MASON RESOURCES

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited - Expressed in United States dollars)
Three and six months period ended June 30, 2017

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORTING

The accompanying condensed consolidated interim financial statements of Mason Resources Corp. (the “Company”) have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”). Management acknowledges responsibility for the preparation and presentation of the condensed consolidated interim financial statements, including responsibility for significant accounting estimates and the choice of accounting principles and methods that are appropriate to the Company’s circumstances.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Company’s independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by a company’s auditor.

Mason Resources Corp.

Condensed Consolidated Interim Statements of Financial Position

(Unaudited)

(expressed in thousands of U.S. dollars, except where indicated)

	Note	June 30, 2017	December 31, 2016	January 1, 2016
Assets				
Current assets				
Cash and cash equivalents		**$ 9,151**	$ 129	$ 357
Receivables		**19**	-	36
Prepaid expenses		**124**	217	232
		9,294	346	625
Property, plant and equipment	6	**22**	25	53
Exploration and evaluation assets	7	**39,694**	38,378	37,233
Reclamation deposits		**481**	481	481
Total assets		**$ 49,491**	$ 39,230	$ 38,392
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	16	**$ 409**	$ 229	$ 69
		409	229	69
Deferred income tax	8	**3,015**	3,015	3,567
Total liabilities		**$ 3,424**	$ 3,244	$ 3,636
Equity				
Share capital	9	**$ 19,652**	$ -	$ -
Reserves		**3**	16,283	13,938
Accumulated other comprehensive income		**3,387**	1,261	-
Deficit		**23,025**	18,442	20,818
Total equity		**46,067**	35,986	34,756
Total liabilities and equity		**$ 49,491**	$ 39,230	$ 38,392

Nature of operations (Note 1)

Plan of arrangement (Note 2)

Commitments (Note 16)

Subsequent events (Note 17)

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

Mason Resources Corp.

Condensed Consolidated Interim Statements of Comprehensive Loss and Income

(Unaudited)

(expressed in thousands of U.S. dollars, except per share amounts and where indicated)

	Note	Three months ended June 30		Six months ended June 30	
		2017	**2016**	**2017**	**2016**
Expenses					
Exploration	11	**$ 187**	$ 305	**$ 373**	$ 576
General and administrative		**410**	160	**806**	388
Share-based compensation	10	**3**	5	**3**	21
Depreciation	6	**3**	4	**5**	9
Foreign exchange (gain) loss		**(161)**	225	**(35)**	(1,138)
		442	699	**1,152**	(163)
Interest, net		**(13)**	(1)	**(14)**	(3)
Net (income) loss		**$ 429**	$ 698	**$ 1,138**	$ (166)
Other comprehensive income					
Foreign currency translation		**(3,077)**	(116)	**(2,126)**	(2,411)
Total comprehensive (income) loss		**$ (2,648)**	$ 582	**$ (988)**	(2,577)
Net (income) loss per common share					
Basic and diluted		**$ (0.03)**	$ 0.01	**$ (0.01)**	$ (0.03)
Weighted average number of common shares outstanding (000's)					
Basic		**77,806**	77,806	**77,806**	77,806
Fully diluted		**77,806**	77,806	**77,904**	77,806

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

Mason Resources Corp.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Unaudited)

(expressed in thousands of U.S. dollars, except per share amounts and where indicated)

	Note	Shares (000's)	Share capital	Reserves	Other Capital Reserves	Deficit	Accumulated other comprehensive income	Total
Balance at January 1, 2016		-	$ -	$ -	$ 13,938	$ 20,818	$ -	$ 34,756
Net income and comprehensive income		-	-	-	-	166	2,411	2,577
Share-based compensation		-	-	-	21	-	-	21
Total funding provided by Entree		-	-	-	1,127	-	-	1,127
Balance at June 30, 2016		-	$ -	$ -	$ 15,086	$ 20,984	$ 2,411	$ 38,481
Balance at January 1, 2016		-	$ -	$ -	$ 13,938	$ 20,818	$ -	$ 34,756
Net loss and comprehensive loss		-	-	-		(2,376)	1,261	(1,115)
Share-based compensation		-	-	-	242	-		242
Total funding provided by Entree		-	-	-	2,103	-		2,103
Balance at December 31, 2016		-	$ -	$ -	$ 16,283	$ 18,442	$ 1,261	$ 35,986
Net loss and comprehensive income		-	-	-	-	(1,138)	2,126	988
Share-based compensation	10	-	-	3	-	-	-	3
Total funding provided by Entree		-	-	-	339	-	-	339
Cash contribution by Entrée pursuant to Arrangement	2	-	-	-	8,750	-	-	8,750
Shares issued upon incorporation		1	1	-	-	-	-	1
Shares issued pursuant to Arrangement	2	77,805	19,651	-	(19,651)	-	-	-
Adjustment for shares issued in connection with the Arrangement	2	-	-	-	(5,721)	5,721	-	-
Balance at June 30, 2017		77,806	$ 19,652	$ 3	$ -	$ 23,025	$ 3,387	$ 46,067

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

Mason Resources Corp.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited)

(expressed in thousands of U.S. dollars, except per share amounts and where indicated)

	Note	Six months ended June 30			
			2017		2016
Cash flows used in operating activities					
Net (loss) income		**$**	**(1,138)**	$	166
Items not affecting cash:					
Share-based compensation	10		**3**		21
Unrealized foreign exchange gain (loss)			**1,051**		(2,041)
Gain on asset disposal			**-**		(2)
Depreciation	6		**5**		9
			(79)		(1,847)
Changes in non-cash working capital					
Receivables and prepaid expenses			**76**		193
Accounts payable and accrued liabilities			**177**		(16)
			174		(1,670)
Cash flows from investing activities					
Proceeds from sale of assets			**-**		14
			-		14
Cash flows from financing activities					
Funding received from Entree			**-**		1,561
Funds received pursuant to the Arrangement	2		**8,843**		-
			8,843		1,561
Net cash inflows (outflows)			**9,017**		(95)
Cash, beginning of the period		**$**	**129**	$	357
Effect of exchange rate change on cash			**5**		16
Cash, end of the period		**$**	**9,151**	$	278

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

1 Nature of operations

Mason Resources Corp. (the "Company" or "Mason") was incorporated on February 24, 2017 under the *Business Corporations Act* (British Columbia) (the "Act") as part of a plan of arrangement to reorganize Entrée Resources Ltd. (formerly Entrée Gold Inc. – "Entrée") as described in Note 2. The Company's principal business activity is the acquisition, exploration and evaluation of mineral properties in the United States.

The Company's head office is located at 1650-1066 West Hastings Street, Vancouver, BC, V6E 3X1, Canada. The Company's common shares commenced trading on the Toronto Stock Exchange ("TSX") on May 12, 2017 under the symbol "MNR".

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to continue for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

2 Plan of arrangement

On May 9, 2017, Mason and Entrée completed a strategic reorganization of Entrée's business through a plan of arrangement (the "Arrangement") under Section 288 of the Act.

As part of the Arrangement, Entrée transferred to Mason all of the issued and outstanding shares of Entrée's wholly owned British Columbia subsidiary Entrée U.S. Holdings Inc. (now Mason U.S. Holdings Inc. – "Mason Holdings") and $8.75 million in cash. Mason Holdings owns the Ann Mason copper-molybdenum project in Nevada through its wholly owned subsidiaries Mason Resources (US) Inc. (formerly Entrée Gold (US) Inc. – "Mason US") and M.I.M. (U.S.A.) Inc. ("MIM"), and the Lordsburg copper-gold property in New Mexico through Mason US.

Under the Arrangement, shareholders of Entrée received common shares in Mason by way of a share exchange, pursuant to which each existing share of Entrée was exchanged for 0.45 of a Mason common share. A total of 77,805,786 Mason shares were distributed to Entrée shareholders.

In addition, optionholders and warrantholders of Entrée received options and warrants, respectively, of Mason which were proportionate to, and reflective of the terms of, their existing options and warrants of Entrée. A total of 3,708,000 stock options were issued by Mason at exercise prices ranging from CA$0.07 per share to CA$0.27 per share and with expiry dates ranging from August 2017 to November 2021. A total of 4,169,117 share purchase warrants were issued by Mason with an exercise price of CA$0.23 and with expiry dates ranging from January 10, 2022 to January 12, 2022.

As the shareholders of Entrée continued to hold their respective interests in Mason, there was no resultant change of control in either the Company, or the underlying net assets acquired. As such, the Arrangement was considered a capital reorganization and was excluded from the scope of IFRS 3, *Business Combinations.*

Under the continuity of interest basis of accounting, the assets and liabilities transferred are recorded at their pre-arrangement carrying values. The statements of comprehensive loss and income include the allocated expenditures from the net assets acquired. For the period up to May 9, 2017, the exploration expenditures have been allocated directly from Entrée and all remaining expenses have been allocated on a pro-rata basis based on the level of exploration activities. The carve-out entity did not operate as a separate legal entity and as such, the financial statements may not be indicative of the financial performance of the carve-out entity on a standalone basis and do not necessarily reflect what its results of operations, financial position and cash flows would have been had the carve-out entity operated as an independent entity during the periods presented.

(tabular amounts expressed in thousands of U.S. dollars, except per share amounts and where indicated)

The carrying value of the net assets received pursuant to the Arrangement as at May 9, 2017 are as follows:

Assets		
Cash	**$**	**8,843**
Receivables and prepaids		**137**
Property, plant and equipment		**25**
Mineral property interest		**37,699**
Reclamation deposits and other		**481**
Total Assets		**47,185**
Liabilities		
Accounts payable and accrued liabilities		**(34)**
Deferred income taxes		**(2,938)**
Total Liabilities		**(2,972)**
Carrying value of net assets		**44,213**
Accumulated losses		**(18,841)**
Subtotal		**25,372**
Shares issued pursuant to the Arrangement		**19,651**
Adjustment for shares issued in connection with the Arrangement	**$**	**5,721**

An adjustment of $5.7 million was made through deficit to reconcile: i) the carrying values of the net assets contributed and recorded under the continuity of interest basis of accounting, to the fair value of the common shares issued upon closing of the Arrangement; and ii) the allocated Entrée accumulated losses which amounted to $18.8 million up to the close of the Arrangement.

3 Basis of presentation and first-time adoption of IFRS

The Company prepares its condensed consolidated interim financial statements in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments which are recognized at fair value. The Company's IFRS accounting policies are disclosed in Note 5 below.

These condensed consolidated interim financial statements have been prepared on a continuity of interest basis of accounting following the Arrangement, which requires that prior to the May 9, 2017 effective date thereof, the assets, liabilities, results of operations and cash flows of the Company be on a 'carve-out' basis from the consolidated financial statements and accounting records of Entrée, in accordance with the financial reporting framework specified in subsection 3.11(6) of National Instrument 52-107 – *Acceptable Accounting Principles and Auditing Standards*, for carve-out financial statements.

First-time adoption of IFRS

The Company and its subsidiaries have not previously issued IFRS financial statements and, accordingly, these financial statements are considered the Company's first IFRS financial statements and are subject to IFRS 1, First-time Adoption of International Financial Reporting Standards.

These condensed consolidated interim financial statements have also been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 and IFRS 1.

The Board of Directors of the Company delegated the approval of these condensed consolidated interim financial statements to the Audit Committee of the Board of Directors, which approved them and authorized them for issue on August 10, 2017.

First-time adoption exemptions applied

IFRS 1 generally requires accounting policies to be applied retrospectively to determine the opening statement of financial position on the transition date of January 1, 2016, and allows certain exemptions on the transition of IFRS. The elections the Company has chosen to apply and that are considered significant include:

- Applying IFRS 1 to eliminate the cumulative foreign translation balance as of the date of transition to IFRS. At January 1, 2016, an amount of $11.5 million in accumulated other comprehensive income has been combined with the deficit balance in shareholders' equity.
- IFRS 3, Business Combinations, has not been applied to acquisitions of subsidiaries or of interests in associates and joint ventures that occurred before January 1, 2016.

4 Use of judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ materially from those estimates.

Measurement of the Company's assets and liabilities is subject to risks and uncertainties, including ones related to: reserve and resource estimates; title to mineral properties; future commodity prices; estimated costs of future production; future costs of restoration provisions; changes in government legislation and regulations; estimated future income tax amounts; the availability of financing; and various operational factors. Estimates that have the most significant effect on the amounts recognized in the Company`s condensed consolidated interim financial statements are as follows:

a) Carve-out basis of accounting

The preparation of these condensed consolidated interim financial statements pursuant to the carve-out basis of accounting, as described in Note 2, requires the identification and allocation of pre-arrangement assets, liabilities, results from operations and cash flows of Entrée, which are deemed to be attributable to the Company. As common expenses have been allocated on a pro-rata basis based on the level of exploration expenditures incurred for the relevant periods, management is required to make estimates and judgements in performing the allocation.

b) Determination of functional currencies

The determination of the Company's functional currency is a matter of judgment based on an assessment of the specific facts and circumstances relevant to determining the primary economic environment of each individual entity within the group. The Company reconsiders the functional currencies used when there is a change in events and conditions considered in determining the primary economic environment of each entity.

c) Valuation of mineral properties

The Company carries the acquisition costs of its mineral properties at cost less any provision for impairment. The Company undertakes periodic reviews of the carrying values of mineral properties and whenever events or changes in circumstances indicate that their carrying values may exceed their fair value. In undertaking these reviews, management of the Company is required to make significant estimates. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the mineral properties and related expenditures

d) Restoration provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The initial provisions are periodically reviewed during the life of the operation and updated to reflect new developments or changes in estimates and forecasts. Although the ultimate cost to be incurred is uncertain, the Company estimates its costs based on studies using current restoration standards and techniques. The initial closure provisions together with changes, other than those arising from the unwinding of the discount applied in establishing the net present value of the provision, are capitalized within property, plant and equipment and depreciated over the lives of the assets to which they relate.

The ultimate magnitude of these costs is uncertain, and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites, local inflation rates and exchange rates. The expected timing of expenditure can also change, for example, in response to changes in mineral reserves or production rates or economic conditions. As a result there could be significant adjustments to the provision for closure and restoration, which would affect future financial results.

e) Income and other taxes

The determination of the Company’s tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgement by management. In determining these amounts, management interprets tax legislation in a variety of jurisdictions and makes estimates of the expected timing of the reversal of deferred tax assets and liabilities. Management also makes estimates of future earnings, which affect the extent to which potential future tax benefits may be used. The Company is subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes. The Company provides for such differences where known based on management’s best estimate of the probable outcome of these matters.

f) Share-based compensation

The Company uses the Black-Scholes Option Pricing Model for the valuation of share-based compensation. Option pricing models require the input of the subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company’s net loss and share-based payment reserve.

5 Significant accounting policies

The accounting policies set out below have been applied consistently by the Company's entities and to all periods presented in these condensed consolidated interim financial statements and in preparing the opening IFRS statement of financial position at January 1, 2016 for the purposes of the transition to IFRS.

a) Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries, Mason Holdings, Mason US, and MIM.

Wholly owned subsidiaries are entities in which the Company has direct or indirect control, where control is defined as the investor's power over an investee with exposure, or rights, to variable returns from the investee and the ability to affect the investor's returns through its power over the investee. The results of subsidiaries acquired or disposed of during the period are included in the condensed consolidated interim statements of comprehensive loss and income from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intercompany transactions and balances have been eliminated on consolidation.

b) Foreign currency translation

These condensed consolidated interim financial statements are presented in United States Dollars ("USD") which is the functional currency of the Company's wholly-owned subsidiaries, Mason US and MIM. The functional currency of the Company and Mason Holdings is the Canadian dollar.

The results and financial positions of the Company and Mason Holdings, which have a functional currency different from the presentation currency are translated into the presentation currency as follows:

Statements of financial position: monetary assets and liabilities are translated into USD using period end exchange rates. Non-monetary assets and liabilities are translated into USD using historical exchange rates;

Statements of comprehensive loss and income, expenses, and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).

Statements of changes in shareholders' equity: all resulting exchange differences are recognized as a separate component of equity and in other comprehensive loss.

c) Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

- Fair value through profit or loss - This category comprises derivatives including contingent shares receivable, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss. The Company classifies its cash and cash equivalents as fair value through profit or loss.
- Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. The Company classifies its receivables and deposits as "loans and receivables".
- Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant

indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

- Available for sale - Non-derivative financial assets not included in the above categories are classified as available for sale. They are carried at fair value with changes in fair value recognized directly in other comprehensive income and equity. Where a decline in the fair value of an available for sale financial asset constitutes objective evidence of significant or prolonged decline in value, the amount of the loss is removed from equity and recognized in profit or loss.
- All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose of the liability. The Company's accounting policy for each category is as follows:

- Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in profit or loss.
- Other financial liabilities - This category includes accounts payable and accrued liabilities, all of which are recognized at amortized cost.

d) Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments that are readily convertible to known amounts of cash. Short term investments have maturity dates of three months or less from the date of purchase.

e) Exploration and evaluation assets

Costs directly related to the acquisition of mineral properties are capitalized. Option payments are considered acquisition costs if the Entity has the intention of exercising the underlying option.

Exploration, evaluation and property maintenance costs incurred on sites without an existing mine and on areas outside the boundary of a known mineral deposit which contains proven and probable reserves are expensed as incurred up to the date of establishing that property costs are economically recoverable and that the project is technically feasible.

i) Amortization and depletion

Exploration and evaluation assets are not subject to depletion or amortization, but rather are tested for impairment when circumstances indicate that the carrying value may not be recoverable.

f) Property, plant and equipment

i) Mineral properties and mine development costs

All exploration and evaluation expenditures and property maintenance costs incurred for projects outside the boundary of a known mineral deposit containing proven and probable reserves are expensed as incurred to the date of establishing that property costs are economically recoverable.

Development expenditures are those incurred subsequent to the establishment of economic recoverability and after receipt of project development approval from the Board of Directors. The approval from the Board of Directors will be dependent upon the Company obtaining sufficient financial resources, permits, and licenses to develop the mineral property. Development costs are capitalized and included in the carrying amount of the related property.

Mineral property and mine development costs capitalized are amortized using the units-of-production method over the estimated life of the Proven and Probable reserves.

ii) Plant and equipment

Items of plant and equipment are recorded at cost less accumulated depletion and amortization. Cost includes all expenditures incurred to bring assets to the location and condition necessary for them to be operated in the manner intended by management, including estimated decommissioning and restoration costs and, where applicable, borrowing costs. If significant parts of an item of plant and equipment have different useful lives, then they are accounted for as separate items (major components) of plant and equipment.

Depreciation is recorded on a declining balance basis at rates ranging from 20% to 30% per annum.

No depletion and amortization is recorded until the asset is substantially complete and ready for use.

iii) Impairment of non-financial assets

The Company reviews the carrying amounts of its non-financial assets, including property, plant and equipment every reporting period. If there is any indication that the assets or CGU may not be fully recoverable, the recoverable amount of the asset or CGU is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows to be derived from continuing use of the asset or CGU are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less cost to sell is the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. When a binding sale agreement is not available, fair value less costs to sell is estimated using a discounted cash flow approach with inputs and assumptions consistent with those at market. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in net income. Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

g) Restoration provisions

The Company recognizes liabilities for legal, contractual and constructive obligations for decommissioning and restoration when those obligations result from the acquisition, construction, development or normal operation of the asset. Provisions are measured at the present value of the expected expenditures required to settle the obligation using a discount rate reflecting the time value of money and risks specific to the liability. Upon initial recognition of the liability, the corresponding decommissioning and restoration cost is capitalized to the carrying amount of the related asset and amortized as an expense over the useful life of the related asset. Following the initial recognition of the restoration provision, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discounted rate and the amount or timing of cash flows needed to settle the obligation.

h) Other provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

i) Income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided for based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of assets and liabilities in a transaction that is not a business combination and affects neither the taxable profit nor the accounting profit. The change in the net deferred income tax asset or liability is included in net income (loss) except for deferred income tax relating to equity items, which are recognized directly in equity. Deferred income tax assets and liabilities are measured using the substantively enacted statutory income tax rates which are expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

The determination of current and deferred taxes requires interpretation of tax legislation, estimates of expected timing of reversal of deferred tax assets and liabilities, and estimates of future earnings.

j) Share-based compensation

The Company’s Stock Option Plan allows the Company’s employees, directors, officers and service providers to acquire shares of the Company. The fair value of options granted is recognized as share-based payment expense with a corresponding increase in reserves. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Where stock options are subject to vesting, each vesting tranche is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the grant date using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. Share-based payment expense is recognized over the tranche’s vesting period by a charge to profit or loss. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. In situations where equity instruments are issued to service providers and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

k) Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similarly to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

l) Related party transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or significant influence. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

m) New standards not yet adopted

The following standards and pronouncements have been issued by the IASB and have not yet been adopted by the Company. The Company is currently evaluating the impact the new and amended standards are expected to have on its financial statements. Pronouncements that are not applicable to the Company have been excluded from those described below.

IFRS 9, Financial Instruments, requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the standard retains most of the IAS 39 requirements.

IFRS 15, Revenue from Contracts with Customers, contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. In September 2015, the IASB deferred the effective date of the standard to annual periods beginning on or after January 1, 2018, with earlier application permitted.

IFRS 16, Leases, was issued in January 2016 (effective January 1, 2019) and provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

(tabular amounts expressed in thousands of U.S. dollars, except per share amounts and where indicated)

6 Property, plant and equipment

	Vehicles	Computer and software	Field equipment	Furniture and fixtures	Total
Cost					
Balance, January 1, 2016	$ 116	$ 48	$ 32	$ 6	$ 202
Disposals	(65)	(12)	-	(1)	(78)
Foreign exchange	5	1	1	1	8
Balance at December 31, 2016	56	37	33	6	132
Foreign exchange	2	1	1	-	4
Balance at June 30, 2017	**$ 58**	**$ 38**	**$ 34**	**$ 6**	**$ 136**
Accumulated depreciation					
Balance, January 1, 2016	$ (86)	$ (38)	$ (21)	$ (4)	$ (149)
Depreciation	(7)	(4)	(3)	(1)	(15)
Disposals	(53)	(10)	-	(1)	(64)
Foreign exchange	101	20	(1)	1	121
Balance at December 31, 2016	(45)	(32)	(25)	(5)	(107)
Depreciation	(3)	(1)	(1)	-	(5)
Foreign exchange	-	(1)	(1)	-	(2)
Balance at June 30, 2017	**$ (48)**	**$ (34)**	**$ (27)**	**$ (5)**	**$ (114)**
Net book value					
January 1, 2016	$ 30	$ 10	$ 11	$ 2	$ 53
December 31, 2016	$ 11	$ 5	$ 8	$ 1	$ 25
June 30, 2017	**$ 10**	**$ 4**	**$ 7**	**$ 1**	**$ 22**

7 Exploration and evaluation assets

	June 30, 2017	December 31, 2016	January 1, 2016
Ann Mason Project (a)	**$ 39,289**	$ 37,987	$ 36,854
Lordsburg property (b)	**405**	391	379
	$ 39,694	$ 38,378	$ 37,233

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristics of many mineral property interests. The Company has investigated title to its mineral property interests and, except as otherwise disclosed below, to the best of its knowledge, title to the mineral property interests remains in good standing.

The Company's principal asset is the Ann Mason Project in Nevada.

a) Ann Mason Project, Nevada, United States

The Ann Mason Project is defined by a series of both unpatented lode claims on public land administered by the Bureau of Land Management, and title to patented lode claims. The project area includes the Ann Mason and the Blue Hill deposits, several early-stage copper porphyry targets including the Blackjack IP, Blackjack Oxide, Roulette and Minnesota targets, and the Minnesota and Shamrock copper skarn targets.

Certain of the unpatented lode claims peripheral to the Ann Mason and Blue Hill deposits are leased to the Company pursuant to a mining lease and option to purchase agreement ("MLOPA") with a Nevada limited liability company. Under the MLOPA, the Company has the option to purchase the claims for $500,000, which, if exercised, will be subject to a 3% net smelter returns ("NSR") royalty (which may be bought down to a 1% NSR royalty for $2 million). The MLOPA also provides for annual advance minimum royalty payments of $27,500 which commenced in 2011 and will continue until the commencement of sustained commercial production. The advance payments will be credited against future royalty payments or the buy down of the royalty.

Under a September 2009 agreement, the Company may acquire an 80% interest in certain unpatented lode claims to the southwest of the Ann Mason and Blue Hill deposits. In order to acquire its interest, the Company must make aggregate advance royalty payments totaling $225,000 between October 2017 and October 2019 and deliver a bankable feasibility study before the tenth anniversary of the agreement.

Certain of the unpatented lode claims, including the claims covering the Ann Mason and Blue Hill deposits, are subject to a 0.4% NSR royalty held by Sandstorm Gold Ltd.

In addition, certain of the patented lode claims peripheral to the Ann Mason and Blue Hill deposits are subject to a 2% NSR royalty.

b) Lordsburg Property, New Mexico, United States

The Lordsburg property is located in southwest New Mexico. The Company has a 100% interest in the property.

The Lordsburg property is subject to a 2% NSR royalty.

(tabular amounts expressed in thousands of U.S. dollars, except per share amounts and where indicated)

8 Deferred income tax

The Company's deferred income tax liability consisted of:

	June 30, 2017	December 31, 2016	January 1, 2016
Deferred income tax assets:			
Non-capital loss carryforward	**$ 15,016**	$ 15,016	$ 13,085
Resource expenditures	**4,052**	4,052	4,611
Equipment	**146**	146	131
Share issue and legal costs	**3**	3	11
Other	**1,881**	1,881	1,925
	$ 21,098	$ 21,098	$ 19,763
Valuation allowance	**(17,618)**	(17,618)	(16,577)
Net deferred income tax assets	**$ 3,480**	$ 3,480	$ 3,186
Deferred income tax liabilities:			
Foreign exchange on loans	**$ (150)**	$ (150)	$ (306)
Mineral property interests	**(6,345)**	(6,345)	(6,447)
Net deferred income tax liabilities	**$ (6,495)**	$ (6,495)	$ (6,753)
Net deferred income tax liabilities	**$ (3,015)**	$ (3,015)	$ (3,567)

9 Share capital

a) Common shares

The Company's authorized share capital consists of unlimited common shares without par value. At June 30, 2017, the Company had 77,805,786 shares issued and outstanding.

Under the Arrangement (Note 2), the Company issued 77,804,786 common shares in exchange for all shares of Mason Holdings held by Entrée.

b) Net loss per common share

Loss per share information in these condensed consolidated interim financial statements has been presented as if the common shares issues in connection with the closing of the Arrangement had been issued and outstanding from the start of all periods presented.

10 Share-based compensation

The Company provides share-based compensation to its directors, officers, employees, and service providers through grants of stock options. At the Annual and Special Meeting of Entrée securityholders held on May 1, 2017, Entrée shareholders approved a Stock Option Plan for Mason (the "Plan").

Under the Plan, the Company may grant options to directors, officers, employees and service providers to acquire up to 10% of the issued and outstanding shares of the Company. Options granted can have a term of up to ten years and an exercise price typically not less than the Company's closing stock price on the TSX on the last trading day before the date of grant. Vesting is determined at the discretion of the Board of Directors.

Under the Plan, an option holder may elect to transform an option, in whole or in part, into a share appreciation right by providing written notice to the Company that the option holder wishes to terminate the option, in whole or in part and, in lieu of receiving shares to which the terminated option relates (the "Designated Shares"), receive the number of shares, disregarding fractions, which, when multiplied by the weighted average trading price of the shares on the TSX during the five trading days immediately preceding the day of termination (the "Fair Value" per share) of the Designated Shares, has a total dollar value equal to the number of Designated Shares multiplied by the difference between the Fair Value and the exercise price per share of the Designated Shares.

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options granted. For employees, the compensation expense is amortized on a straight-line basis over the requisite service period which approximates the vesting period. Compensation expense for stock options granted to non-employees is recognized over the contract services period or, if none exists, from the date of grant until the options vest. Compensation associated with unvested options granted to non-employees is re-measured on each balance sheet date using the Black-Scholes option pricing model.

The Company uses historical data to estimate option exercise, forfeiture and employee termination within the valuation model. The risk-free interest rate is based on a treasury instrument whose term is consistent with the expected term of the stock options. The Company has not paid and does not anticipate paying dividends on its common stock; therefore, the expected dividend yield is assumed to be zero. Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period. Based on the best estimate, management applied the estimated forfeiture rate of Nil in determining the expense recorded in the accompanying Statement of Comprehensive Loss and Income.

As part of the Arrangement (Note 2), optionholders and warrantholders of Entrée received options and warrants, respectively, of Mason which are proportionate to, and reflective of the terms of, their existing options and warrants of Entrée. In exchange for each existing Entrée option, the holder was issued one fully vested Entrée replacement option and 0.45 of a fully vested Mason option. A total 3,708,000 stock options were issued by Mason at exercise prices ranging from CA$0.07 per share to CA$0.27 per share with expiry dates ranging from August 2017 to November 2021. The exercise prices assigned to the Mason options reflect the allocation of the original exercise price of the existing Entrée option between the replacement options issued, based on the relative market value of Mason and Entrée following completion of the Arrangement.

Subsequent to completion of the Arrangement, the Company awarded 29,250 options to a consultant of the Company at an exercise price of CA$0.21.

(tabular amounts expressed in thousands of U.S. dollars, except per share amounts and where indicated)

a) Stock options

	June 30, 2017	
	Number of shares (000's)	**Weighted average exercise price CA$**
Outstanding - beginning of period	**-**	**$ -**
Issued pursuant to Arrangement	**3,708**	**0.15**
Granted	**29**	**0.21**
Exercised	**-**	**-**
Forfeited/Expired	**-**	**-**
Outstanding - end of period	**3,737**	**$ 0.15**

At June 30, 2017, the following stock options were outstanding:

Number of shares (000's)	Vested (000's)	Price per share CA$	Expiry Date
434	434	0.07 – 0.27	August – October 2017
1,285	1,285	0.11 – 0.20	March – December 2018
387	387	0.07	December 2019
594	594	0.12 – 0.14	July – December 2020
1,008	1,008	0.14 – 0.15	March – November 2021
29	15	0.21	May 2022
3,737	3,723		

	June 30, 2017
Weighted average exercise price for exercisable options	CA$0.15
Weighted average share price for options exercised	-
Weighted average years to expiry for exercisable options	2.5 years

For the six months ended June 30, 2017, the total share-based compensation charges related to options granted to employees was $2,538. The weighted average fair value at date of grant for the options granted was CA$0.07 per option calculated using the Black-Scholes option pricing model with the following assumptions:

	June 30, 2017
Risk-free interest rate	0.88%
Option expected life	5 years
Expected volatility	279%
Expected dividend	0%

(tabular amounts expressed in thousands of U.S. dollars, except per share amounts and where indicated)

Pursuant to the continuity of interest accounting, share-based compensation for the three and six month period ended June 30, 2017 and 2016 is presented on the statements of comprehensive loss and income as follows:

	Three months ended June 30		Six months ended June 30	
	2017	**2016**	**2017**	**2016**
Share-based compensation	**$ 3**	$ 5	**$ 3**	$ 21

These amounts include share-based compensation relating to options previously granted and vested by Entrée prior to the Arrangement.

b) Warrants

The Company has 4,169,119 common share purchase warrants outstanding exercisable at CA$0.23 per share with expiry dates ranging from January 10, 2022 to January 12, 2022. Under the Arrangement (Note 2), in exchange for each existing Entrée warrant, the holder was issued one Entrée replacement warrant and 0.45 of a Mason warrant. The exercise price assigned to the Mason warrants reflects the allocation of the original exercise price of the existing Entrée warrant between the replacement warrants issued, based on the relative market value of Mason and Entrée following completion of the Arrangement.

11 Exploration costs

	Three months ended June 30		Six months ended June 30	
	2017	**2016**	**2017**	**2016**
Ann Mason	**$ 183**	$ 258	**$ 352**	$ 478
Lordburg	**4**	47	**21**	98
	$ 187	$ 305	**$ 373**	$ 576

12 Related party transactions

Administrative services agreement

On May 9, 2017, Mason entered into an Administrative Services Agreement ("ASA") with Entrée, a related party by virtue of the fact that it provides key management personnel services to Mason. Under the terms of the ASA, Entrée will provide office space, furnishings and equipment, communications facilities and personnel necessary for Mason to fulfill its basic day-to-day head office and executive responsibilities on a pro-rata cost-recovery basis.

Also included in costs recoverable by Entrée under the ASA is a one-time restructure cost payable by Mason that is related to the Arrangement. This amount includes legal, filing and audit related costs directly attributable to the Arrangement.

(tabular amounts expressed in thousands of U.S. dollars, except per share amounts and where indicated)

Transactions with Entrée for goods and services are made on commercial terms through the ASA.

	Three months ended June 30		Six months ended June 30	
	2017	**2016**	**2017**	**2016**
Executive services	**$ 67**	$ -	**$ 67**	$ -
Corporate overhead	**$ 70**	$ -	**$ 70**	$ -
Investor communications	**$ 11**	$ -	**$ 11**	$ -
Restructure charge	**$ 195**	$ -	**$ 195**	$ -

All balances owing by the Company relating to the ASA are outstanding as at June 30, 2017.

The Company's related parties include its wholly owned subsidiaries and key management personnel. Direct remuneration by the Company of the Company's directors and other key management personnel during the period ended June 30, 2017 are as follows:

	Three months ended June 30		Six months ended June 30	
	2017	**2016**	**2017**	**2016**
Director's fees	**$ 8**	$ 20	**$ 29**	$ 42
Short-term employee benefits	**$ 36**	$ 72	**$ 229**	$ 139
Share-based compensation	**$ -**	$ 4	**$ 17**	$ -

Short-term employee benefits include bonuses payable within twelve months of the statement of financial position date and other annual employee benefits.

From the Company's incorporation on February 24, 2017 until the completion of the Arrangement on May 9, 2017, no amounts were incurred by Mason under the ASA for the provision of key management personnel, and no compensation was paid to the Company's officers or directors.

13 Segmented information

The Company operates in one business segment being the exploration of mineral property interests. The Company's capital assets and exploration and evaluation assets are all located in the United States.

14 Financial instruments

a) Fair value classification of financial instruments

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices). Level 3 inputs are for the assets or liabilities that are not based on observable market data (unobservable inputs).

The Company's financial instruments consist of cash and cash equivalents, receivables, deposits, accounts payable and accrued liabilities.

(tabular amounts expressed in thousands of U.S. dollars, except per share amounts and where indicated)

The carrying values of receivables, deposits, and accounts payable and accrued liabilities approximate their fair value due to their short terms to maturity. Cash and cash equivalents are measured at fair value using level 1 inputs.

b) Financial risk management

i) Credit risk

The Company's credit risk is primarily attributable to cash and receivables.

The Company limits its credit exposure on cash held in bank accounts by holding its key transactional bank accounts with large, highly rated financial institutions.

The Company`s receivables balance was not significant and, therefore, was not exposed to significant credit risk.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk.

ii) Liquidity risk

The Company manages liquidity risk by trying to maintain enough cash and cash equivalent balances to ensure that it is able to meet its short term and long-term obligations as and when they fall due. Company-wide cash projections are managed centrally and regularly updated to reflect the dynamic nature of the business and fluctuations caused by commodity price and exchange rate movements.

The Company's operating results may vary due to fluctuation in commodity price, inflation and foreign exchange rates.

iii) Market risks

Interest rate risk

The Company's interest rate risk arises primarily from the interest received on cash and short-term deposits. Deposits are invested on a short-term basis to enable adequate liquidity for payment of operational and exploration expenditures. The Company does not believe that it is exposed to material interest rate risk on its cash.

As at June 30, 2017, the Company has not entered into any contracts to manage interest rate risk.

Foreign exchange risk

The functional currency of the parent and Mason Holdings is CA$ and the functional currency of Mason US and MIM is USD. The reporting currency is USD. A majority of the Company`s operating expenses are in USD, which is the Company's primary foreign exchange exposure.

As at June 30, 2017, the Company has not entered into contracts to manage foreign exchange risk.

The Company is exposed to foreign exchange risk through the following assets and liabilities:

		June 30, 2017
Cash and cash equivalents	$	9,151
Receivables	$	19
Accounts payable and accrued liabilities	$	(409)
	$	8,761

As at June 30, 2017, with other variables unchanged, a 5% increase or decrease in value of the USD against the currencies to which the Company is normally exposed (CAD) would result in a $0.6 million decrease or increase in net loss.

(tabular amounts expressed in thousands of U.S. dollars, except per share amounts and where indicated)

15 Capital management

The Company considers items included in shareholders' equity as capital. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. As at June 30, 2017, the Company had working capital of $8.9 million.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets which are revised periodically based on the results of its exploration programs, availability of financing and industry conditions. There are no external restrictions on management of capital. The Company believes it will be able to raise new funds as required in the long term to fund its exploration programs, but recognizes there will be risks involved that may be beyond its control.

16 Commitments

The Company had the following contractual obligations outstanding:

	Total	Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	Thereafter
Accounts payable and accrued liabilities	$ 409	$ 409	$ -	$ -	$ -	$ -	$ -
Lease commitments	27	27	-	-	-	-	-
	$ 436	$ 436	$ -	$ -	$ -	$ -	$ -

17 Subsequent events

On July 6, 2017, the Company awarded an aggregate 1,125,000 options under the Plan at an exercise price of CA$0.16 to directors, officers, employees and service providers of the Company, expiring on July 5, 2022.

On July 19, 2017, the Company adopted a Shareholder Rights Plan (the "Rights Plan") to ensure, to the extent possible, that all shareholders of the Company are treated fairly and equally in connection with any take-over bid or other acquisition of control of the Company. The Rights Plan was not adopted in response to any specific take-over bid or other proposal to acquire control of Mason and Mason is not aware of any such pending or contemplated proposals. A copy of the Rights Plan agreement is available under the Company's profile on SEDAR at www.sedar.com.

Subsequent to June 30, 2017, 123,750 stock options were exercised for gross proceeds of CA$15,885.