

**TRIUMPH GOLD CORP.**  
**(An Exploration Stage Corporation)**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2018**  
**(Unaudited - prepared by Management)**  
**(Expressed in Canadian dollars)**

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

VANCOUVER, BC

May 29, 2018

**TRIUMPH GOLD CORP.**  
**(An Exploration Stage Corporation)**  
**Condensed Consolidated Statements of Financial Position**  
**(Unaudited - Prepared by Management)**  
**(Expressed in Canadian dollars)**

<b>As at</b>	<b>March 31, 2018</b>	<b>December 31, 2017</b> (Audited)
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,229,897	2,894,602
Trade and other receivables	19,108	13,289
Prepayments and deposits	277,683	182,020
	<u>2,526,688</u>	<u>3,089,911</u>
<b>Non-current assets</b>		
Property and equipment (note 3)	16,772	16,243
Investments in equities	1	1
Exploration and evaluation assets (note 4)	3,064,029	3,023,403
	<u>3,080,802</u>	<u>3,039,647</u>
<b>Total assets</b>	<u><u>5,607,490</u></u>	<u><u>6,129,558</u></u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	272,902	163,262
Deferred premium on flow-through shares (note 5)	145,500	145,500
	<u>418,402</u>	<u>308,762</u>
<b>Non-current liabilities</b>		
Reclamation provision	25,000	25,000
<b>Total liabilities</b>	<u>443,402</u>	<u>333,762</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 5)	55,726,765	55,607,365
Reserve (note 5)	5,098,800	4,875,178
Deficit	( 55,661,477)	( 54,686,747)
	<u>5,164,088</u>	<u>5,795,796</u>
<b>Total shareholders' equity and liabilities</b>	<u><u>5,607,490</u></u>	<u><u>6,129,558</u></u>

Nature and continuance of operations (note 1)  
 Commitments and contingencies (note 6)

Approved on behalf of the board:

"John Anderson"

John Anderson

Director

" Paul Reynolds "

Paul Reynolds

President and CEO

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

**TRIUMPH GOLD CORP.**  
**(An Exploration Stage Corporation)**  
**Condensed Consolidated Statements of Loss and Comprehensive Loss**  
**(Unaudited - Prepared by Management)**  
**(Expressed in Canadian dollars)**

For the three month period ended	March 31, 2018	March 31, 2017
	\$	\$
<b>Expenses</b>		
Administrative expenses	77,466	63,172
Corporate communications	280,997	90,079
Depreciation	2,488	1,190
Exploration expenditures (note 4)	239,252	59,660
Listing and filing fees	10,739	7,800
Professional fees (note 7)	21,129	29,810
Share-based payments (note 5)	223,622	-
Wages and salaries (note 7)	125,517	122,577
	( 981,210)	( 374,288)
<b>Other items</b>		
Interest and other income	6,480	104
<b>Total other items</b>	6,480	104
<b>Net and comprehensive loss for the period</b>	( 974,730)	( 374,184)
<b>Loss per share - basic and diluted</b>	<b>(\$0.02)</b>	<b>(\$0.01)</b>
<b>Weighted average number of shares outstanding - basic and diluted</b>	<b>63,095,870</b>	<b>51,677,271</b>

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**TRIUMPH GOLD CORP.**  
**(An Exploration Stage Corporation)**  
**Condensed Consolidated Statements of Changes in Shareholders' Equity**  
**(Unaudited - Prepared by Management)**  
**(Expressed in Canadian dollars)**

	Number of Shares	Share Capital \$	Reserve \$	Deficit \$	Total Shareholders' Equity \$
<b>Balance, December 31, 2016</b>	47,047,837	49,417,652	3,792,589	( 48,709,474)	4,500,767
Shares issuance	11,880,000	6,272,640	-	-	6,272,640
Share issue costs	-	( 41,104)	-	-	( 41,104)
Warrants exercised	1,116,700	102,170	-	-	102,170
Loss for the period				( 374,184)	( 374,184)
<b>Balance, March 31, 2017</b>	60,044,537	55,751,358	3,792,589	( 49,083,658)	10,460,289
Share issue costs (note 5)	-	( 2,253)	-	-	( 2,253)
Flow-through share premium (note 5)	-	( 332,640)	-	-	( 332,640)
Warrants exercised (note 5)	2,023,000	190,900	-	-	190,900
Share-based payments (note 5)	-	-	1,082,589	-	1,082,589
Loss for the period	-	-	-	( 5,603,089)	( 5,603,089)
<b>Balance, December 31, 2017</b>	62,067,537	55,607,365	4,875,178	( 54,686,747)	5,795,796
Warrants exercised (note 5)	1,234,000	119,400	-	-	119,400
Share-based payments (note 5)	-	-	223,622	-	223,622
Loss for the period	-	-	-	( 974,730)	( 974,730)
<b>Balance, March 31, 2018</b>	63,301,537	55,726,765	5,098,800	( 55,661,477)	5,164,088

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

**TRIUMPH GOLD CORP.**  
**(An Exploration Stage Corporation)**  
**Condensed Consolidated Statements of Cash Flows**  
**(Unaudited - Prepared by Management)**  
**(Expressed in Canadian dollars)**

<b>For the three month period ended</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Loss for the period	( 974,730)	( 374,184)
Items not involving cash		
Depreciation	2,488	1,190
Share-based payments	223,622	-
	<u>( 748,620)</u>	<u>( 372,994)</u>
Change in non-cash working capital		
Trade and other receivables	( 5,819)	19,137
Prepayments and deposits	( 95,663)	( 16,279)
Trade and other payables	109,640	36,319
	<u>( 740,462)</u>	<u>( 333,817)</u>
<b>Cash flows from investing activities</b>		
Acquisition of property and equipment	( 3,017)	( 3,863)
Acquisition of exploration and evaluation assets	( 40,626)	( 41,102)
	<u>( 43,643)</u>	<u>( 44,965)</u>
<b>Cash flows from financing activities</b>		
Proceeds on issuance of common shares, net	-	6,231,536
Exercise of warrants	119,400	102,170
	<u>119,400</u>	<u>6,333,706</u>
<b>Change in cash and cash equivalents</b>	<b>( 664,705)</b>	<b>5,954,924</b>
Cash and cash equivalents, beginning of the year	2,894,602	1,327,230
<b>Cash and cash equivalents, end of the year</b>	<u><u>2,229,897</u></u>	<u><u>7,282,154</u></u>
<b>Cash and cash equivalents consist of:</b>		
Cash	2,210,347	118,354
Term deposit	19,550	7,163,800
	<u>2,229,897</u>	<u>7,282,154</u>

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**TRIUMPH GOLD CORP.**  
**Notes to the Condensed Consolidated Financial Statements**  
**Three month period ended March 31, 2018**  
**(Unaudited – Prepared by management)**  
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**1. NATURE AND CONTINUANCE OF OPERATIONS**

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

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

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

**2. BASIS OF PREPARATION**

***Statement of compliance to International Financial Reporting Standards***

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

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2017.

The financial statements were authorized for issue on May 25, 2018 by the directors of the Company.

**TRIUMPH GOLD CORP.**  
**Notes to the Condensed Consolidated Financial Statements**  
**Three month period ended March 31, 2018**  
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**2. BASIS OF PREPARATION (continued)**

***Principles of consolidation***

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

***Financial Instruments***

On January 1, 2018, the Company adopted IFRS 9, Financial Instruments, which sets out the accounting standards for the classification and measurement of financial instruments. IFRS 9 became effective for annual periods beginning on or after January 1, 2018, and replaces IAS 39, Financial Instruments: Recognition and Measurement. The new standard provides a model for the classification and measurement of financial instruments, a single forward-looking “expected loss” impairment model, and a reformed approach for hedge accounting. As most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward into IFRS 9, the Company’s accounting policy with respect to financial liabilities is unchanged. The Company has determined that the adoption of this standard has resulted in no material impact to its consolidated financial statements.

***New accounting standards issued but not yet effective***

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning on or after April 1, 2018 or later periods. The following new standards, amendments and interpretations that have not been early adopted in these consolidated financial statements, are not expected to have a material effect on the Company’s future results and financial position:

IFRS 16 “Leases” is to be effective for fiscal periods beginning on or after January 1, 2019.

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

**TRIUMPH GOLD CORP.**  
**Notes to the Condensed Consolidated Financial Statements**  
**Three month period ended March 31, 2018**  
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**3. PROPERTY AND EQUIPMENT**

	<b>Automotive</b>	<b>Computer Equipment</b>	<b>Equipment</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Cost</b>				
Balance, December 31, 2016	107,242	-	68,047	175,289
Additions	-	12,519	-	12,519
Balance, December 31, 2017	107,242	12,519	68,047	187,808
Additions	-	3,017	-	3,017
Balance, March 31, 2018	107,242	15,536	68,047	190,825
<b>Accumulated depreciation</b>				
Balance, December 31, 2016	104,587	-	57,890	162,477
Depreciation	797	6,260	2,031	9,088
Balance, December 31, 2017	105,384	6,260	59,921	171,565
Depreciation	139	1,942	407	2,488
Balance, March 31, 2018	105,523	8,202	60,328	174,053
<b>Net book value</b>				
As at December 31, 2017	1,858	6,259	8,126	16,243
As at March 31, 2018	1,719	7,334	7,719	16,772

**TRIUMPH GOLD CORP.**  
**Notes to the Condensed Consolidated Financial Statements**  
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**4. EXPLORATION AND EVALUATION ASSETS**

Exploration and evaluation assets and related expenditures comprise:

	Canada			USA	Total
	Freegold Mountain	Other	Andalusite Peak	Burro Creek	
	\$	\$	\$	\$	\$
<b>Exploration and Evaluation Assets</b>					
<b>Balance, December 31, 2016</b>	2,968,507	1	-	-	2,968,508
Write-down	53,793	-	1,102	-	54,895
<b>Balance, December 31, 2017</b>	3,022,300	1	1,102	-	3,023,403
Additions	40,000	-	626	-	40,626
<b>Balance, Mrach 31, 2018</b>	<b>3,062,300</b>	<b>1</b>	<b>1,728</b>	<b>-</b>	<b>3,064,029</b>
<b>Current Exploration Expenditures</b>					
<b>Year ended December 31, 2017</b>					
Administrative	6,684	-	-	-	6,684
Assaying	218,577	660	569	-	219,806
Camp costs	397,958	3,450	-	-	401,408
Drilling	1,570,935	-	-	-	1,570,935
Equipment and supplies	289,454	1,230	1,000	-	291,684
Geological costs	183,142	-	-	-	183,142
Geophysical costs	850	-	-	-	850
Helicopter	7,942	7,629	3,562	-	19,133
Transportation and storage	75,775	1,018	1,320	-	78,113
Travel and accomodation	86,153	100	3,142	-	89,395
Wages and labour costs	730,427	4,780	8,251	-	743,458
Exploration grant	(6,387)	-	-	-	(6,387)
<b>Total</b>	<b>3,561,510</b>	<b>18,867</b>	<b>17,844</b>	<b>-</b>	<b>3,598,221</b>
<b>Period ended March 31, 2018</b>					
Administrative	23,622	-	25	-	23,647
Assaying	3,099	-	-	-	3,099
Camp costs	28,292	-	-	-	28,292
Community relations	4,438	-	-	-	4,438
Equipment and supplies	30,925	-	-	-	30,925
Geological costs	47,645	-	-	-	47,645
Resource work	11,515	-	-	-	11,515
Transportation and storage	14,145	-	-	-	14,145
Travel and accomodation	10,977	-	-	-	10,977
Wages and labour costs	64,569	-	-	-	64,569
<b>Total</b>	<b>239,227</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>239,252</b>

**TRIUMPH GOLD CORP.**  
**Notes to the Condensed Consolidated Financial Statements**  
**Three month period ended March 31, 2018**  
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**4. EXPLORATION AND EVALUATION ASSETS (continued)**

**Cumulative Exploration Expenditures**

Administrative	691,863	-	-	99,413	791,276
Assaying	221,676	660	594	-	222,930
Camp costs	2,872,314	3,450	-	80,516	2,956,280
Community relations	4,438	-	-	-	4,438
Drilling costs	13,904,918	-	-	543,221	14,448,139
Equipment and supplies	335,452	1,230	1,000	-	337,682
Geological costs	4,901,901	39,227	-	241,895	5,183,023
Geophysical costs	1,287,517	-	-	-	1,287,517
Helicopter	7,942	7,629	3,562	-	19,133
Resource work	11,515	-	-	-	11,515
Transportation and storage	1,263,487	22,632	1,320	89,655	1,377,094
Travel and accomodation	651,733	100	3,142	36,114	691,089
Wages and labour costs	10,109,281	20,413	8,251	232,025	10,369,970
Exploration grant	(325,455)	-	-	-	(325,455)
<b>Total</b>	<b>35,938,582</b>	<b>95,341</b>	<b>17,869</b>	<b>1,322,839</b>	<b>37,374,631</b>

**Freegold Mountain, Canada**

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

(i) Tinta Hill Property, Yukon

The Company holds a 100% interest in the Tinta Hill Property subject to an annual advanced royalty payment of \$20,000 and a 3% Net Smelter Return ("NSR"). The advanced royalty payment will be netted against royalty interest payments after commencement of commercial production. As at March 31, 2018, advanced royalty payment made was \$20,000 (December 31, 2017 - \$20,000).

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

(ii) Freegold Property, Yukon

The Company holds a 100% interest in the Freegold Property subject to an annual advanced royalty payment of \$ 10,000 and a 3% NSR. The advanced royalty payment will be netted against royalty interest payments after commencement of commercial production.

As at March 31, 2018, advanced royalty payment made was \$10,000(December 31, 2017 – \$10,000).

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

**TRIUMPH GOLD CORP.**  
**Notes to the Condensed Consolidated Financial Statements**  
**Three month period ended March 31, 2018**  
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**4. EXPLORATION AND EVALUATION ASSETS (continued)**

**Freegold Mountain, Canada (continued)**

(iii) Goldstar Property, Yukon

The Company holds a 100% interest in the Goldstar Property subject to an advance payment of \$ 10,000 and a 3% NSR. The advanced royalty payment will be netted against royalty interest payments after the commencement of commercial production. As at March 31, 2018, advanced royalty payment made was \$10,000 (December 31, 2017 – \$10,000).

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

(iv) Golden Revenue Property, Yukon

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

**Other, Canada**

(i) Tad/Toro Property, Yukon

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

(ii) Severance Property, Yukon

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

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

**Andalusite Peak, British Columbia, Canada**

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

**Burro Creek, USA**

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

**TRIUMPH GOLD CORP.**  
**Notes to the Condensed Consolidated Financial Statements**  
**Three month period ended March 31, 2018**  
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**5. SHARE CAPITAL**

**Authorized:**

Unlimited common shares with no par value

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

**Issued:**

**For the three month period ended March 31, 2018**

During the three month period ended March 31, 2018, 1,234,000 warrants were exercised for total proceeds of \$119,400.

**For the year ended December 31, 2017**

On March 2, 2017, the Company completed a private placement financing of 11,880,000 flow-through shares at a price of \$0.528 per share for gross proceeds of \$6,272,640. On issuance, the Company bifurcated the flow-through shares into i) a flow-through share premium of \$332,640 that investors paid for the flow-through feature, which is recognized as a liability and; ii) share capital of \$5,940,000. To December 31, 2017, the Company expended and renounced \$3,528,918 in eligible exploration expenditures and, accordingly, the flow-through liability was reduced to \$145,500, recognizing a flow-through share premium reversal of \$187,140. Once the Company has incurred and renounced the remaining eligible exploration expenditures, the flow-through liability will be reduced accordingly. The Company incurred share issue costs of \$43,357. During the period ended March 31, 2018, the Company expended and renounced \$Nil in exploration expenditures related to funds received from this financing.

During the year ended December 31, 2017, 3,139,700 warrants were exercised for total proceeds of \$293,070.

**TRIUMPH GOLD CORP.**  
**Notes to the Condensed Consolidated Financial Statements**  
**Three month period ended March 31, 2018**  
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**5. SHARE CAPITAL (continued)**

**Stock options:**

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

A summary of outstanding stock options at March 31, 2018 is as follows:

Number of stock options outstanding	Exercise price	Expiry date	Number of stock options exercisable
	\$		
157,500	1.00	August 16, 2018	157,500
5,540,000	0.40	July 30, 2022	2,870,000
325,000	0.40	December 20, 2022	325,000
<u>6,022,500</u>			<u>3,352,500</u>

Stock option transactions are summarized as follows:

	Number of stock options	Weighted average exercise price	Weighted average remaining life
		\$	
December 31, 2016	492,000	1.00	1.16
Cancelled	(315,500)	(0.76)	
Expired	(144,000)	(1.00)	
Granted	5,990,000	0.40	
December 31, 2017	<u>6,022,500</u>	<u>0.42</u>	<u>4.50</u>
March 31, 2018	<u>6,022,500</u>	<u>0.42</u>	<u>4.26</u>

On July 30, 2017, the Company granted 5,665,000 stock options to directors, officers and consultants, of which 125,000 were subsequently cancelled. The stock options are exercisable at \$0.40 per share until July 30, 2022. These options vest at a rate of 25% at each of July 30, 2017, January 31, 2018, July 31, 2018 and January 31, 2019. The total fair value was estimated to be \$1,626,737 using the Black-Scholes Option Pricing Model assuming an expected life of 5 years, expected dividend yield of 0%, a risk-free interest rate of 1.55% and an expected volatility of 98.52%. The vesting of these options resulted in a share-based compensation expense of \$1,035,436 being recorded during the year ended December 31, 2017. During the three month period ended March 31, 2018, the Company recorded \$223,622 in shares-based compensation expense for stock options that vested during the period. The remaining compensation of \$340,758 will be recorded over the vesting period of the stock options.

**TRIUMPH GOLD CORP.**  
**Notes to the Condensed Consolidated Financial Statements**  
**Three month period ended March 31, 2018**  
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**5. SHARE CAPITAL (continued)**

**Stock options: (continued)**

On December 20, 2017, the Company granted 325,000 stock options to consultants, which immediately vested. The total fair value of \$47,153 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 5 years, expected dividend yield of 0%, a risk-free interest rate of 1.80% and an expected volatility of 79.18%.

**Warrants:**

A summary of outstanding warrants at March 31, 2018 is as follows:

Number of warrants outstanding	Exercise price \$	Expiry date	Remaining life (years)
3,141,667	0.10 <sup>(1)</sup>	April 5, 2019	1.01
10,361,114	0.09 <sup>(2)</sup>	January 30, 2020	1.84
6,305,000	0.35	November 9, 2020	2.61
800,000	0.35	November 21, 2020	2.65
<b>20,607,781</b>			

- (1) In the event that the Company's common shares trade at a 20-day volume-weighted average trading price of \$0.25 or greater on the TSXV at any time one year after the closing date, the Company may accelerate the expiry date of 50% of the warrants outstanding to 20 calendar days from the date of notice; and in the event that the Company's common shares trade at a 20-day volume-weighted average trading price of \$0.40 or greater on the TSXV at any time one year after the closing date, the Company may accelerate the expiry date of 100% of the warrants outstanding to 20 calendar days from the date of notice.
- (2) In the event that the Company's common shares trade at a 10-day-volume-weighted-average trading price of \$0.25 or greater on the TSXV at any given time six months after the closing date, the Company may accelerate the expiry date of the warrants outstanding by giving notice to the holders thereof, and in such case the warrants will expire on the 30<sup>th</sup> day after the date on which such notice is given by the Company.

**TRIUMPH GOLD CORP.**  
**Notes to the Condensed Consolidated Financial Statements**  
**Three month period ended March 31, 2018**  
**(Unaudited – Prepared by management)**  
**(Expressed in Canadian dollars)**

**5. SHARE CAPITAL (continued)**

**Warrants: (continued)**

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price	Weighted average remaining life
		\$	
December 31, 2016	24,981,481	0.17	3.65
Exercised	(3,139,700)	(0.09)	
December 31, 2017	21,841,781	0.18	2.19
Exercised	(1,234,000)	(0.10)	
March 31, 2018	20,607,781	0.18	1.98

**Reserve:**

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

**6. COMMITMENTS AND CONTINGENCIES**

- (i) As of March 31, 2018, the Company has \$19,610 (December 31, 2017 - \$19,610) in term deposits with a Canadian financial institution for the guarantee of business credit cards.

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

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

During the year ended December 31, 2017, the Company received \$6,272,640 from the issue of flow-through shares and renounced \$3,528,918 in eligible expenditures. Such expenditures, as incurred, are not be available to the Company for future deduction from taxable income.

Under the IFRS framework, the increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds, or "premium", are recorded as deferred income. As at March 31, 2018 and December 31, 2017 the Company is committed to expend the remaining \$2,743,722 of the flow-through share proceeds from flow-through shares issued during the current year on future qualifying exploration expenditures.

**TRIUMPH GOLD CORP.**  
**Notes to the Condensed Consolidated Financial Statements**  
**Three month period ended March 31, 2018**  
**(Unaudited – Prepared by management)**  
**(Expressed in Canadian dollars)**

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**7. RELATED PARTY TRANSACTIONS**

The Company had the following transactions involving key management during the three months period ended March 31, 2018:

- (i) A previous officer of the Company provided accounting services to the Company. Professional fees incurred during the period were \$nil (2017 – \$10,000). At March 31, 2018, this officer was owed \$nil (2017 – \$5,000).
- (ii) An officer of the Company provides accounting services to the Company. Professional fees incurred during the period were \$12,000 (2017 - \$nil). At March 31, 2018, this officer was owed \$4,200 (2016 - \$nil).
- (iii) Westview Consulting Ltd., a company controlled by the President and CEO of the Company, provided management and geological services during the period. Consulting fees incurred during the period were \$15,000 (2017 – \$30,000) and were recorded in wages and salaries. At March 31, 2018, this company was owed \$nil (2017 – \$10,000).
- (iv) Wages and salaries of \$96,000 (2017 – \$76,800) were paid to a directors and officers of the Company.
- (v) OMC Services Ltd., a company controlled by a former officer of the Company, provided consulting services to the Company. Consulting fees incurred during the period were \$nil (2017 – \$550).
- (vi) Directors of the Company were paid consulting fees of \$25,000 (2017 – \$Nil) and were recorded in wages and salaries. At March 31, 2018, the directors were owed \$102,500 (2017 - \$Nil).
- (vii) Recorded \$188,446 (2017 - \$Nil) in share-based payments, for stock options granted and vested, to officers and directors of the Company.

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

**8. SEGMENTED INFORMATION**

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

**9. CAPITAL MANAGEMENT**

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

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

**TRIUMPH GOLD CORP.**  
**Notes to the Condensed Consolidated Financial Statements**  
**Three month period ended March 31, 2018**  
**(Unaudited – Prepared by management)**  
**(Expressed in Canadian dollars)**

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**9. CAPITAL MANAGEMENT (continued)**

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

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

There were no changes in the Company's approach to capital management during the period ended March 31, 2018. The Company is not subject to externally imposed capital requirements.

**10. FINANCIAL INSTRUMENTS**

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

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

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

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

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

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

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

**TRIUMPH GOLD CORP.**  
**Notes to the Condensed Consolidated Financial Statements**  
**Three month period ended March 31, 2018**  
**(Unaudited – Prepared by management)**  
**(Expressed in Canadian dollars)**

**10. FINANCIAL INSTRUMENTS (continued)**

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

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>March 31, 2018</b>				
Assets:				
Cash and cash equivalents	2,229,897	-	-	2,229,897
Investment in equities	1	-	-	1
<b>December 31, 2017</b>				
Assets:				
Cash and cash equivalents	2,894,602	-	-	2,894,602
Investment in equities	1	-	-	1

**11. SUBSEQUENT EVENTS**

Subsequent to March 31, 2018, 500,000 warrants at an exercise price of \$0.09 per warrant were exercised for gross proceeds of \$45,000.