

**Dynasty Gold Corp.**

**Condensed Consolidated Interim Financial Statements**

**March 31, 2017 and 2016**

(Expressed in Canadian Dollars)

DYNASTY GOLD CORP.

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by the management and approved by the Audit Committee and Board of Directors of the Company.

The Company advises as required by National Instrument 51-102, Part 4, subsection 4.3(3) (a), that its independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements.

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**Dynasty Gold Corp.****Condensed Consolidated Interim Statements of Financial Position**(Expressed in Canadian dollars)

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	<b>March 31, 2017</b>	<b>December 31, 2016</b>
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents (Note 4)	\$ 285,719	\$ 355,173
Receivables (Note 5)	5,580	6,996
Prepaid expenses	3,900	3,604
	<b>295,199</b>	<b>365,773</b>
Exploration and evaluation assets (Note 6)	376,663	376,403
	<b>\$ 671,862</b>	<b>\$ 742,176</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 203,484	\$ 219,553
	<b>203,484</b>	<b>219,553</b>
<b>Shareholders' Equity</b>		
Share capital (Note 8)	34,461,479	34,461,479
Share-based payment reserve	2,654,109	2,654,109
Deficit	(36,647,209)	(36,592,965)
	<b>468,379</b>	<b>522,623</b>
	<b>\$ 671,862</b>	<b>\$ 742,176</b>

**Nature of Business and Continuance of Operations** (Note 1)

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

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**Dynasty Gold Corp.****Condensed Consolidated Interim Statements of Changes in Shareholders' Equity****For the three months ended March 31, 2017 and 2016**(Expressed in Canadian dollars)

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	Common Shares				Total Shareholders' Equity
	Number of Shares	Amount	Share-based Payment Reserve	Deficit	
Balance, December 31, 2015	118,343,710	\$ 34,461,479	\$ 2,654,109	\$ (36,377,049)	\$ 738,539
Comprehensive loss	-	-	-	(26,667)	(26,667)
Balance, March 31, 2016	118,343,710	\$ 34,461,479	\$ 2,654,109	\$ (36,403,716)	\$ 711,872
Balance, December 31, 2016	118,343,710	\$ 34,461,479	\$ 2,654,109	\$ (36,592,965)	\$ 522,623
Comprehensive loss	-	-	-	(54,244)	(54,244)
Balance, March 31, 2017	118,343,710	\$ 34,461,479	\$ 2,654,109	\$ (36,647,209)	\$ 468,084

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

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**Dynasty Gold Corp.****Condensed Consolidated Interim Statements of Comprehensive Loss**(Expressed in Canadian dollars)

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<b>For the three months ended March 31,</b>		<b>2017</b>		<b>2016</b>
<b>Expenses</b>				
Consulting fees (Note 9)	\$	23,288	\$	31,575
Office expenses, rent and salaries		7,808		7,730
Professional fees (Note 9)		6,733		4,805
Project investigation costs		2,500		17,750
Regulatory and transfer agent fees		2,427		1,957
Shareholder communications, AGM, trade shows and travel		11,785		13,616
<b>Loss before other items</b>		<b>54,541</b>		<b>77,433</b>
<b>Other items</b>				
Interest income		(297)		(766)
Accounts payable write off (Note 7)		-		(50000)
		<b>(297)</b>		<b>(50,766)</b>
<b>Comprehensive loss</b>	\$	<b>54,244</b>	\$	<b>26,667</b>
<b>Loss per share – basic and diluted</b>	\$	<b>(0.00)</b>	\$	<b>(0.00)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>		<b>118,343,710</b>		<b>118,343,710</b>

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

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**Dynasty Gold Corp.****Condensed Consolidated Interim Statements of Cash Flows**(Expressed in Canadian dollars)

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<b>For the three months ended March 31,</b>	<b>2017</b>		<b>2016</b>	
Cash flows used in:				
<b>Operating activities</b>				
Net loss	\$	(54,244)	\$	(26,667)
Changes in non-cash working capital items:				
Receivables		1,416		2,580
Prepaid expenses		(296)		(360)
Accounts payable and accrued liabilities		(16,069)		2,874
		<b>(69,193)</b>		<b>(21,573)</b>
<b>Investing activity</b>				
Exploration and evaluation asset costs and expenditures		(260)		(189)
<b>Decrease in cash and cash equivalents</b>		<b>(69,453)</b>		<b>(21,762)</b>
<b>Cash and cash equivalents, beginning</b>		<b>355,173</b>		<b>610,544</b>
<b>Cash and cash equivalents, ending</b>	\$	<b>285,720</b>	\$	<b>588,782</b>

Non-cash transactions (Note 13)

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

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# Dynasty Gold Corp.

## Notes to Condensed Consolidated Interim Financial Statements For the three months ended March 31, 2017 and 2016 (Expressed in Canadian dollars)

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### 1. Nature of Business and Continuance of Operations

The Company was incorporated under of the laws of the province of British Columbia on December 12, 1985. The Company's principal office is located at 625 Howe Street, Suite 488, Vancouver, B.C. V6C 2T6. The Company is an exploration stage company engaged in the acquisition, exploration and development of mineral properties. The Company's shares are listed in the TSX-Venture Exchange (the "Exchange") under the symbol "DYG".

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to raise adequate financing to develop its mineral properties, and to commence profitable operations in the future. To date, the Company has not generated any revenues and is considered to be in the exploration stage. These factors indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. Management's plan includes continuing to pursue additional sources of financing through equity offerings, seeking joint venture partners to fund exploration, monitoring exploration activity and reducing overhead costs. As a result of its plans, management expects that the Company will have sufficient capital to fund operations and keep its mineral properties in good standing for the upcoming fiscal year. The 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

#### a) Basis of presentation and statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared by management using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. These statements do not include all of the information and disclosures required by IFRS for annual financial statements. In the opinion of management, all adjustments and information considered necessary for fair presentation have been included in these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2016.

The Company's board of directors approved these condensed consolidated interim financial statements for issue on May 30, 2017.

#### b) Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries.

All intercompany balances and transactions have been eliminated on consolidation.

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## Dynasty Gold Corp.

### Notes to Condensed Consolidated Interim Financial Statements For the three months ended March 31, 2017 and 2016 (Expressed in Canadian dollars)

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#### 3. Accounting Standards Issued but Not Yet Applied

##### *New standard IFRS 9 "Financial Instruments"*

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Company has not early adopted this revised standard and is currently assessing the impact that this standard will have on its consolidated financial statements.

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.

#### 4. Cash and Cash Equivalents

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
Cash at bank	\$ 112,719	\$ 332,173
Bank term deposits	173,000	23,000
	<b>\$ 285,719</b>	<b>\$ 355,173</b>

#### 5. Receivables

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
GST receivable	\$ 5,316	\$ 6,892
Other receivables	263	104
	<b>\$ 5,579</b>	<b>\$ 6,996</b>



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## Dynasty Gold Corp.

### Notes to Condensed Consolidated Interim Financial Statements For the three months ended March 31, 2017 and 2016 (Expressed in Canadian dollars)

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#### 6. Exploration and Evaluation Assets

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	<b>Golden Repeat Property</b>
<b><u>Acquisition Costs</u></b>	
Balance, December 31, 2015	\$ 127,000
Balance, December 31, 2016 and March 31, 2017	\$ 127,000
<b><u>Deferred Exploration Costs</u></b>	
Balance, December 31, 2015	\$ 232,476
Property expenditures	16,927
Balance, December 31, 2016	\$ 249,403
Property expenditures	260
Balance, March 31, 2017	\$ 249,663
Total as at December 31, 2015	\$ 359,476
Total as at December 31, 2016	\$ 376,403
Total as at March 31, 2017	\$ 376,663

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#### **Golden Repeat Property, Nevada, USA**

The Company owns a 100% interest in the Golden Repeat property, subject to 2% Net Smelter Royalty ("NSR"). The Company has the option to buy back 75% of the NSR for \$1 million within three years of commencing production.

#### 7. Accounts Payable and Accrued Liabilities

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	<b>March 31, 2017</b>	<b>December 31, 2016</b>
Accounts payable	\$ 32,471	\$ 17,638
Amounts due to related parties (Note 9)	171,012	201,915
	\$ 203,483	\$ 219,553

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During the year ended December 31, 2016, the Company wrote off a payable from 2011 in the amount of \$50,000.

#### 8. Share Capital

##### **Authorized:**

Unlimited number of common shares without par value.

##### **Share Issuance:**

No shares were issued during the three months ended March 31, 2017 and the year ended December 31, 2016.

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## Dynasty Gold Corp.

### Notes to Condensed Consolidated Interim Financial Statements For the three months ended March 31, 2017 and 2016 (Expressed in Canadian dollars)

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#### 8. Share Capital (continued)

##### Stock Options

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 10% of the total issued and outstanding shares of the Company. Options granted under the Plan may have a maximum term of five years. The exercise price of options granted under the Plan will not be less than the market price of the shares or such other price as may be agreed to by the Company and accepted by the Exchange. All options granted under the Plan will become vested with the right to exercise one-fourth of the option immediately, and one-fourth of the option upon the conclusion of every six months subsequent to the date of the grant of the option, except options granted to consultants performing investor relations activities, which options will become vested to exercise one-fourth of the option upon every three months subsequent to the date of the grant of the option.

A summary of the status of the Company's stock options outstanding as of March 31, 2017 and December 31, 2016 and changes during the periods then ended is as follows:

	Number of Options	Weighted Average Exercise Price
Options outstanding, December 31, 2015	3,250,000	\$ 0.10
Expired	(3,250,000)	0.10
Options outstanding, December 31, 2016 and March 31, 2017	-	\$ 0.00

##### 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.

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## Dynasty Gold Corp.

### Notes to Condensed Consolidated Interim Financial Statements For the three months ended March 31, 2017 and 2016 (Expressed in Canadian dollars)

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#### 9. Related Party Balances and Transactions

##### *Related Party Balances*

Included in accounts payable and accrued liabilities is \$171,012 (December 31, 2016 - \$201,915) due to directors and officers of the Company (Note 7). The amount is unsecured, non-interest bearing and due on demand.

##### *Key Management Compensation*

During the three months ended March 31, 2017, the Company accrued \$25,287 (March 31, 2016 - \$48,575) to directors and officers for providing management, accounting and geological consulting services to the Company.

#### 10. Segmented Information

The Company's activities are all in the industry segment of mineral property acquisition, exploration and development.

At March 31, 2017 and March 31, 2016, the Company's exploration and evaluation assets are located in the USA (Note 6).

#### 11. Financial Risk Management

##### *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 and cash equivalents of \$285,719. Cash and cash equivalents are held with a bank in Canada. As all of the Company's cash and cash equivalents is held by the same Canadian bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. As at March 31, 2017, this risk is considered minimal.

##### *Currency Risk*

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to currency risk is minimal as the Company's transactions and financial instruments are primarily denominated in Canadian dollars. The Canadian dollar equivalents of cash and cash equivalents denominated in United States dollars is \$103,005.

##### *Interest Rate Risk*

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk as cash and cash equivalents earn interest income at variable rates. As at March 31, 2017, the risk is considered minimal.

**Notes to Condensed Consolidated Interim Financial Statements**  
**For the three months ended March 31, 2017 and 2016**  
(Expressed in Canadian dollars)

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**11. Financial Risk Management** (continued)*Liquidity Risk*

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and cash equivalents. As at March 31, 2017, this risk is considered high.

**12. Capital Disclosures**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity, cash and cash equivalents.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

The Company is dependent on the capital markets as its source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support for its projects.

The capital structure of the Company consists of equity and cash and cash equivalent. The Company is not subject to externally imposed capital restrictions. There were no changes to the Company's approach to capital management during the period.

**13. Non-Cash Transactions**

There were no significant non-cash transactions during the three months ended March 31, 2017 and 2016.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2017

**DYNASTY GOLD CORP.**  
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## **DYNASTY GOLD CORP.**

### **MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2017**

#### **INTRODUCTION**

This management's discussion and analysis ("MD&A") was prepared as of May 30, 2017 and is management's assessment of Dynasty Gold Corp.'s (the "Company") operating results and financial condition. This MD&A should be read in conjunction with the condensed consolidated interim financial statements for the three months ended March 31, 2017 and the audited annual consolidated financial statements for the year ended December 31, 2016, together with related notes thereto. These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in Canadian dollars unless otherwise stated.

Dynasty Gold Corp. is listed on TSX Venture Exchange under the ticker "DYG" and Frankfurt Exchange.

Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **FORWARD-LOOKING STATEMENTS**

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

#### **COMPANY OVERVIEW**

Dynasty Gold Corp. is a Canadian-based, junior company which is engaged in the acquisition, exploration and development of mineral properties; its 100% owned Golden Repeat property is located in the Elko County of Nevada, United States. The Company's focus is on mineral exploration in mining-friendly areas.

The Company also owns 70% interest in the Hatu Qi-2 gold resource in the Xinjiang Province of China. The remaining 30% is owned by Western Region Gold Co. Ltd. (formerly Jinge Gold Mining Ltd.), a 100% owned subsidiary of the State-owned company Xinjiang Non-Ferrous Metal Industry (Group) Ltd. ("XNF").

XNF and its subsidiary have included the Hatu Qi-2 gold resource in an IPO listing on the Shanghai Stock Exchange, but without acknowledging Dynasty Gold Corp.'s legal rights and interests in the property. The Company is currently in dispute with XNF and its subsidiary on this matter.

Dynasty's short-term strategy is to continue exploring the Golden Repeat property and expanding its exploration efforts by acquiring high quality mineral properties in other parts of the Americas. Its long-term strategy is to develop such exploration projects into properties with demonstrable technical feasibility and commercial viability, and ultimately into producing mines.

As of the date of this MD&A, the Company has not engaged in any production, nor found any proven reserves on any of its projects.

The Company is a reporting issuer in British Columbia and in Alberta.

## **MINERAL EXPLORATION PROJECTS**

### **NEVADA, USA**

#### **Golden Repeat Property**

##### ***Overview***

The Golden Repeat property consists of 49 claims located on the north slope of the Midas Trough, along the Carlin Trend, within the Northern Nevada Rift. These claims have many geological similarities to the well-known Midas Gold District. Eighteen kilometers (10 miles) east of the property is Klondex's Midas mine that was previously owned by Newmont until February 2014 (6.41 million ounce gold reserves as of 2007 at over 14g/t)—an epithermal, bonanza-type gold-silver bearing system. Additionally, three major sediment-hosted gold mines, Barrick's Getchell, Atna's Pinson Mines and Newmont's Twin Creeks Mine, lie 15-24 kilometers (8-13 miles) west of the property. Two distinct targets exist on the property. One is a volcanic-hosted epithermal occurrence, similar to Newmont's Ken Snyder deposit. The other is a sediment-hosted, gold occurrence underlying tertiary volcanic rocks. The property was drilled by Goldfields from 1992 to 1994 and by Romarco in 1997/1998.

On January 12, 2011, the Company entered into an option agreement with Mill Bay Ventures Inc. ("Mill Bay") to acquire up to a 70% interest, subject to a 3% net smelter return royalty ("NSR"), in the Golden Repeat property situated in the Midas region of Nevada. On July 30, 2013, the company acquired a 100% interest in the Property, subject to 2% NSR, for \$12,000 in cash and 500,000 common shares with a fair value of \$10,000. The Company has the option to buy back 75% of the NSR for \$1-million within three years of commencing production. The Company is also required to issue an additional 500,000 common shares if proven gold or gold equivalent reserves exceed 500,000 ounces at commercial viable production grade.

The Company carried out a surface exploration program in July 2011. Its objective was to follow up drill targets identified by Yamana during their work on the property from 2007 to 2009. Forty-one rock chip samples were taken on the eastern and southern parts of the property and in adjacent areas peripheral to it. One float sample returned 10 g/t gold. Another sample that carried 1 g/t of gold came from an outcropping vein located near an existing road and drill sites. Three reverse circular holes were drilled totalling 816 meters to intersect the outcropping vein and a separate structural target previously proposed by Yamana. The assay results of 576 drill samples were consistent with the previous Romarco and Yamana results in the vicinity. The first hole (DG 1) was drilled to 304 meters which encountered 0.569 g/t gold over 1.7 meters at 296 meters, and the second hole (DG-2) intercepted similar mineralization but returned no significant gold values.

The third drill hole (DG-3), drilled to 285 meters, hit a well-mineralized zone at the top of the rhyolite at 130 meters and intersected 12.2 meters averaging 1.14 g/t gold, 9.0 g/t silver, and 968 ppm arsenic. Within this interval the best intercept was 3.4 g/t gold and 44.6 g/t silver over 1.7 meters. That suggests the altered rhyolite unit at shallow depth appears to be favorable target for the mineralized quartz veins.

##### ***Activities during the three month period ended March 31, 2017***

During the quarter, the Company continued to search for quality exploration projects in the Americas.

##### ***Activities during the year ended December 31, 2016***

During the year the Company initiated a surface program including mapping and rock sampling on the Golden Repeat property. The goal is to trace the Midas-style high grade gold and silver mineralization found on the adjacent Clover property onto the Golden Repeat property. The result indicates an extension of the mineralization onto the Golden Repeat property that split into two cymoid loop strands trending north-northwest. The Company also reviewed a number of early stage and advanced stage exploration projects in Canada and in South America.

## MANAGEMENT CHANGES

There were no management changes during the three months ended March 31, 2017.

## FINANCIAL DATA

### Selected Annual Financial Information

The following table sets forth selected financial information for and as of the end of the periods indicated. The Financial Statements may be accessed at [www.sedar.com](http://www.sedar.com). Readers are encouraged to review the Financial Statements in their entirety.

#### Fiscal Years Ended December 31

	2016	2015	2014
Interest and other income	\$ 2,350	\$ 3,827	\$ 9,341
Net loss before other items	(264,780)	(357,008)	(327,654)
Mineral properties write-off net of credits	-	-	-
Net loss	(215,916)	(335,583)	(310,629)
Net loss per share (basic and fully diluted)	(0.00)	(0.00)	(0.00)
Total assets	\$ 742,176	\$ 982,588	\$ 1,293,866

### Selected Quarterly Financial Information

The following financial information is derived from the unaudited consolidated interim financial statements:

	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
Other Items	\$ 297	\$ 345	\$ 553	\$ 686	\$ 766	\$ (90)	\$ 937	\$ 1,980
Net Loss	(54,244)	(94,199)	(45,032)	(50,018)	(26,667)	(98,428)	(67,485)	(89,305)
Net Loss Per Share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total Assets	\$ 671,862	\$ 742,176	\$ 801,054	\$ 878,101	\$ 958,795	\$ 982,588	\$ 1,046,637	\$ 1,079,090

## Results of Operations

During the three months ending March 31, 2017, the Company reported a net loss of \$54,244 or \$(0.00) per share (2016 - \$26,667 or \$(0.00) per share). The increase in net loss of \$27,577 in comparison to the same quarter of last year was mainly attributed to the accounts payable write-off of \$50,000 during the three months ended March 31, 2016. The Company continues to keep corporate expenses to a minimum and focus on exploration as well as project evaluation with the goal to advance its property and to acquire a gold project of merit for exploration.

## LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2017, the Company had working capital of \$91,715 which included cash and short-term investments of \$285,719 (December 31, 2016 - \$146,220 which included cash and short-term investments of \$355,173).

Cash flow from financing activities for the three months ended March 31, 2017 and 2016 was \$Nil.

Net cash flow used in investing activities for the three months ended March 31, 2017 was \$260 (2016 - \$189).



## **SHARE CAPITAL**

The following information is provided as at March 31, 2017:

Authorized – unlimited number of common shares without par value.

Issued and outstanding common shares – 118,343,710

Warrants - Nil

Options – Nil

The following information is provided as at May 30, 2017:

Issued and outstanding common shares – 118,343,710

Warrants - Nil

Options - Nil

### **Share Purchase Warrants**

There are no warrants outstanding as of March 31, 2017.

### **Stock Options**

There are no options outstanding as of March 31, 2017.

## **RELATED PARTY BALANCES AND TRANSACTIONS**

### ***Related Party Balances***

Included in accounts payable and accrued liabilities is \$171,012 (December 31, 2016 - \$201,915) due to directors and officers of the Company. The amount is unsecured, non-interest bearing and due on demand.

### ***Key Management Compensation***

During the three months ended March 31, 2017, the Company accrued \$25,287 (March 31, 2016 - \$48,575) to directors and officers for providing management, accounting and geological consulting services to the Company.

## **OFF BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

## **OUTLOOK**

Economic growth around the world is slowly picking up amidst uncertainties in the world's largest economy and its re-opening of trade agreements negotiations with many of its trading partners.

Commodity prices are still under pressure due to many factors and one of which is weakening demand. Gold price is sensitive to the Federal Reserve's rate hike and geopolitical events. However, many of these factors are currently priced in. It is unclear whether the world economy has turned the corner or it is a short term hiatus.

For junior mining and exploration companies, the business sentiment is cautiously positive. M&A activities are on the rise, a number of majors have invested in juniors in the first quarter of 2017. The Company is carefully evaluating projects with strict selection criteria and in planning exploration programs.

## **CRITICAL ACCOUNTING ESTIMATES AND CHANGES IN ACCOUNTING PRINCIPLES**

The Company's accounting policies are presented in Note 2 to the audited annual consolidated financial statements for the year ended December 31, 2016. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

The preparation of the audited annual consolidated financial statements using accounting policies consistent with International Financial Reporting Standards ("IFRS") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), requires management to make estimates and assumptions which affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to determining the recoverability of mineral property interests, environment obligations, the variables used in the determination of the fair value of stock options granted and the determination of the valuation allowance for future tax assets. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

## **RECENT ACCOUNTING PRONOUNCEMENTS**

Refer to Note 3 to the audited annual consolidated financial statements for the year ended December 31, 2016.

## **MATERIAL PROCEEDINGS**

The Company is not a party to any material proceedings.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE**

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. There have been no changes in the Company's internal control over financial reporting during the three months ended March 31, 2017 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting. The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods and to ensure that required information is gathered and communicated to the Company's management so that decisions can be made about timely disclosure of that information. There have been no significant

changes in the Company's disclosure controls during the three months ended March 31, 2017 that could significantly affect disclosure controls subsequent to the date the Company carried out its evaluation.

## **RISKS AND UNCERTAINTIES**

The Company is subject to a number of risks and uncertainties, the more significant of which are discussed below. Additional risks and uncertainties not presently known to the Company may impact the Company's financial results in the future.

### **1. Industry**

Dynasty is engaged in the exploration for and development of mineral properties which involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. There is no assurance that the Company's exploration efforts will result in discoveries of commercial mineral deposits.

### **2. Gold and Metal Prices**

The price of gold is affected by numerous factors beyond the control of the Company including central bank sales, producer hedging activities, currency fluctuation, demand, political, economic conditions and production levels. In addition, the price of gold has been volatile over short periods of time due to speculative activities. The prices of other metals and mineral products for which the Company may explore all have the same or similar price risk factors.

### **3. Cash Flow and Additional Funding Requirements**

The Company currently has no revenue from operations. Additional capital would be required to identify and explore property in the future. The sources of funds currently available to the Company are the sale of equity capital. Although the Company presently has sufficient financial resources to undertake project review and evaluation, and the Company has been successful in the past in obtaining equity financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be advantageous to the Company.

### **4. Exchange Rate Fluctuations**

At the present, the Company has an exploration project in the United States. The Canadian dollar has depreciated over ten percent against the US dollars in the last two years. However, the company has converted enough cash into US currency when the exchange rate was more favorable, at par. Therefore, we do not anticipate lower Canadian dollar will have immediate effect on our operation. If the currency trend is to continue and the Company decides to take on a major exploration program, it will affect the Company's cash outflow.