ 1,548,315
Exploration:							
Balance, March 31, 2015		12,014		-		-	12,014
Claim fees		11,885		-		-	11,885
Total, March 31, 2016		23,899		-		-	23,899
Option payments received		(32,298)		-		-	(32,298)
Write-down		(539,659)		-		-	(539,659)
Balance, March 31, 2016	\$	100,000	\$	-	\$	-	\$ 100,000
Field costs, property maintenance and geological consulting		-		-		83,412	83,412
Option payments received		(100,000)		-		-	(100,000)
Balance, December 31, 2016	\$	-	\$	-	\$	983,669	\$ 983,699

Suriname Concession

During the nine months ended December 31, 2016, the Company completed its acquisition of 100% of Canasur and its Tibiti Gold Project, Oelemari River Project and Gonini River Project in Suriname. To acquire the project, the Company issued 16,822,539 common shares at a price of \$0.05 per share for a total of \$841,127. The Company also paid \$59,130 of other acquisition costs.

Rosebud Gold Mine Property, Nevada, USA

On November 16, 2006, the Company signed a letter of intent to acquire a 100% interest in certain mining claims comprising the Rosebud Gold Mine Property located in Nevada, USA.

Upon earning a 100% interest, on December 15, 2011, the Company was obligated on an annual basis to pay an advance royalty payment of US\$50,000 (the "Newmont Royalty") until the property is placed into production and is to be recovered from any actual future mineral production royalty payments. During the year ended March 31, 2015, the Company paid CDN \$62,795 towards the Newmont Royalty on the Rosebud Gold Mine Property.

The Rosebud Gold Mine Property is subject to a 3% Net Smelter Royalty ("NSR"), which the Company has the option to purchase 1.5% of the NSR for \$2,250,000.

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On November 23, 2015, the Company entered into an option agreement with Rosebud Exploration LLC (“RE”), a private Nevada corporation, whereby RE was granted an option to acquire a 100% right to the Rosebud Gold Mine Property as follows:

6. EXPLORATION AND EVALUATION ASSETS (cont’d)

Rosebud Gold Mine Property, Nevada, USA (cont’d)

Date	Payment
Upon execution of the agreement	US\$25,000 (CDN\$32,298 received)
Within 10 days of execution of the agreement	US\$50,000 towards the Newmont Royalty (paid)
On or before July 31, 2016	All filing fees (paid)

RE may exercise its option to purchase the Rosebud Gold Mine Property any time after January 1, 2016 up to November 23, 2017 (exercised during the three months ended June 30, 2016) by paying the Company CDN\$100,000 (received). Accordingly, at March 31, 2016, the Company wrote-down the Rosebud Gold Mine Property to \$100,000 to reflect its net recoverable value.

As RE has exercised its option to purchase, it will also be committed to paying CDN\$1,000,000 to the Company within 30 days of RE receiving funding designed to commission and construct a mine on the Rosebud Gold Mine Property. Upon exercising its option, RE has assumed all obligations of the Company in respect of the Newmont Royalty, filing fees and the 3% NSR.

RW Claims, Nevada, USA

On November 19, 2010, the Company staked certain mining claims comprising the RW Claims located in Eureka County, Nevada.

On January 1, 2012, as amended on September 5, 2013, the Company entered into a mining lease and option to purchase agreement with Kinetic Gold (US) Inc. (“Kinetic”), whereby Kinetic agreed to lease the RW Claims for a period of 6 years.

In August 2016, the Company received \$6,442 (US\$5,000) (2015 - \$6,475 (US\$5,000) from Kinetic

Kinetic will also pay a 2% NSR to the Company from the production or sale of minerals from the RW Claims.

7. RECLAMATION BOND

As December 31, 2016, the Company had a reclamation bond issued with the Nevada Division of Minerals in the amount of US\$12,322 (CDN - \$15,983) (March 31, 2016 - US\$12,322) to guarantee reclamation of the environment of the Rosebud Gold Mine Property.

8. TRADE PAYABLES AND ACCRUED LIABILITIES

December 31, 2016	March 31, 2016
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Trade payables (Note 9)	\$	31,734	\$	109,444
Accrued liabilities (Note 9)		32,000		48,000
	\$	63,734	\$	157,444

9. RELATED PARTY TRANSACTIONS

a. Contractual commitment with related parties

On January 1, 2008, and as amended on September 1, 2009, the Company entered into a management agreement with an officer and director to fulfil the role as Chief Executive Officer for a period of 5 years for a monthly rate of \$4,000 per month. Effective April 1, 2013 no further fees, until further notice, will be accrued under this agreement. On January 1, 2015, the Company renewed this contract and commenced paying monthly fees. In October 2016, the contract was renewed at a new monthly rate of \$5,000.

b. Transactions with related parties

During the nine months ended December 31, 2016, the Company paid or accrued \$6,000 (2015 - \$4,000) of professional fees and \$49,100 (2015 - \$36,000) of management fees to companies controlled by officers and directors of the Company.

As of December 31, 2016, included in trade payables and accrued liabilities was \$32,000 (March 31, 2016 - \$69,267), owing for fees owing to certain officers and directors of the Company (Note 8).

These amounts are non-interest bearing, unsecured and have no fixed terms of repayment.

c. Transactions with key management personnel

	Nine months ended	
	December 31, 2016	December 31, 2015
Management and professional fees	\$ 45,000	\$ 27,000

10. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At December 31, 2016 there were 50,792,864 issued and fully paid common shares (March 31, 2016 – 8,111,325).

During the nine months ended December 31, 2016, the Company issued 16,822,539 common shares valued at \$841,127 on the acquisition of a mineral property.

During the nine months ended December 31, 2016, the Company completed a private placement and issued 25,824,000 units at \$0.05 per unit for gross proceeds of \$1,291,200. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable into one common share for a two year period at \$0.10 per share. As part of the private placement, the Company issued 35,000

common shares and 1,272,800 Agent Warrants valued at \$29.875 using the Black-Scholes option pricing model. The assumptions included volatility of 153.4%, a risk-free interest rate of 1.65% and a two year term. The Company also incurred share issuance costs of \$67,232.

10. SHARE CAPITAL (cont'd)

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 5 years from the date of grant. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position. Vesting periods are determined by the Board of Directors.

During the period ended December 31, 2016, on December 8, 2016, the Company granted 4,425,000 stock options, exercisable at a price of \$0.06 per common share, expiring on December 8, 2021. The estimated grant date fair value of these options was \$213,595 using the Black-Scholes option pricing model. The assumptions included volatility of 190%, a risk-free interest rate of 1.65% and a five year term.

Warrants

During the nine months ended December 31, 2016, the Company issued 25,824,000 warrants and 1,272,800 Agent warrants as part of its private placement. 25,796,800 warrants are exercisable at \$0.10 per warrant until September 11, 2018 and 1,300,000 warrants are exercisable at \$0.10 per warrant until October 17, 2018.

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Investment revaluation reserve

The investment revaluation reserve records unrealized gains and losses arising on available-for-sale financial assets, except for impairment losses and foreign exchange gains and losses.

11. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. 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 fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its GST receivable. This risk is minimal as GST receivable are refundable from the Government of Canada.

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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign exchange risk

Foreign exchange risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risks as it incurs expenditures that are denominated in the United States dollar while its functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company's exposure to foreign currency risk is minimal.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at December 31, 2016, the Company did not have any cash equivalents or interest bearing debt and is not subject to interest rate risk.

Capital management

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The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity and cash.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to any externally imposed capital requirements.

11. FINANCIAL RISK AND CAPITAL MANAGEMENT (cont'd)

Classification of financial instruments

Financial assets included in the consolidated statement of financial position are as follows:

	December 31, 2016	March 31, 2016
Loans and receivables and available-for-sale financial assets:		
Cash	\$ 845,829	\$ 15,559
Marketable securities	333	333
	\$ 846,162	\$ 15,892

Financial liabilities included in the consolidated statement of financial position are as follows:

	December 31, 2016	March 31, 2016
Non-derivative financial liabilities:		
Trade payables	\$ 31,733	\$ 109,444

12. SEGMENTED INFORMATION

Operating segments

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties.

Geographic segments

	December 31, 2016	March 31, 2016
Total assets		
Canada	\$ 867,190	\$ 21,925
Suriname	983,669	-
United States	-	115,983
	\$ 1,850,859	\$ 137,908
Exploration and evaluation assets		
Suriname	\$ 983,669	\$ -
United States	-	100,000