AVIDIAN GOLD INC.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015
(Expressed in US Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Avidian Gold Inc.:

We have audited the accompanying consolidated financial statements of Avidian Gold Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at June 30, 2016 and 2015, and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in shareholders' equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Avidian Gold Inc. and its subsidiaries as at June 30, 2016 and 2015, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
August 15, 2016

AVIDIAN GOLD INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in US dollars)

	June 30, 2016	June 30, 2015
ASSETS		
Current assets		
Cash (Note 4)	$ 532,088	$ 405,231
Amounts receivable and prepaids	24,731	19,637
Total current assets	556,819	424,868
Non-current assets		
Equipment (Note 6)	1,481	1,975
Reclamation bond receivable (Note 12)	27,080	27,080
Mineral exploration interests (Note 5)	497,813	497,813
TOTAL ASSETS	$ 1,083,193	$ 951,736
LIABILITIES		
Current liabilities		
Trade payables and accrued liabilities (Note 9)	$ 62,794	$ 89,543
Non-current liabilities		
Convertible debenture (Note 11)	607,043	-
Decommissioning liability (Note 14)	28,600	28,600
Total liabilities	698,437	118,143
EQUITY		
Issued capital (Note 7(b))	3,037,120	3,021,636
Share-based payment reserve (Note 7(c))	338,920	28,433
Deficit	(2,991,284)	(2,216,476)
Total equity	384,756	833,593
TOTAL LIABILITIES AND EQUITY	$ 1,083,193	$ 951,736

NATURE OF BUSINESS AND GOING CONCERN (Note 1)
COMMITMENTS AND CONTINGENCIES (Notes 12 and 15)
SUBSEQUENT EVENTS (Note 16)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

Signed, "Victor H. Bradley" , Director

Signed, "David Anderson" , Director

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

AVIDIAN GOLD INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

FOR THE YEAR ENDED JUNE 30

(Expressed in US dollars)

	2016	2015
OPERATING EXPENSES		
Exploration and evaluation expenditures (Note 12)	$ 310,703	$ 363,079
General and administrative (Note 10)	131,299	204,003
Foreign exchange losses	24,656	90,459
Decommissioning expense (Note 14)	-	3,817
Share based compensation (Note 7(c))	310,487	28,433
Accretion (Note 11)	9,641	-
Unrealized gain on conversion feature (Note 11)	(11,978)	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	$ 774,808	$ 689,791
NET LOSS PER SHARE - basic and diluted (Note 8)	$ 0.02	$ 0.01
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING basic and diluted (Note 8)	50,709,701	48,527,653

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

AVIDIAN GOLD INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30

(Expressed in US dollars)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (774,808)	$ (689,791)
Add:		
Amortization (Note 6)	494	494
Share based compensation (Note 7(c))	310,487	28,433
Accretion	9,641	-
Decommissioning expense	-	3,817
Unrealized gain on conversion feature	(11,978)	-
Shares issued for services	15,484	2,156
Changes in non-cash working capital items:		
Amounts receivable and prepaids	(5,094)	(1,128)
Trade payables and accrued liabilities	(26,749)	55,966
Cash flows (used in) operating activities	(482,523)	(600,053)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital (Note 7(b))	-	830,788
Share issue costs (Note 7(b))	-	(12,337)
Proceeds from issuance of convertible debentures	609,380	-
Cash flows provided by financing activities	609,380	818,451
CHANGE IN CASH	126,857	218,398
CASH, BEGINNING OF YEAR	405,231	186,833
CASH, END OF YEAR	$ 532,088	$ 405,231

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

AVIDIAN GOLD INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in US dollars)

	Issued Capital	Share-Based Payment Reserve	Deficit	Shareholders' Equity
Balance, June 30, 2014	$2,126,069	$ -	$ (1,526,685)	$ 599,384
Issuance of shares for services (Note 7(b)(i))	1,919	-	-	1,919
Private placement, net of issue costs (Note 7(b)(ii))	893,648	-	-	893,648
Share based compensation (Note 7(c))	-	28,433	-	28,433
Net loss and comprehensive loss for the year	-	-	(689,791)	(689,791)
Balance, June 30, 2015	3,021,636	28,433	(2,216,476)	833,593
Issuance of shares for services, (Note 7(b)(iii))	15,484	-	-	15,484
Share based compensation (Note 7(c))	-	310,487	-	310,487
Net loss and comprehensive loss for the year	-	-	(774,808)	(774,808)
Balance, June 30, 2016	$3,037,120	$ 338,920	$ (2,991,284)	$ 384,756

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

1. Nature of business and going concern

Avidian Gold Inc. ("Avidian" or the "Corporation") was incorporated by articles of incorporation dated June 22, 2011 under the Business Corporations Act (Ontario). Avidian is a private company. The Corporation's principal business activity is mineral exploration. The registered head office of the Corporation is located at 390 Bay Street, Suite #806, Toronto, Ontario, M4H 2Y2.

Avidian is in the business of acquiring and exploring gold projects. As of June 30, 2016, the Corporation has acquired the rights to explore five gold properties in the United States of America and has acquired all the issued and outstanding shares of High Tide Resources Inc. which holds the right to explore a volcanogenic massive sulfide ("VMS") property in Newfoundland, Canada.

The consolidated financial statements of the Corporation for the year ended June 30, 2016 were reviewed, approved and authorized for issue by the Board of Directors on August 15, 2016. Although the Corporation has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Corporation's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Corporation's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and currency exchange fluctuations and restrictions.

The Corporation's property interests are at an early stage of exploration and, in common with many exploration companies, it raises financing for its exploration and appraisal activities in discrete tranches. The Corporation has incurred a loss for the year ended June 30, 2016 of $774,808 and has an accumulated deficit of $2,991,284. The Corporation has a working capital balance of $494,025 at June 30, 2016. The directors and management of the Corporation consider that sufficient funds are available to progress the Corporation's planned acquisition and exploration of gold projects and that the Corporation has adequate working capital for at least the next twelve months. The directors and management of the Corporation therefore consider it appropriate to prepare these consolidated financial statements on the going concern basis which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

However, the existing funds may not be sufficient to explore potential gold project acquisitions and in due course, further funding could be required. In the event that the Corporation is unable to secure further financing it may not be able to complete the development of a gold project.

The Corporation's ability to continue as a going concern is dependent on its ability to obtain additional sources of financing to successfully explore, evaluate and develop gold projects and ultimately, to achieve profitable operations. The success of these endeavours cannot be predicted at this time. The consolidated financial statements do not reflect adjustments to the carrying values and classification of assets and liabilities that might be necessary should the Corporation be unable to continue as a going concern, and such adjustments may be material.

2. Significant accounting policies

Statement of compliance

These consolidated financial statements of the Corporation and its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") effective for the Corporation's reporting for the year ended June 30, 2016.

Basis of presentation

The consolidated financial statements have been prepared on an accrual basis except for cash flow information. These consolidated financial statements are based on historical costs except for those financial instruments carried at fair value and, except where otherwise stated, do not take into account changing money values, fair values of assets and liabilities or recoverable amounts. The policies set out below have been consistently applied to all periods presented.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and its subsidiaries. Subsidiaries consists of entities over which the Corporation is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Corporation and are deconsolidated from the date control ceases.

The financial statements include all assets, liabilities, revenues, expenses, and cash flow of the Corporation and its subsidiaries after eliminating inter-entity balances and transactions.

The following companies have been consolidated within the consolidated financial statements:

Company	Registered	Principal activity
Avidian Gold Inc. ("Avidian")	Ontario, Canada	Parent Company
Avidian Gold US Inc.[(1)(2)] ("Avidian US")	Nevada, USA	Operating Company
High Tide Resources Inc. ("HTR").[(1)(3)]	Nova Scotia, Canada	Dormant Company

(1) 100% owned by Avidian Gold Inc.
(2) Incorporated as at June 23, 2011
(3) Incorporated as at March 27, 2007

Presentation and functional currency

These consolidated financial statements are presented in the functional currency of United States dollars ("US"), the currency of the primary economic environment in which the Corporation is currently operating.

Cash

Cash in the consolidated statement of financial position comprises cash at banks, as well as balances held in trust with legal counsel.

2. Significant accounting policies (continued)

Financial instruments

The Corporation's financial assets are classified in the following categories: at fair value through profit or loss or as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. As at June 30, 2016 and 2015, the Corporation's financial assets are comprised of cash and reclamation bond receivable.

Financial assets at fair value through profit are carried at fair value. Gains and losses are reflected in the consolidated statements of loss and comprehensive loss.

Cash and reclamation bond receivable are classified as loans and receivables and are recognized initially at fair value and subsequently measured at amortized cost.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. The Corporation assesses at each financial reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

The Corporation's financial liabilities consist of trade payables, accrued liabilities, convertible debenture and conversion option component of convertible debenture. Trade payables, accrued liabilities and convertible debenture are classified as other financial liabilities and are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Financial liabilities are derecognized when the contractual obligations are discharged, cancelled or expired. The Corporation's conversion option component of the convertible debenture is classified as fair value through profit and loss and are recognized initially at fair value and subsequently re-measured at fair value at each reporting date.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Exploration and evaluation expenditures are expensed as incurred except for expenditures associated with the acquisition of mineral exploration interests through a business combination**.**

Equipment

Equipment is carried at cost, less accumulated amortization and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Amortization is recognized based on the cost of an item of equipment, over its estimated useful life. Amortization is calculated using the declining balance method at 20% per year.

An asset's residual value, useful life and amortization method are reviewed, and adjusted if appropriate, at each financial position reporting date.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of loss and comprehensive loss.

2. Significant accounting policies (continued)

Impairment of non-financial assets

At each financial position reporting date the carrying amounts of the Corporation's non-financial assets are reviewed to determine whether there is an indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The 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 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss in the consolidated statements of loss and comprehensive loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

At the end of each reporting date, the Corporation assesses whether there is any indication that previously recognized impairment losses no longer exist. If such an indication exists, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined net of amortization or depreciation, had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss in the consolidated statements of loss and comprehensive loss.

Provisions

A provision is recognized in the consolidated statement of financial position when the Corporation has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Corporation from such contracts are lower than the unavoidable cost of meeting its obligations under the contracts.

Decommissioning, restoration and similar liabilities

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Corporation has recorded a provision for $28,600 of restoration, rehabilitation and environmental costs as at June 30, 2016 (2015 - $28,600).

2. Significant accounting policies (continued)

Estimation of decommissioning and restoration costs and the timing of expenditure

The cost estimates are updated annually during the life of a project to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Corporation's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in "other comprehensive income", in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to taxes payable with regards to previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Corporation does not consider it probable that a deferred tax asset will be recovered, it does not recognize the asset.

Loss per share

The Corporation presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards is determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share capital note.

2. Significant accounting policies (continued)

Share-based payments (continued)

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Compound financial instruments (debentures)

Compound financial instruments issued by the Company comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

Under IFRS, when the currency of the conversion price of the conversion option is different than the functional currency of the legal entity in which they were issued, the conversion option component is accounted for as a derivative liability.

For the Corporation's conversion option component that have an exercise price denominated in Canadian dollars, the conversion option component is accounted for as a derivative liability which is measured at fair value using the Black-Scholes valuation model. The liability component of a compound financial instrument is recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the conversion option component. Any directly attributable transaction costs are allocated to the liability and conversion option components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The conversion option component of a compound financial instrument is subsequently revalued every reporting period using market-based valuation techniques. Gains and losses from changes in fair value are recorded in the consolidated statement of loss and comprehensive loss.

Segment reporting

The Corporation operates in a single reportable operating segment, the acquisition, exploration and development of gold projects.

Issued capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Critical accounting judgements and estimation uncertainties

The preparation of consolidated financial statements in conformity with IFRS requires the Corporation's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

2. Significant accounting policies (continued)

Critical accounting judgements and estimation uncertainties (continued)

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Functional currency determination

The functional currency for the Corporation and its subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency is conducted through an analysis of the consideration factors identified in IAS 21 The Effects of Changes in Foreign Exchange Rates and may involve certain judgments to determine the primary economic environment. The Corporation reconsiders the functional currency of its entities if there is a change in events and conditions which determine the primary economic environment. Significant changes to those underlying factors could cause a change to the functional currency.

Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence of significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Fair value of financial instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty. Specifically the fair value of the conversion option component of the convertible debenture has significant measurement uncertainty. See Note 11.

Share-based payments

Management is required to make certain estimates when determining the fair value of the share-based payments. These estimates affect the amount recognized as share-based compensation in the consolidated financial statements, and are based on expected volatility and the expected lives of the underlying stock options.

Impairment of mineral exploration interests

While assessing whether any indications of impairment exist for mineral exploration interests, consideration is given to both external and internal sources of information. Information the Corporation considers includes changes in the market, economic and legal environment in which the Corporation operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Corporation's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Corporation's exploration interests.

2. Significant accounting policies (continued)

Critical accounting judgements and estimation uncertainties (continued)

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Contingencies

See Note 15.

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after July 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company..

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). 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. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. 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. Earlier adoption is permitted.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

IFRS 11 - Joint Arrangements ("IFRS 11") was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016.

2. Significant accounting policies (continued)

Recent accounting pronouncements (continued)

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016.

IAS 12 – Income Taxes ("IAS 12") was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted.

3. Capital management

When managing capital, the Corporation's objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of gold resource assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Corporation's management team to sustain the future development of the business. The Corporation considers its capital to be equity, which comprises share capital, share-based payment reserve and accumulated deficit, which at June 30, 2016, totaled $384,756.

The Corporation invests all capital not required for its immediate needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term guaranteed deposits, all held with select major Canadian financial institutions.

The Corporation is currently attempting to identify an economic gold resource and as such, the Corporation is dependent on external financing to fund its activities. In order to carry out the planned acquisitions and exploration, as well as pay for administrative costs, the Corporation will spend its existing working capital and raise additional amounts as needed.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

a. maintaining a liquidity cushion in order to address any potential disruptions or industry downturns;
b. minimizing discretionary disbursements; and
c. exploring alternative sources of liquidity.

In light of the above, the Corporation will continue to assess new properties if the Corporation believes there is sufficient potential and if it has adequate financial resources to do so.

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

There were no changes in the Corporation's approach to capital management during the years ended June 30, 2016 and 2015. The Corporation and its subsidiaries are not subject to externally imposed capital requirements.

4. Financial risk factors

The Corporation's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (specifically commodity price risk). Risk management is carried out by the Corporation's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Corporation's credit risk is attributable to cash. Cash is held with a reputable financial institution, from which management believes the risk of loss to be remote.

Included in amounts receivable is sales tax receivable from government authorities in Canada. Amounts receivable are in good standing as of June 30, 2016 and 2015. Management believes that the credit risk concentration with respect to financial instruments included in amounts receivable is minimal.

Liquidity risk

Liquidity risk is the risk that the Corporation will not have sufficient cash resources to meet its financial obligations as they become due. The Corporation's liquidity and operating results may be adversely affected if the Corporation's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Corporation. The Corporation generates cash flow primarily from its financing activities. As at June 30, 2016, the Corporation had cash of $532,088 to settle current liabilities of $62,794. The Corporation regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance and liquidity.

All of the Corporation's current financial liabilities as at June 30, 2016 have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Interest rate risk

The Corporation has cash and cash equivalent balances subject to fluctuations in the prime rate. The Corporation's current policy is to invest excess cash in money market funds traded by its banking institutions. The Corporation periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes that interest rate risk is remote as investments are short-term, and the Corporation currently does not carry interest bearing debt at floating rates.

Foreign currency risk

The Corporation's functional and reporting currency is the US dollar and major purchases are transacted in US dollars. As at June 30, 2016, the Corporation holds in cash the following amounts (reported in US$ currency) in Canadian ("CDN") and US funds respectively: $462,096 and $69,992 (2015 - $390,274 and $14,957).

Commodity price risk

The Corporation is exposed to price risk with respect to gold prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to gold price movements and volatilities. The Corporation closely monitors gold prices to determine the appropriate course of action to be taken by the Corporation.

4. Financial risk factors (continued)

Sensitivity analysis

As of June 30, 2016 and 2015, both the carrying and fair value amounts of the Corporation's current financial instruments are approximately equivalent due to their short-term nature. The sensitivity analysis shown in the notes below may differ materially from actual results. Based on management's knowledge and experience of the financial markets, the Corporation believes the following movements are reasonably possible for the year ended June 30, 2016:

(i) As at June 30, 2016, if foreign exchange rates had decreased/increased by 1% with all other variables held constant, the loss for the year ended June 30, 2016 would not have changed by a material amount as a result of lower/higher foreign exchange gains and losses on funds held in foreign currencies and reported shareholders' equity would also not have changed by a material amount.

(ii) Commodity price risk could adversely affect the Corporation. In particular, the Corporation's future profitability and viability of development depends upon the world market price of gold. Gold prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of gold may be produced in the future, a profitable market will exist for them. As of June 30, 2016, the Corporation was not a gold producer. As a result, gold price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Corporation's liquidity and its ability to meet its ongoing obligations.

Fair value hierarchy and liquidity risk disclosure

The three levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At June 30, 2016 and 2015, the Corporation did not hold any financial assets in the fair value hierarchy.

At June 30, 2016, the fair value of the Corporation's financial liability held at fair value, the option component of convertible debenture, is based on level 3 measurements. The Corporation did not hold any financial liabilities at fair value as at June 30, 2015.

<u>Level 3 Hierarchy</u>

The key assumptions used in the valuation of the conversion option component of convertible debenture include (but are not limited to) the value at which a recent financing was done by the Company and share price volatility of comparable publicly traded companies.

For the conversion option component of convertible debenture valued based on market-based valuation technique, the inputs can be judgmental. A +/- 25% change in the fair value of these Level 3 investments as at June 30, 2016 will result in a corresponding +/- $92,000.

(Expressed in US dollars except where otherwise indicated)

5. Mineral exploration interests

On June 14, 2013, the Corporation entered into a share exchange agreement whereby the Corporation issued 11,228,137 common shares valued at $1,103,277 using the estimated fair value of the Corporation's common shares at the time of issue in exchange for all the issued and outstanding shares and warrants of High Tide Resources Inc. The allocation of the purchase price was determined using the fair value of the identifiable assets acquired and liabilities assumed at the date of acquisition. The fair value of the mineral exploration interests acquired was determined to be $497,813 on the date of acquisition.

HTR holds a 100% interest in three mining licenses located in southwest Newfoundland (the "Strickland Property"), which it acquired from Quinlan Prospecting Limited on July 15, 2011 in exchange for 4,000,000 HTR common shares and subject to a 2% net smelter return royalty ("NSR"). The Corporation may purchase 1% of the NSR for CDN$1,000,000 and another 0.5% for an additional CDN$1,000,000.

During the year, two mining licenses were cancelled that did not contain claims that were deemed essential to the property block. The remaining licenses are in good standing and require exploration expenditures of CDN$2,000 prior to April 2018. Management has assessed that the property has not been impaired because the core focus is located on the remaining claims.

6. Equipment

Cost		Equipment
Balance, June 30, 2014	$	4,287
Additions		-
Balance, June 30, 2015		4,287
Additions		-
Balance, June 30, 2016	$	4,287

Amortization and impairment		Equipment
Balance, June 30, 2014	$	1,818
Amortization		494
Balance, June 30, 2015		2,312
Amortization		494
Balance, June 30, 2016	$	2,806

Carrying amounts		Equipment
Balance, June 30, 2015	$	1,975
Balance, June 30, 2016	$	1,481

(Expressed in US dollars except where otherwise indicated)

7. Share capital

(a) Authorized

Unlimited number of common shares, with no par value.

(b) Issued

50,906,886 common shares

	Number of Shares	Amount
Balance, June 30, 2014	30,975,788	2,126,069
Shares issued for services (i)	21,562	1,919
Private placement shares issued (ii)	19,653,431	905,985
Share issue costs – cash (ii)	-	(12,337)
Balance, June 30, 2015	50,650,781	$ 3,021,636
Shares issued for services (iii)	256,105	15,484
Balance, June 30, 2016	50,906,886	$ 3,037,120

(i) During the year ended June 30, 2015, the Corporation issued 21,562 shares valued at CDN$0.10 (US$0.089) each for a total value of CDN$2,156 (US$1,919) in consideration for geological consulting services.

(ii) During the year ended June 30, 2015, the Corporation completed a private placement for 19,653,431 common shares offered at a price of CDN$0.05 (US$0.047) per share for total gross proceeds of CDN$982,672 (US$905,895). Share issue costs of $12,337 were incurred in relation to this financing. Of this private placement, a total of CDN$395,000 (US$363,401) was subscribed for by the directors and officers of the Corporation.

(iii) During the year ended June 30, 2016, the Corporation issued 100,000 shares valued at CDN$0.05 (US$0.0376) each for a total value of CDN$5,000 (US$3,756) pursuant to an agreement for an exclusivity period in which to conduct due diligence on certain properties in Nevada. In addition, the Corporation issued 156,105 shares valued at CDN$0.10 (US$0.075) each for a total value of CDN$15,611 (US$11,728) in consideration for geological consulting services.

(c) Share-based payment reserve

On April 30, 2015, the Corporation granted 2,500,000 stock options to an officer of the Corporation to purchase 2,500,000 common shares of the Corporation at an exercise price of CDN$0.025 (US$0.021) per share expiring on April 30, 2020. The vesting terms of these options are as follows: 500,000 on the day of grant, 1,000,000 on April 30, 2016 and 1,000,000 on April 30, 2017. The options were valued at $102,500 using the Black-Scholes pricing model with an expected volatility of 100%, an expected dividend yield of 0%, an expected life of 5 years and a risk free rate of 1.05%. A total of 2,000,000 of these options were forfeited in the year ended June 30, 2016 upon resignation of the officer. Share-based compensation expense of $25,166 was recorded in the year ended June 30, 2015 for these options. A reversal of $7,349 of share based compensation was recorded in the year ended June 30, 2016 in relation to the forfeited options.

(Expressed in US dollars except where otherwise indicated)

7. Share capital (continued)

(c) Share-based payment reserve (continued)

On June 1, 2015, the Corporation granted 100,000 stock options to a consultant of the Corporation to purchase 100,000 common shares of the Corporation at an exercise price of CDN$0.025 (US$0.020) per share for five years. These options vested immediately. These options were valued at $3,267 using the Black-Scholes pricing model with an expected volatility of 100%, an expected dividend yield of 0%, an expected life of 5 years and a risk free rate of 0.90%. Share-based compensation expense of $Nil (2015 - $3,267) was recorded in the year ended June 30, 2016 for these options.

On November 16, 2015, the Corporation granted 10,000,000 stock options to officers, directors, and consultants of the Corporation to purchase 10,000,000 common shares of the Corporation at an exercise price of CDN$0.025 (US$0.019) per share expiring on November 30, 2020. The options vested upon issuance. The options were valued at $310,401 using the Black-Scholes pricing model with an expected volatility of 100%, an expected dividend yield of 0%, an expected life of 5 years and a risk free rate of 1.05%. Share-based compensation expense of $310,401 was recorded in the year ended June 30, 2016 for these options of which $248,321 related to stock options granted to officers and directors of the Corporation.

On January 5, 2016, the Corporation granted a total of 220,000 stock options to property holders in lieu of the annual lease payment to purchase 220,000 common shares of the Corporation at an exercise price of CDN$0.01 (US$0.0077) per share for two years. These options vested immediately. These options were valued at $6,940 using the Black-Scholes pricing model with an expected volatility of 100%, an expected dividend yield of 0%, an expected life of 2 years and a risk free rate of 0.94%. Share-based compensation expense of $6,940 was recorded in the year ended June 30, 2016 for these options.

On January 5, 2016, the Corporation granted a total of 25,000 stock options to a consultant of the Corporation to purchase 25,000 common shares of the Corporation at an exercise price of CDN$0.05 (US$0.0385) per share for two years. These options vested immediately. These options were valued at $495 using the Black-Scholes pricing model with an expected volatility of 100%, an expected dividend yield of 0%, an expected life of 2 years and a risk free rate of 0.94%. Share-based compensation expense of $495 was recorded in the year ended June 30, 2016 for these options.

Share based payment activity for the years ended June 30, 2016 and June 30, 2015 is summarized as follows:

	Number of stock options	Weighted average exercise price (CDN)
		$
Balance, June 30, 2014	**-**	**-**
Granted	2,600,000	0.025
Balance, June 30, 2015	**2,600,000**	**0.025**
Granted	10,245,000	0.025
Forfeited	(2,000,000)	(0.025)
Balance, June 30, 2016	**10,845,000**	**0.025**

(Expressed in US dollars except where otherwise indicated)

7. Share capital (continued)

(c) Share-based payment reserve (continued)

Outstanding and exercisable options as at June 30, 2016 are summarized as follows:

Exercise price	Number outstanding	Weighted average remaining contractual life (years)	Number exercisable
CDN$0.01	220,000	1.56	220,000
CDN$0.025	10,600,000	4.32	10,600,000
CDN$0.05	25,000	1.56	25,000

8. Basic and diluted net loss per share

The calculation of basic and diluted loss per share for the year ended June 30, 2015 was based on the loss attributable to common shareholders of $774,808 (2015 - $689,791) and the weighted average number of common shares outstanding of 50,709,701 (2015 - 48,527,653).

Diluted loss per share did not include the effect of the stock options disclosed in Note 7(c) and the conversion option feature described in Note 11 as they are anti-dilutive for the years ended June 30, 2016 and 2015.

9. Related party transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of the entities outlined below.

The following individuals transacted with the Corporation in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties are unsecured, non-interest bearing, and due on demand, and were no more favourable than those available, or which might reasonably be expected to be available, to similar transactions to non-key management personnel related entities on an arm's length basis.

(a) The remuneration of key management personnel is comprised of

	June 30, 2016	June 30, 2015
Fees	$ 96,082	$ 32,802

(b) See Notes 7(b)(ii) and (c) and Note 11.

(c) During the year ended June 30, 2016, the Corporation incurred $8,638 (2015 - $39,200) in expenses and consulting fees in the normal course of operations from a director who is also an officer of the Corporation. As at June 30, 2016, $Nil is included in accounts payable and accrued liabilities (2015 - $6,798).

(d) During the year ended June 30, 2016, the Corporation incurred $2,114 (2015 - $19,625) in legal expenses in the normal course of operations from an officer of the Corporation. As at June 30, 2016, $Nil is included in accounts payable and accrued liabilities (2015 - $10,702).

(e) Accounts payable and accrued liabilities as at June 30, 2016 includes $19,355 (2015 - $11,673) owed to current and former officers of the Corporation for fees. Such amounts are unsecured, non-interest bearing and with no fixed terms of payment.

(Expressed in US dollars except where otherwise indicated)

10. General and administrative

	June 30, 2016	June 30, 2015
Professional fees and transfer agent	$ 90,717	$ 140,729
Office supplies, bank charges and telephone	12,556	15,434
Amortization (Note 6)	494	494
Travel and promotion	9,381	29,796
Occupancy costs	18,151	17,550
	$ 131,299	$ 204,003

11. Convertible debt

On June 1, 2016, the Corporation closed a secured convertible debenture financing for CDN$794,000 (US$605,275) with an interest rate of 8% per annum payable at maturity. The unsecured convertible debenture has a maturity date of June 1, 2019 and the principal amount and all accrued interest of the convertible debentures are convertible into common shares at CDN$0.05 (US$0.038) per share prior to June 1, 2019 at the option of the holder. A total of CDN$102,500 of the debentures were issued to directors and officers of the Corporation.

Under IFRS, when the currency of the conversion price of the conversion option is different than the functional currency of the legal entity in which they were issued, the conversion option component is accounted for as a derivative liability.

The Corporation allocated the net proceeds to liability and derivative liability components based on the fair value of the conversion feature (which is an embedded derivative liability requiring separation) and the convertible debentures using the effective interest rate method. The effective interest rate of the convertible note is 43.10% (this is determined by establishing the rate that is required to discount the contractual cash flows back to the carrying amount, as adjusted for transaction costs). The fair value of the derivative liability component was determined to be $375,271 with a residual amount of $224,813 allocated to the liability on the date of issuance. The fair value of the conversion option component of the debenture at issuance was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 100%, risk free interest rate of 0.66% and an expected life of 3 years.

The discount on the convertible debentures is amortized using the effective interest method over a period of three years. The Corporation accretes the carrying value of the convertible debentures each month by recognizing an accretion expense in the statement of loss and comprehensive loss and a credit to convertible note. For the year ended June 30, 2016, $9,641 of finance expense from the debt discount was recorded by the Corporation.

The fair value of the conversion option component of the debenture at June 30, 2016 was estimated as $368,829 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 100%, risk free interest rate of 0.52% and an expected life of 2.9 years.

(Expressed in US dollars except where otherwise indicated)

11. Convertible debt (continued)

The following table presents the reconcilation of the beginning and ending balances of the components of the convertible debt:

	Liability	Derivative liability	Total
July 1, 2015	-	-	-
Issuance of debenture	230,004	375,271	605,275
Issuance costs	(5,191)	-	(5,191)
Accretion of liability	9,641	-	9,641
Revaluation of conversion option	-	(11,978)	(11,978)
Change in foreign exchange	3,760	5,536	9,296
June 30, 2016	238,214	368,829	607,043

12. Exploration and evaluation expenditures

County Line

On August 12, 2011, the Corporation entered into a lease agreement ("PPM Lease") with Paradise Peak Mining, LLC ("PPM") for claims located in the Mineral and Nye Counties of the State of Nevada. The term of the lease is for ten years with five extension terms of ten years each and so long after expiration of the final ten year extension as long as the Corporation pays the minimum payments unless otherwise extended or terminated.

The Corporation can purchase the property at any time during the term of the lease agreement for the price of $400,000, subject to an NSR of 2%.

The Corporation is required to make minimum payments as follows which will be cumulatively credited against the Corporation's royalty payment obligations, but will not be credited against the purchase price of the Corporation's option.

a. August 15, 2011: $20,000 (paid)
b. First anniversary of initial payment: $20,000 (paid)
c. Second anniversary of initial payment: $30,000 (paid)
d. Third anniversary of initial payment: $30,000 (paid)
e. Each subsequent anniversary: $40,000 (2016 payment satisfied by issuance of 20,000 stock options exercisable at CDN$0.01. See Note 7(c))

The Corporation must pay all federal ($145/claim) and state/county ($12/claim) mining claim fees annually, file an intent to hold, and provide proof of compliance to the lessor fifteen days before the statutory compliance deadline.

The claims are subject to a work commitment (subject to an extension of time from the effective date to January 31, 2012, (the “Resolution Date”) of $50,000 within 18 months of the Resolution Date (the work commitment was fulfilled as at June 30, 2014) and $150,000 before the third anniversary of the Resolution Date (the work commitment was fulfilled as at June 30, 2015).

On January 11, 2012, the Corporation entered into a mining lease and purchase agreement ("Desatoya Lease") effective January 31, 2012 with Desatoya Goldstrike, LLC ("Desatoya") for claims located in the Mineral and Nye Counties of the State of Nevada. The term of the lease is for ten years with five extension terms of ten years each and so long after the expiration of the final ten year extension, as long as the Corporation pays the minimum payments unless otherwise extended or terminated.

The Corporation can purchase the property at any time during the term of the lease agreement for the price of $200,000, subject to a 2% NSR.

12. Exploration and evaluation expenditures (continued)

County Line (continued)
The Corporation is required to make minimum payments as follows which will be cumulatively credited against the Corporation's royalty payment obligations, but will not be credited against the purchase price of the Corporation's option.

(i) On execution of the agreement: $10,000 (paid)
(ii) First anniversary of initial payment: $10,000 (paid)
(iii) Second anniversary of initial payment: $15,000 (paid)
(iv) Third anniversary of initial payment: $20,000 (paid)
(v) Each subsequent anniversary: $20,000 (2016 payment satisfied by issuance of 200,000 stock options exercisable at CDN$0.01. See Note 7(c))

The Corporation must pay all federal ($145/claim) and state/county ($12/claim) mining claim fees annually, file an intent to hold, and provide proof of compliance to the lessor not less than fifteen days before the statutory compliance deadline.

On May 25, 2016, the Corporation entered into an option to enter joint venture agreement with North Peak Mining Inc. ("NPM") on its mining claims located in the Mineral and Nye Counties of the State of Nevada. The term of the agreement continues to and includes December 31, 2019, and, if NPM completes its initial Earned-In Obligation, thereafter until the parties execute and deliver a joint venture agreement, unless sooner accelerated, terminated or extended.

NPM shall make the following payments.

(i) On execution of the agreement: $30,000 (paid)
(ii) October 31, 2016: $30,000
(iii) First anniversary of initial payment: $100,000
(iv) Second anniversary of initial payment: $100,000
(v) Third anniversary of initial payment: $100,000

NPM has a work commitment obligation of $100,000 completed by October 31, 2016, increasing by $100,000 annually for the next three anniversaries for a total cumulative work commitment of $1,000,000. Upon making all payments, NPM will have earned a 51% joint venture interest in the mining claims.

On January 29, 2013, the Corporation entered into a mining lease and option to purchase agreement for the Rad Claims Property (the “Altan Lease”) with Altan Rio (US) Inc., a Nevada corporation ("Altan"), a group of unpatented mining claims located in Mineral and Nye Counties, Nevada.

The term of the Altan Lease is for twenty years and so long after expiration of the primary term as the Corporation pays the minimum advance royalty payments, unless the Altan Lease is terminated in accordance with its terms or is otherwise extended.

The Corporation can purchase the claims at any time during the term of the Altan Lease for the price of $500,000, subject to a 3% NSR. The Corporation has the option to purchase one-half of the royalty payable under the Altan Lease for the price of $1,500,000. On closing of the royalty option the royalty rate would be reduced to a 1.5% NSR.

The Corporation is required to make minimum advance royalty payments which are cumulatively credited against the Corporation's production royalty payment obligations. The minimum advance royalty payments are not credited against the purchase price for the Rad Claims if the Corporation exercises its option to purchase the Rad Claims. The minimum advance royalty payments are:

a. On execution of the Altan Lease: $10,000 (paid)
b. First anniversary of initial payment: $15,000 (paid)
c. Second anniversary of initial payment: $20,000 (paid)
d. Third anniversary of initial payment: $25,000
e. Each subsequent anniversary: $30,000

12. Exploration and evaluation expenditures (continued)

County Line (continued)

The Corporation has a work commitment obligation of $50,000 per year during each of the second through the fifth years of the Altan Lease, $100,000 per year during the sixth through tenth lease years, and $200,000 annually during each of the remaining lease years.

The Corporation terminated this lease effective December 23, 2015.

Dome Hill

On June 1, 2011, the Corporation entered into a lease agreement with Nevoro Nevada Inc. ("NNI") for claims located in Mono County, California and Mineral County, Nevada (the "Nevoro Claims"). The term of the lease was for three years from the date of the agreement.

The Corporation could purchase the property before the third anniversary of the agreement for $25,000 less the amount of the minimum payments.

The Corporation was required to make minimum payments as follows, which would be credited against the purchase price.

a. June 1, 2011, $5,000 (paid)
b. First anniversary of the agreement: $5,000 (paid)
c. Second anniversary of agreement: $15,000 (no longer required to be paid)

The Corporation must pay all federal ($145/claim) and state/county ($12/claim) mining claim fees annually, file an intent to hold, and provide proof of compliance to NNI thirty days before the statutory compliance deadline.

The Corporation is subject to annual assessment work which must be completed by September 1 of each year to the extent required by law.

The property was subject to a 2% NSR. The Corporation could purchase half of the NSR for $1,000,000.

Effective April 12, 2013, the Corporation and NNI entered into the First Amendment of Mining Lease and Option to Purchase Agreement Dome Hill Project in accordance with which the Corporation agreed to purchase all of the right, title and interest of NNI in the Nevoro Claims, including the royalty, for the sum of $7,000. The Corporation paid the purchase price and NNI executed and delivered quitclaim deeds to the Corporation which were recorded.

The Nevoro Lease has been terminated. The Corporation owns the Nevoro Claims outright and free and clear of any claims, encumbrances or liens. The Corporation has no royalty or minimum payment obligations in respect of the Nevoro Claims.

On September 1, 2011, the Corporation entered into a mining lease and option to purchase agreement Sunshine Project (the “Sunshine Lease”) with Deborah A. Ostas for the Sunshine Group of unpatented mining claims located in Mono County, California (the "Sunshine Claims"). The term of the Sunshine Lease is for twenty years.

The Corporation was required to make minimum advance royalty payments which are cumulatively credited against the Corporation's production royalty payment obligations. The minimum advance royalty payments are not credited against the purchase price for the Sunshine Claims if the Corporation exercises its option to purchase the Sunshine Claims.

12. Exploration and evaluation expenditures (continued)

Dome Hill (continued)

The minimum advance royalty payments were:

(i) On execution of the Sunshine Lease $3,000 (paid)
(ii) Each subsequent anniversary of the agreement $5,000 ($5,000 was paid on the first and second anniversary of the agreement)

The Corporation terminated this lease effective April 15, 2015.

On November 1, 2011, the Corporation entered into a mining lease and option to purchase agreement (the "Hermene Lease") with Doyle Kenneth Brook, Jr., an officer and former director of the Corporation, and his spouse, Maria Brook, (collectively "Brook"), for the Hermene patented mining claim located in Mono County, California, Patent No. 285868, Mineral Survey No. 4763. The primary term of the Hermene Lease is for ten years with the right to extend the Hermene Lease for an additional ten years.

The Corporation was required to make minimum payments. The minimum payments are not credited against the purchase price for the Hermene Claim if the Corporation exercises its option to purchase the Hermene Claim. The minimum payments were:

(i) On execution of the Hermene Lease: $1,000 (paid)
(ii) Each subsequent anniversary of the agreement: $1,000 ($1,000 paid for the first and second anniversary payments)

The Corporation terminated this lease effective April 15, 2015.

Shawnee Creek (Formerly known as Jungo)

On August 29, 2011, the Corporation entered into a lease agreement with Dutch Gold Resources, Inc. ("DGRI"), a Nevada corporation, for claims located in Humboldt County of the State of Nevada, (the "Red Dog Claims"). The term of the lease was for ten years with five extension terms of ten years each and so long after expiration of the final ten year extension as long as the Corporation pays the minimum payments unless otherwise extended or terminated.

The Corporation was required to make minimum payments as follows which may be cumulatively credited against the Corporation's royalty payment obligations.

a. Execution of agreement: $15,000 (paid)
b. First anniversary of agreement date: $15,000 (paid)
c. Second anniversary of agreement date: $20,000 (paid)
d. Each subsequent anniversary: $20,000 (paid)

The Corporation must also issue to DGRI 150,000 common shares. (Issued)

The Corporation must pay all federal ($145/claim) and state/county ($12/claim) mining claim fees annually, file an intent to hold, and provide proof of compliance to DGRI fifteen days before the statutory compliance deadline.

Subsequently, on January 8, 2013, DGRI, DGRI Jungo Development Corporation and the Corporation entered into an agreement pursuant to which DGRI and DGRI Jungo Development Corporation agreed to transfer to the Corporation all of the right, title and interest in and to the Red Dog Claims, in exchange for a 2% NSR and the obligation of the Corporation to pay annual advance minimum royalty payments to DGRI Jungo Development Corporation in the amount of $20,000 beginning on August 25, 2015. The agreement dated January 8, 2013, expressly supersedes the mining lease agreement dated August 29, 2011.

(Expressed in US dollars except where otherwise indicated)

12. Exploration and evaluation expenditures (continued)

Shawnee Creek (Formerly known as Jungo) (continued)

William R. Hansen, the owner of the Royalty Red Dog Claims, executed and delivered to the Corporation the Quitclaim Deed With Reservation of Royalty Red Dog Claims dated January 4, 2013, which was recorded in the Office of the Humboldt County Recorder on January 8, 2013, Document 2014-82 in return for a purchase price of $10,000. The Red Dog Claims are subject to a 2% NSR. The Corporation has no minimum royalty payment obligation to William R. Hansen. On June 26, 2014, the Corporation purchased a 100% interest in the Red Dog Claims 101-160 and as a result there is no longer a 2% NSR.

Golden Zone

On April 28, 2016, the Corporation entered a preliminary agreement with Chulitna Mining Company LLC ("CMC"), Mines Trust Company Inc. ("MTC"), and Alix Resources Corp. ("AIX") to purchase an aggregate interest of 70.6% interest in the Golden Zone property, Alaska. Upon signing this agreement, the Corporation paid $25,000 to CMC for an exclusive 90-day due diligence period. In addition, the Corporation paid CDN$10,000 to AIX and will settle a debt of CDN$200,000 (US$152,462) AIX owes to CMC through the issuance of 1,000,000 shares at a deemed price of CDN$0.20 (US$0.15) per share upon closing a definitive agreement for the interest in the Golden Zone property.

The parties have agreed to the following financial terms for the final agreement:

	CMC		MTC	
	cash	stock	cash	stock
upon signing an agreement in 2016	$ 150,000	$ 150,000	$ 25,000	$ 100,000
January 15, 2017	50,000	50,000	-	25,000
January 15, 2018	50,000	50,000	-	25,000
January 15, 2019	100,000	100,000	-	25,000
January 15, 2020	100,000	100,000	-	25,000
January 15, 2021	100,000	100,000	-	25,000
January 15, 2022	150,000	150,000	-	25,000
January 15, 2023	150,000	150,000	-	25,000
Total	$ 850,000	$ 850,000	$ 25,000	$ 275,000

The Corporation will undertake to spend $2,000,000 over a five year period with a minimum annual expenditure of $200,000.

The Corporation's shares will be valued at CDN$0.10 per share where there is no public market for those shares and at the 20-day VWAP immediately prior to the date a payment is due when the Corporation's shares (or its successor company's shares) are listed upon a stock exchange.

Annual payments will cease after the January 15, 2023, payments or upon the beginning of production of 10,000 ounces or more of gold annually from the property when NSR's will become payable. Cash payments in the years 2019 and following will be considered advance royalty payments and will be deducted from up to 50% of NSR royalties payable upon achieving production from GZ. Those NSR royalties will be as follows: CMC 2.0%; MTC 1.0%

Royalty "buy-downs" will be available to the Corporation at the rate of one percentage point for $1,000,000 for CMC's NSR and 4/10ths of one percentage point for $400,000 for MTC's NSR. Should any party wish to cash in all of its NSR, then payments will be scaled up pro rata (i.e.,CMC could sell the remaining percentage point for another $1,000,000; MTC could sell its remaining 6/10ths for another $600,000).

The Corporation is still conducting due diligence on the property and has not yet signed a final agreement.

12. Exploration and evaluation expenditures (continued)

Amanita

On July 18, 2015, the Corporation signed a lease to purchase option for a period of 15 years pursuant to which the Corporation can acquire a 100% interest in the Amanita claim block subject to a 3% NSR for cash consideration of $3 million. The Amanita claim block is comprised of 88 lode claims located within the Fairbanks Mining District approximately 25 kilometres northeast of Fairbanks.

The Corporation paid $5,000 at the time of signing a letter of intent and a further $20,000 on the signing of the definitive property agreement. The Corporation is required to make minimum payments as follows, which would be credited against the purchase price.

a. First anniversary of agreement date: $15,000 (paid subsequent to year end in July 2016)
b. Second anniversary of agreement date: $25,000
c. Third anniversary of agreement date: $30,000
d. Every subsequent anniversary: payments increase by $10,000 annually

The Corporation can acquire the 3% NSR royalty for an additional $3 million.

Northern Lights

On August 31, 2011, the Corporation entered into a lease agreement with Kircher Mine Development LLC ("KMD") for claims located in Mineral County of the State of Nevada. The term of the lease was for twenty years. The Corporation could purchase the property for $250,000 any time during the term of the agreement and prior to commencing development or mining, subject to a 2.5% NSR. The Corporation could purchase 40% of the royalty representing a 1% NSR for $2,000,000.

The Corporation was required to make minimum payments as follows, cumulatively credited against the Corporation's royalty payment obligations.

a. First anniversary of agreement date: $5,000 (paid)
b. Second anniversary of agreement date: $10,000 (paid)
c. Third anniversary of agreement date: $15,000 (paid)
d. Every subsequent anniversary: $15,000

The Corporation terminated this lease effective April 15, 2015.

Gray Hills

On June 1, 2014, the Corporation entered into a lease agreement with McIntosh Exploration LLC, a private Nevada company, for claims located in Lyon County of the State of Nevada, (the "Albite Claims"). The term of the lease was for ten years unless terminated or extended.

The Corporation was required to make minimum payments as follows which could be cumulatively credited against the Corporation's royalty payment obligations.

a. Execution of agreement: $10,000 (paid)
b. First anniversary of agreement date: $10,000
c. Second anniversary of agreement date: $15,000
d. Third anniversary of agreement date: $20,000
e. Fourth anniversary of agreement date: $25,000
f. Fifth anniversary of agreement date: $30,000
g. Sixth anniversary of agreement date: $50,000
h. Every subsequent anniversary: $50,000

On December 27, 2014, the Board of Directors decided not to pursue any further exploration work on the property and the Corporation terminated the lease agreement.

(Expressed in US dollars except where otherwise indicated)

12. Exploration and evaluation expenditures (continued)

Tramp Springs

On June 1, 2014, the Corporation entered into a lease agreement with T.J. and A.L. Percival, for claims located in Nye County of the State of Nevada, (the "Tramp Claims"). The term of the lease was for 20 years unless terminated or extended.

The Corporation was required to make minimum payments as follows which may be cumulatively credited against the Corporation's royalty payment obligations.

(i) Execution of agreement: $5,000 (paid)
(ii) First anniversary of agreement date: $7,500
(iii) Second anniversary of agreement date: $10,000
(iv) Third anniversary of agreement date: $20,000
(v) Fourth anniversary of agreement date: $30,000
(vi) Fifth anniversary of agreement date: $40,000
(vii) Every subsequent anniversary: $40,000

The Corporation terminated this lease effective May 1, 2015.

County Line		Year ended June 30, 2016		Year ended June 30, 2015
Acquisition and holding costs (recovery)	$	(2,459)	$	72,027
Assays		8,845		6,201
Consulting fees		8,373		7,574
Field supplies, data and communication and other exploration costs		599		778
Drilling		28,484		22,492
Travel		3,169		201
	$	47,011	$	109,273

Dome Hill				
Acquisition and holding costs	$	12,227	$	10,932
Consulting fees		5,314		2,434
Field supplies, data and communication and other exploration costs		-		697
Legal and agreement costs		-		1,230
	$	17,541	$	15,293

Shawnee Creek (Formerly known as Jungo)				
Acquisition and holding costs	$	38,897	$	59,512
Assays		2,371		-
Consulting fees		7,565		6,396
Field supplies, data and communication and other exploration costs		-		6,354
Legal and agreement costs		1,050		1,005
Occupancy costs		1,850		950
	$	51,733	$	74,217

(Expressed in US dollars except where otherwise indicated)

12. Exploration and evaluation expenditures (continued)

Amanita		2016		2015
Acquisition and holding costs	$	40,000	$	-
Consulting fees		45,753		-
Travel		7,493		-
	$	93,246	$	-
Golden Zone				
Acquisition and holding costs	$	40,829	$	-
Consulting fees		31,301		-
	$	72,130	$	-
Other Properties				
Evaluation expenditures	$	29,042	$	164,296
TOTAL EXPLORATION AND EVALUATION EXPENDITURES	**$**	**310,703**	**$**	**363,079**

13. Income taxes

The Corporation utilizes the asset and liability method of accounting for incomes taxes. The estimated taxable income for the years ended June 30, 2016 and 2015 is $Nil. Based upon the level of historical taxable income, it cannot be reasonably determined if the Corporation will realize deferred income tax assets.

(a) Provision for income taxes

Major items causing the Corporation's effective income tax rate to differ from the combined statutory rate of 21% (2015 – 19%) were as follows:

	2016 $	2015 $
(Loss) before income taxes	(774,809)	(689,791)
Expected income tax recovery based on statutory rate	165,000	133,000
Adjustment to expected income tax benefit:		
Expenses not deductible for tax purposes	(7,000)	(26,000)
Other	11,000	(105,000)
Change in benefit of tax assets not recognized	(169,000)	(2,000)
Deferred income tax provision (recovery)	-	-

The 2016 statutory tax rate of 21% differs from the 2015 statutory tax rate of 19% due to the difference in allocation of the blended rate between entities in different jurisdictions.

(Expressed in US dollars except where otherwise indicated)

13. Income taxes (continued)

(b) Deferred income tax

Recognized deferred tax assets and liabilities are as follows:

Canada	2016 $	2015 $
Mineral exploration property costs	(21,000)	(16,000)
Non-capital loss carry-forwards	21,000	16,000
Total	-	-

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

Canada	2016 $	2015 $
Non-capital loss carry-forwards	543,000	390,000
Share issue costs	8,000	32,000
Mineral exploration property costs	45,000	65,000
Total	596,000	487,000
United States		
Non-capital loss carry-forwards	2,418,000	1,505,000
Decommissioning liability	29,000	29,000
Total	2,447,000	1,534,000

The Corporation has approximately $626,000 (CDN $814,000) (2015 - $454,000, CDN $553,000) of non-capital losses in Canada, $2,419,000 (2015 - $1,505,000) of non-capital losses in the United States as at June 30, 2016, which under certain circumstances can be used to reduce the taxable income of future years. The non-capital losses will expire as follows:

Canada

2032	$ 29,000
2033	94,000
2034	134,000
2035	191,000
2036	178,000
Total	$ 626,000

United States

2032	$ 129,000
2033	762,000
2034	455,000
2035	1,001,000
2036	72,000
Total	$ 2,419,000

(Expressed in US dollars except where otherwise indicated)

13. Income taxes (continued)

(b) Deferred income tax (continued)

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Corporation can use the benefits.

The Corporation has approximately $544,000 (CDN$681,000) of Canadian development and exploration expenditures as at June 30, 2016 (2015 - $563,000, CDN$701,000) which under certain circumstances can used to reduce taxable income in future years.

14. Decommissioning liability

The Corporation's provision for closure and reclamation costs is based on management's estimates of costs to abandon and reclaim mineral exploration interests and facilities as well as an estimate of the future timing of the costs to be incurred.

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the provision for closure and reclamation associated with the retirement of the Corporation's mineral exploration interests:

	Amount
Balance, June 30, 2014	$ 24,783
Adjustments resulting from re-measurement	3,817
Balance, June 30, 2015	28,600
Adjustments resulting from re-measurement	-
Balance, June 30, 2016	$ 28,600

The Corporation has assessed its total provision for closure and reclamation and estimated it to be $28,600 at June 30, 2016 (2015 - $28,600) based on a total future liability of approximately $27,000 (2015 - $27,000), an inflation rate of 1.8% (2015 – 1.8%) and a discount rate of 1.01% (2015 – 1.01%). Reclamation is expected to occur in ten years.

15. Commitments and contingencies

Environmental contingencies

The Corporation's exploration activities are subject to various federal, provincial, state and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Corporation conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Corporation has made, and expects to make in the future, expenditures to comply with such laws and regulations.

16. Subsequent events

The Corporation continues its due diligence work on the Golden Zone property and expects a final property agreement to be signed by the end of August 2016. See Note 12.

Management has sent notice to the holders of the Corporation's outstanding stock options requesting the holder select one of the following options:

1. Exercise all options at the respective strike price; or
2. Receive 1/4 the number of shares for which the option entitles the holder to exercise.

There will be no stock options outstanding upon completion of this transaction.