

Precipitate Gold Corp.

Condensed Interim Financial Statements

Three months ended February 28, 2018 and 2017

Unaudited – Expressed in Canadian Dollars

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM 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 these condensed interim financial statements they must be accompanied by a notice indicating that these condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Precipitate Gold Corp.
Consolidated Statements of Financial Position
Unaudited – Prepared by Management
In Canadian Dollars

ASSETS	February 28, 2018	November 30, 2017
Current		
Cash	\$ 1,444,871	\$ 1,551,992
Amounts receivable	21,945	21,941
Prepaid expenses	6,298	7,258
Investments (Note 5)	119,000	22,000
	<hr/> 1,592,114	<hr/> 1,603,191
Mineral Property Interests (Note 4)	898,720	908,720
	<hr/> \$ 2,490,834	<hr/> \$ 2,511,911
<hr/>		
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 70,015	\$ 64,459
<hr/>		
SHAREHOLDERS' EQUITY		
Share Capital (Note 6)	11,873,485	11,873,485
Reserves (Note 6)	2,674,263	2,674,263
Deficit	<hr/> (12,126,929)	<hr/> (12,100,296)
	2,420,819	2,447,452
	<hr/> \$ 2,490,834	<hr/> \$ 2,511,911

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 10)

Approved by the Board of Directors:

"Jeffrey Wilson"

Jeffrey Wilson, Director

"Darryl Cardey"

Darryl Cardey, Director

Precipitate Gold Corp.

Consolidated Interim Statements of Loss and Comprehensive Loss For the Three Months Ended February 28, 2018 and 2017

Unaudited – Prepared by Management
In Canadian Dollars

	2018	2017
Expenses		
Audit and accounting	\$ 10,877	\$ 10,893
Exploration and evaluation (Note 4)	176,361	520,326
Foreign exchange loss (gain)	848	2,012
Insurance	1,188	1,868
Investor relations	7,240	11,210
Legal	929	375
Marketing, conferences and shareholder relations	9,188	6,818
Office and administrative	10,096	12,367
Rent	3,750	4,043
Salaries and wages	40,760	40,270
Transfer agent and filing fees	6,659	8,196
Total Expenses	(267,896)	(618,378)
Other Income:		
Interest income	4,263	5,394
Gain on sale of mineral property interests (Note 4)	241,000	-
Unrealized gain on investments (Note 5)	6,000	-
Write off of mineral property interests (Note 4)	(10,000)	-
Net loss and comprehensive loss for the period	\$ (26,633)	\$ (612,984)
Loss per share, basic and diluted	\$ (0.00)	\$ (0.01)
Weighted average shares outstanding	75,692,575	75,470,353

– See Accompanying Notes –

Precipitate Gold Corp.

Consolidated Interim Statements of Cash Flows

For the Three Months Ended February 28, 2018 and 2017

Unaudited – Prepared by Management
In Canadian Dollars

Cash Provided By (Used In):	2018	2017
Operating activities:		
Loss for the period	\$ (26,633)	\$ (612,984)
Items not affecting cash:		
Gain on sale of mineral property interests	(241,000)	-
Unrealized gain on investments	(6,000)	-
Write-off of mineral property interests	10,000	-
Change in non-cash working capital:		
Accounts receivable	(4)	(6,157)
Prepaid expenses	960	(1,617)
Accounts payable and accrued liabilities	5,556	(158,251)
	<u>(257,121)</u>	<u>(779,009)</u>
Investing activities:		
Mineral property acquisition costs	-	(75,000)
Proceeds from sale of mineral property interests	150,000	-
	<u>150,000</u>	<u>(75,000)</u>
Financing activities:		
Exercise of warrants	-	120,000
	<u>-</u>	<u>120,000</u>
Net decrease in cash	(107,121)	(734,009)
Cash - beginning of period	1,551,992	3,402,117
Cash - end of period	<u>\$ 1,444,871</u>	<u>\$ 2,668,108</u>

- See Accompanying Notes -

Precipitate Gold Corp.
Consolidated Interim Statements of Changes in Equity
For the Three Months Ended February 28, 2018 and 2017
Unaudited – Prepared by Management
In Canadian Dollars

	Share Capital		Reserves			Total \$
	Shares	Amount \$	Warrants \$	Options \$	Deficit \$	
Balance, November 30, 2016	73,692,575	11,573,485	1,482,291	1,211,972	(10,355,163)	3,912,585
Comprehensive loss	-	-	-	-	(612,984)	(612,984)
Exercise of warrants	1,000,000	120,000	-	-	-	120,000
Fair value of warrants exercised		20,000	(20,000)	-	-	-
Shares issued for mineral property acquisition	1,000,000	160,000	-	-	-	160,000
Balance, February 28, 2017	75,692,575	11,873,485	1,462,291	1,211,972	(10,968,147)	3,579,601
Comprehensive loss	-	-	-	-	(1,132,149)	(1,132,149)
Balance, November 30, 2017	75,692,575	11,873,485	1,462,291	1,211,972	(12,100,296)	2,447,452
Comprehensive loss	-	-	-	-	(26,633)	(26,633)
Balance, February 28, 2018	75,692,575	11,873,485	1,462,291	1,211,972	(12,126,929)	2,420,819

– See Accompanying Notes –

Precipitate Gold Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended February 28, 2018 and 2017

Unaudited – Prepared by Management

In Canadian Dollars

1. Nature of Operations and Going Concern

Precipitate Gold Corp. (the “Company”) was incorporated on January 31, 2011, under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada and the Dominican Republic. The head office, principal address, and records office of the Company are located at 625 Howe Street, Suite 1020, Vancouver, British Columbia, V6C 2T6, Canada.

The recoverability of amounts shown as mineral properties is dependent upon the discovery of economically recoverable reserves, the Company’s ability to obtain financing to develop the properties and the ultimate realization of profits through future production or sale of the properties. Realized values may be substantially different than carrying values as recorded in these financial statements.

These consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At February 28, 2018, the Company had not achieved profitable operations had an accumulated deficit and had a working capital of \$1,522,099. Management estimates that the Company has sufficient financial resources to carry out currently planned exploration and operations through the next twelve months.

Although the Company has been successful in the past in obtaining financing, there can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations, exploration and development activities. These financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern, and such adjustments could be material.

2. Basis of Presentation

a) Statement of compliance

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

b) Approval of the Financial Statements

These consolidated condensed interim financial statements were approved and authorized for issue by the Board of Directors on April 27, 2018.

Precipitate Gold Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended February 28, 2018 and 2017

Unaudited – Prepared by Management

In Canadian Dollars

2. Basis of Presentation - *Continued*

c) Basis of Consolidation

These consolidated financial statements include the financial statements of the Company and its five wholly-owned subsidiaries: 1) 0945044 BC Ltd., incorporated in British Columbia, Canada, which owns 100% of Corporacion Minera San Juan, S.R.L. located in the Dominican Republic; 2) Minera Pendiente S.A. de C.V., incorporated and located in Mexico; 3) Precipitate Gold (USA) Corp. incorporated and located in the United States; and 4) Precipitate Dominicana S.R.L. located in the Dominican Republic.

d) Functional and Presentation Currency

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements.

These consolidated interim financial statements are presented in Canadian dollars, which is the Company's presentation and functional currency. The functional currencies of the Company's subsidiaries do not differ from that of the parent company.

Transactions in foreign currencies are translated into the functional currency at exchange rates as at the date of the transaction. Foreign currency differences arising on translation are recognized in profit or loss. Foreign currency monetary assets and liabilities are translated at the functional currency exchange rate at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date of acquisition. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

e) Significant Accounting Policies

These unaudited condensed interim financial statements do not include all of the significant accounting policies required by IFRS for complete financial statements for year-end reporting purposes. These financial statements should be read together with the audited financial statements for the year ended November 30, 2017 which in Note 3 detail all significant accounting policies adopted by the Company.

The Company's accounting policies have been applied consistently to all periods presented in these unaudited condensed interim financial statements.

Precipitate Gold Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended February 28, 2018 and 2017

Unaudited – Prepared by Management

In Canadian Dollars

2. Basis of Presentation – Continued

f) Critical Accounting Judgments and Estimates

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. The most significant accounts that require estimates as the basis for determining the stated amounts include: recoverability and impairment of mineral properties and valuation of share-based payments.

Significant estimates that have the most significant effect on the amounts recognized in the financial statements are as follows:

Recoverability of capitalized mineral property costs

The Company uses the cost model and the value of the mineral property interests is based on expenditures incurred, less any recoveries or impairment. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts and circumstances exist that suggests the carrying amount exceeds the recoverable amount.

Share-based payments

The Company uses the Black-Scholes Option Pricing Model to calculate the fair value stock options and of common share purchase warrants issued. The model requires the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and common share purchase warrants. The assumptions and models used for estimating fair value of stock options and common share purchase warrants are disclosed in Note 5.

Information about critical judgments in applying accounting policies that have the most significant effect of amounts recognized in the consolidated financial statements is included in the following notes:

Note 1 – going concern assessment

Note 3 – functional currency

Note 4 – impairment of exploration and evaluation assets

Precipitate Gold Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended February 28, 2018 and 2017

Unaudited – Prepared by Management

In Canadian Dollars

3. Recent Accounting Pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by IASB. The following have not yet been adopted by the Company are being evaluated to determine their impact:

IFRS 9 *Financial Instruments* – New standard that replaces IAS 39, *Financial instruments: recognition and measurement*, for classification and measurement, effective for annual periods beginning on or after January 1, 2018.

IFRS 15 *Revenue from Contracts with Customers* – New standard to establish principles for reporting nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers, effective for annual periods beginning on or after January 1, 2018.

IFRS 16 *Leases* – New standards to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

4. Mineral Properties

Acquisition Costs Summary

	Juan de Hererra Property	Island Zinc Property	Artur and Escalibur Properties	Total
Balance – November 30, 2016	\$ 662,417	\$ -	\$ 1,303	\$ 663,720
Acquisition - cash	75,000	10,000	-	85,000
Acquisition - shares	160,000	-	-	160,000
Balance – November 30, 2017	897,417	10,000	1,303	908,720
Write-off	-	(10,000)	-	(10,000)
Balance – February 28, 2018	\$ 897,417	\$ -	\$ 1,303	\$ 898,720

Precipitate Gold Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended February 28, 2018 and 2017

Unaudited – Prepared by Management

In Canadian Dollars

4. Mineral Properties – Continued

Exploration and Evaluation Expenditures Summary

For the Three Months Ended February 28, 2018	Island Zinc Property	Juan de Hererra Property	Artur and Escalibur Properties	Total
Assay	\$ 254	\$ 129	\$ 834	\$ 1,217
Camp and general	-	1,573	-	1,573
Consulting	-	14,272	-	14,272
Field equipment and supplies	1,593	19,527	-	21,120
Foreign sales tax	-	2,027	-	2,027
Fuel	-	724	-	724
Geological consulting	8,400	81,838	-	90,238
Maps, orthophotos, and reports	-	2,025	-	2,025
Office	-	31,793	73	31,866
Salaries and benefit	-	1,683	-	1,683
Transportation	-	3,526	-	3,526
Travel, meals, and accommodation	1,925	4,165	-	6,090
Total exploration and evaluation costs	\$ 12,172	\$ 163,281	\$ 907	\$ 176,361

For the Three Months Ended February 28, 2017	Juan de Hererra Property	Artur and Escalibur Properties	Total
Camp and general	\$ 71,513	\$ 3,290	\$ 74,803
Consulting	16,446	-	16,446
Drilling	80,553	-	80,553
Field equipment and supplies	21,751	-	21,751
Foreign sales tax	1,901	-	1,901
Fuel	3,875	-	3,875
Geological consulting	75,385	-	75,385
Geophysics	117,122	-	117,122
Office	104,952	29	104,981
Salaries and benefit	1,375	-	1,375
Transportation	4,103	-	4,103
Travel, meals, and accommodation	18,031	-	18,031
Total exploration and evaluation costs	\$ 517,007	\$ 3,319	\$ 520,326

Precipitate Gold Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended February 28, 2018 and 2017

Unaudited – Prepared by Management

In Canadian Dollars

4. Mineral Properties – Continued

a) Reef Property, Yukon

The Reef property is composed of mineral claims in the Yukon. During the year ended November 30, 2015, the Company decided not to conduct further exploration on the Reef property and its value was written down to \$Nil.

By an Option Agreement dated February 9, 2017, and amended March 10, 2017, Golden Predator Mining Corp. (“Golden Predator”) has an option to acquire from the Company a 100% interest in the Company’s Reef property by completing staged payments as follows:

- a) Cash payments totalling \$1,050,000:
 - \$400,000 on February 9, 2017 (received)
 - \$150,000 on February 9, 2018 (received)
 - \$200,000 on February 9, 2019
 - \$300,000 on February 9, 2020

- b) Common shares of Golden Predator:
 - 100,000 common shares on February 9, 2017 (received at a value of \$143,000)
 - 100,000 common shares on February 9, 2018 (received at a value of \$66,000)
 - \$300,000 worth of common shares on February 9, 2019*
 - \$300,000 worth of common shares on February 9, 2020*

*The price per share is based on the 21-day volume weighted average price (“VWAP”) at the date of issuance and subject to a floor price equal to the minimum price permitted under TSX Venture exchange policies.

- c) Warrants of Golden Predator:
 - 100,000 warrants on February 9, 2017 at exercise price of \$1.59 per share with a 3 year term (received)
 - 100,000 warrants on February 9, 2018 at an exercise price of \$2.00 per share with a 3 year term (received)
 - 300,000 warrants on February 9, 2019*
 - 300,000 warrants on February 9, 2020*

*The warrants will have a year term and an exercise price of 150% of the 21-day VWAP at the date of issuance.

Golden Predator will grant the Company a 2% net smelter return (“NSR”) royalty on the claims that are not subject to a pre-existing royalty, and a 1% NSR royalty claims that are subject to a pre-existing royalty. Golden Predator may purchase 25% of the Company’s NSR royalty at any time for \$1,000,000 and an additional 25% of the Company’s NSR royalty at anytime for \$1,500,000.

Precipitate Gold Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended February 28, 2018 and 2017

Unaudited – Prepared by Management

In Canadian Dollars

4. Mineral Properties – Continued

a) Reef Property, Yukon – Continued

During the three months ended February 28, 2018, the Company recorded \$241,000 (2017: \$Nil) of gain on sale of the Reef property, which consists of the \$150,000 of cash, 100,000 common shares of Golden Predator valued at \$66,000 (Note 5) and 100,000 warrants of Golden Predator valued at \$25,000 (Note 5).

b) Juan de Herrera Property, Dominican Republic

On September 28, 2012, the Company entered into an agreement to acquire a 100% ownership of the shares of 0945044 BC Ltd., a private BC registered company (“BC Corp.”) which owns a 100% interest in the Juan de Herrera concession and the Los Pinalitos concession application (previously Hato Nuevo) (“Dominican Republic properties”) in the Dominican Republic through Corporacion Minera San Juan, S.R.L. (“CMSJ”), its wholly-owned subsidiary. The agreement was amended on October 10, 2012, October 8, 2013 and January 4, 2016. In December of 2016, the Company completed all necessary cash payments, share issuances, and work commitments required to satisfied the option agreement and has thereby acquired a 100% interest in the project (subject to a 3% NSR royalty). The purchase was completed as follows:

- Initial cash payment purchase price of \$60,000 (paid).
- Cash payments totalling \$240,000 as follows:
 - \$90,000 on or before December 13, 2014 (paid);
 - \$75,000 on or before December 13, 2015 (paid); and
 - \$75,000 on or before December 13, 2016 (paid).
- Incur exploration expenditures totalling \$1,000,000 as follows:
 - \$250,000 on or before December 13, 2014 (incurred);
 - \$300,000 on or before December 13, 2015 (incurred); and
 - \$450,000 on or before December 13, 2016 (incurred).
- Issue a total of 3,000,000 common shares of the Company as follows:
 - 1,000,000 common shares on or before December 13, 2014 (issued at a value of \$160,000);
 - 1,000,000 common shares on or before December 13, 2015 (issued at a value of \$80,000); and
 - 1,000,000 common shares on or before December 13, 2016 (issued at a value of \$160,000).

August 2, 2016, 517,242 common shares were issued valued at \$150,000 as a one-time issuance pursuant to the agreement.

Precipitate Gold Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended February 28, 2018 and 2017

Unaudited – Prepared by Management

In Canadian Dollars

4. Mineral Properties – Continued

b) Juan de Herrera Property, Dominican Republic – Continued

The properties are subject to a 3% NSR from any base and precious metal commercial production. The Company may acquire 50% of the NSR by paying \$2,000,000.

c) Artur and Escalibur Properties, Dominican Republic

On June 30, 2014, the Company, through CMSJ, entered into a property purchase and sale agreement with Gexplo S.R.L. and Santo Mining Corp. (the “Sellers”) whereby the Sellers would sell, transfer and assign all their right, title and interest in and to the applications to the David and Richard properties, located in the Dominican Republic. The Company issued 100,000 share purchase warrants valued at \$1,303 to complete the acquisition.

On December 30, 2014, the Dominican Republic government cancelled the David and Richard properties’ concession applications and therefore negated the agreement with the Sellers. Immediately afterward, the Company, via its wholly owned Dominican subsidiary, Precipitate Dominicana S.R.L., re-applied for mineral rights for the same two areas, the Escalibur concession (previously David) located in the centre of the Juan de Herrera Property, and the Artur concession (previously Richard) located in the Pueblo Viejo district. The Company was granted the mining concessions in January 2016.

d) Island Zinc Property, British Columbia

On April 18, 2017, the Company entered into an Option Agreement to earn a 100% interest in the Island Zinc Property. The Company completed cash option payment of \$10,000 during the year ended November 30, 2017. On April 16, 2018, the Company elected to terminate the Agreement. As a result, the Company wrote off \$10,000 of mineral property interests as at February 28, 2018.

Precipitate Gold Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended February 28, 2018 and 2017

Unaudited – Prepared by Management

In Canadian Dollars

5. Investments

Management has determined it appropriate to record the common shares and warrants of Golden Predator (see Note 4) as financial assets at fair value through profit or loss. The initial investment of common shares was recorded at cost and the initial investment of warrants was recorded using the Black-Scholes option pricing model. The Company revalues the common shares and warrants at each reporting period. Any changes in the fair value of the common shares and warrants is recorded as unrealized gain or loss on investments until the common shares or warrants are sold or impaired for an extended period, at which point any gains and losses recorded to date will be recognized as gain or loss on investments.

	Common shares	Warrants	Total
Balance as at November 30, 2016	\$ -	\$ -	\$ -
Acquisition	143,000	88,000	231,000
Change in fair value	(29,657)	(66,000)	(95,657)
Sale of common shares	(113,343)	-	(113,343)
Balance as at November 30, 2017	-	22,000	22,000
Acquisition	66,000	25,000	91,000
Change in fair value	3,000	3,000	6,000
Balance as at February 28, 2018	\$ 69,000	\$ 50,000	\$ 119,000

The initial warrants had a fair value of \$88,000 which decreased to \$22,000 as at November 30, 2017. The \$66,000 loss was recorded as an unrealized loss on investments during the year ended November 30, 2017. The fair value of the warrants was based on the Black-Scholes valuation model using the following inputs:

	Three months ended February 28, 2018	Year ended November 30, 2017
Risk-free interest rate	1.74 – 1.99%	0.69 – 1.43%
Expected life of options	2.07 – 3.00 years	2.31 – 3.00 years
Expected annualized volatility	97.71%	97.61 – 102.92%
Expected dividend rate	0%	0%

Precipitate Gold Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended February 28, 2018 and 2017

Unaudited – Prepared by Management

In Canadian Dollars

6. Shareholders' Equity

a) Authorized

Unlimited number of common shares without par value

b) Issued Share Capital

Share transactions for the year ended November 30, 2017:

- (i) On December 7, 2016, 1,000,000 warrants were exercised for proceeds of \$120,000.
- (ii) On December 14, 2016, the Company issued 1,000,000 common shares to BC Corp. to complete the purchase of the Juan de Herrera project (Note 4b), valued at \$160,000.

There were no share transactions during the three months ended February 28, 2018.

c) Warrants

Details of warrant activity for the three months ended February 28, 2018 and the year ended November 30, 2017 are as follows:

November 30, 2016	Exercised	Expired Unexercised	November 30, 2017	Expired Unexercised	February 28, 2018	Exercise Price	Expiry Date
2,277,938	-	(2,277,938)	-	-	-	\$0.25	November 25, 2017
1,080,983	-	(1,080,983)	-	-	-	\$0.17	June 23, 2017
1,000,000	(1,000,000)	-	-	-	-	\$0.12	December 10, 2017
102,000	-	(102,000)	-	-	-	\$0.35	July 13, 2017
289,200	-	(289,200)	-	-	-	\$0.35	July 21, 2017
10,380,000	-	-	10,380,000*	(10,380,000)	-	\$0.35	December 15, 2017*
15,130,121	(1,000,000)	(3,750,121)	10,380,000	10,380,000	-	-	-

* During the year ended November 30, 2017, the expiry date of 10,380,000 warrants was extended to December 15, 2017, which consists of 4,999,000 warrants originally expiring on July 13, 2017 and 5,381,000 warrants originally expiring on July 21, 2017. No additional value was attributed to the extension of these warrants.

d) Share Options

The Company has a rolling share option plan, which authorizes the Board of Directors to grant options to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option may not be less than market price of the Company's shares calculated on the date of the grant less the applicable discount. The options can be granted for a maximum term of 10 years. The Company's share option plan contains no vesting requirements, but permits the Board of Directors to specify a vesting schedule at its discretion.

Precipitate Gold Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended February 28, 2018 and 2017

Unaudited – Prepared by Management

In Canadian Dollars

6. Shareholders' Equity – Continued

d) Share Options – Continued

Details of activity in share purchase options for three months ended February 28, 2018 and the year ended November 30, 2017 are as follows:

November 30, 2016	Expired Unexercised	November 30, 2017	Expired Unexercised	February 28, 2018	Exercise Price	Expiry Date
1,530,000	(1,530,000)	-	-	-	\$0.40	May 29, 2017
150,000	(150,000)	-	-	-	\$0.46	August 21, 2017
150,000	(150,000)	-	-	-	\$0.40	September 5, 2017
150,000	-	150,000	(150,000)	-	\$0.25	December 3, 2017
150,000	-	150,000	(150,000)	-	\$0.25	January 7, 2018
510,000	-	510,000	-	510,000	\$0.20	April 14, 2019
1,200,000	-	1,200,000	-	1,200,000	\$0.12	March 4, 2021
1,170,000	-	1,170,000	-	1,170,000	\$0.25	October 13, 2021
5,010,000	(1,830,000)	3,180,000	(300,000)	2,880,000	\$0.19	

7. Segmented Information

a) Operating Segment

The Company's operations are primarily directed towards the acquisition of mineral properties and exploration for metals in Canada and the Dominican Republic.

b) Geographic Segments

The Company's geographic information as at February 28, 2018 and November 30, 2017 are as follows:

As at February 28, 2018	Canada	Dominican Republic	Mexico	Total
Assets				
Mineral properties	\$ -	\$ 898,720	\$ -	\$ 898,720
Other assets	1,569,776	15,608	6,730	1,592,114
Total	\$ 1,569,776	\$ 914,328	\$ 6,730	\$ 2,490,834
As at November 30, 2017				
Assets				
Mineral properties	\$ 10,000	\$ 898,720	\$ -	\$ 908,720
Other assets	1,554,819	42,383	5,989	1,603,191
Total	\$ 1,564,819	\$ 941,103	\$ 5,989	\$ 2,511,911

Precipitate Gold Corp.

Notes to the Condensed Interim Financial Statements For the Three Months Ended February 28, 2018 and 2017

Unaudited – Prepared by Management
In Canadian Dollars

8. Related Party Transactions

Key management personnel consist of directors and senior management including the President, Chief Executive Officer and Vice President of Exploration and Chief Financial Officer. Key management personnel compensation for the three months ended February 28, 2018 and 2017 includes:

	2018	2017
Salaries and wages	\$ 38,750	\$ 38,750
Geological consulting	39,900	44,700
Accounting and office and administration expense	16,500	16,500
	\$ 95,150	\$ 99,950

The accounts payable and accrued liabilities of the Company as at February 28, 2018 and as at November 30, 2017 include the following amounts due to related parties:

	February 28, 2018	November 30, 2017
Key management personnel	\$ 13,500	\$ -

9. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements.

Precipitate Gold Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended February 28, 2018 and 2017

Unaudited – Prepared by Management

In Canadian Dollars

10. Financial Instruments

a) Fair Values

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The fair value of cash, amounts receivable, and accounts payables and accrued liabilities approximates their carrying value due to their short-term maturity. Cash and investments are measured using level one of the fair value hierarchy. Warrants are measured using level three of the fair value hierarchy.

b) 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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company's financial obligations are limited to accounts payable and accrued liabilities, all of which have contractual maturities of less than a year.

c) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. Cash is held with a major Canadian financial institution and the receivables are from Government entities. Management is of the view that all amounts are fully collectible.

d) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing debt. The Company's sensitivity to interest rates is minimal.

Precipitate Gold Corp.

Notes to the Condensed Interim Financial Statements For the Three Months Ended February 28, 2018 and 2017

*Unaudited – Prepared by Management
In Canadian Dollars*

10. Financial Instruments – Continued

e) Political Risk

The Company has subsidiaries in the Dominican Republic, the United States and Mexico. These operations are potentially subject to a number of political, economic and other risks that may affect the Company's future operations and financial position.

f) Foreign Currency Fluctuation Risk

The Company has vendors in Canada, the United States, the Dominican Republic and Mexico; therefore, the Company's operations are affected by the currency fluctuations in these jurisdictions. The Company's exposure to foreign currency fluctuations is minimal.