

# **Great Thunder Gold Corp.**

## **Great Thunder Gold Corp.**

(An exploration stage company)

### **Condensed Interim Consolidated Financial Statements**

(Unaudited)

**January 31, 2016**

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### **Notice of No Auditor Review**

The accompanying unaudited condensed interim consolidated financial statements were prepared by management and approved by the Board of Directors.

The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

# Great Thunder Gold Corp.

(An exploration stage company)

## Condensed Interim Consolidated Statements of Financial Position

(Unaudited)

	January 31, 2016	April 30, 2015
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 3,579	\$ 19,873
Accounts receivable	370	542
Prepaid expenses	5,508	8,383
	9,457	28,798
<b>Non-current assets</b>		
Investments (note 5)	508	3,302
Reclamation bonds (note 6)	13,000	13,000
Exploration and evaluation assets (note 7)	1,364,407	1,358,007
	\$ 1,387,372	\$ 1,403,107
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 1,559	\$ 15,704
Due to related parties (note 9)	188,975	99,809
Site restoration obligation (note 6)	15,000	15,000
	205,534	130,513
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 8)	12,742,953	12,732,953
Share-based payment reserve	28,133	28,133
Accumulated other comprehensive income	57	2,850
Deficit	(11,589,305)	(11,491,342)
	1,181,838	1,272,594
	\$ 1,387,372	\$ 1,403,107

Nature of Operations and Going Concern (note 1)  
Commitments (note 13)

Approved on behalf of the Board of Directors

/s/ Kevin C. Whelan

The accompanying Notes to the Condensed Interim Consolidated Financial Statements are an integral part of these financial statements

# Great Thunder Gold Corp.

(An exploration stage company)

## Condensed Interim Consolidated Statements of Operations and Comprehensive Loss (Unaudited)

	For the Three Months Ended January 31		For the Nine Months Ended January 31	
	2016	2015	2016	2015
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>				
Accounting and audit	\$ -	\$ -	\$ (2,040)	\$ 1,090
Foreign exchange	-	2	-	22
Insurance	1,025	1,025	3,075	3,075
Investor relations and shareholder information	15	33	45	261
Legal fees	-	325	204	2,101
Listing and filing fees	1,800	3,343	6,079	8,835
Management fees (note 9)	5,940	36,760	74,055	120,468
Office	682	1,953	3,654	5,234
Rent (note 9)	3,075	3,182	9,150	9,664
Share-based compensation	-	8,217	-	8,217
Transfer agency fees	4,292	4,339	5,555	6,439
Travel and accommodation	275	1,321	504	2,504
	17,104	60,500	100,281	167,910
<b>OPERATING LOSS</b>	(17,104)	(60,500)	(100,281)	(167,910)
<b>OTHER INCOME</b>				
Interest income	-	1	35	36
Future income tax recovery	-	7,538	-	7,538
Realized gain on investments (note 5)	-	-	2,283	-
Writedown of exploration and evaluation assets	-	(54)	-	(2,498)
<b>LOSS FOR THE PERIOD</b>	(17,104)	(53,015)	(97,963)	(162,834)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Items that may be reclassified subsequently to profit or loss				
Unrealized gain (loss) on investments (note 5)	(75)	525	(2,793)	375
Unrealized currency translation gain	-	76	-	74
<b>TOTAL COMPREHENSIVE LOSS</b>	\$ (17,179)	\$ (52,414)	\$ (100,756)	\$ (162,385)
<b>LOSS PER SHARE</b> (basic and diluted)	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b> (basic and diluted)	16,292,162	15,898,684	16,287,090	15,224,771

The accompanying Notes to the Condensed Interim Consolidated Financial Statements are an integral part of these financial statements

# Great Thunder Gold Corp.

(An exploration stage company)

## Condensed Interim Consolidated Statements of Equity

(Unaudited)

	Number of Common Shares	Share Capital	Share-Based Payment Reserve	Currency Translation Account	Accumulated Other Comprehensive Income			Deficit	Total
					Unrealized Gains on Available-for- Sale Financial Assets	Total Accumulated Other Comprehensive Income			
<b>Balances, April 30, 2014</b>	<b>13,492,162</b>	<b>\$12,640,340</b>	<b>\$ 122,414</b>	<b>\$ (2,902)</b>	<b>\$ 2,850</b>	<b>\$ (52)</b>	<b>\$(11,373,399)</b>	<b>\$ 1,389,303</b>	
Shares issued for cash	2,400,000	60,000	-	-	-	-	-	60,000	
Warrants exercised for cash	200,000	10,000	-	-	-	-	-	10,000	
Transfer upon option and warrant expiration	-	22,613	(86,520)	-	-	-	63,907	-	
Share-based compensation	-	-	8,217	-	-	-	-	8,217	
Loss for the period	-	-	-	-	-	-	(162,834)	(162,834)	
Other comprehensive income									
Unrealized gain on investments (note 5)	-	-	-	-	375	375	-	375	
Unrealized currency translation gain	-	-	-	74	-	74	-	74	
<b>Balances, January 31, 2015</b>	<b>16,092,162</b>	<b>12,732,953</b>	<b>44,111</b>	<b>(2,828)</b>	<b>3,225</b>	<b>397</b>	<b>(11,472,326)</b>	<b>1,305,135</b>	
Transfer upon option and warrant exercise	-	-	(15,978)	-	-	-	15,978	-	
Loss for the period	-	-	-	-	-	-	(34,994)	(34,994)	
Other comprehensive income									
Unrealized loss on investments	-	-	-	-	(375)	(375)	-	(375)	
Unrealized currency translation gain	-	-	-	2,828	-	2,828	-	2,828	
<b>Balances, April 30, 2015</b>	<b>16,092,162</b>	<b>12,732,953</b>	<b>28,133</b>	<b>-</b>	<b>2,850</b>	<b>2,850</b>	<b>(11,491,342)</b>	<b>1,272,594</b>	
Warrants exercised for cash	200,000	10,000	-	-	-	-	-	10,000	
Loss for the period	-	-	-	-	-	-	(97,963)	(97,963)	
Other comprehensive loss									
Unrealized loss on investments (note 5)	-	-	-	-	(2,793)	(2,793)	-	(2,793)	
<b>Balances, January 31, 2016</b>	<b>16,292,162</b>	<b>\$12,742,953</b>	<b>\$ 28,133</b>	<b>\$ -</b>	<b>\$ 57</b>	<b>\$ 57</b>	<b>\$(11,589,305)</b>	<b>\$ 1,181,838</b>	

The accompanying Notes to the Condensed Interim Consolidated Financial Statements are an integral part of these financial statements

# Great Thunder Gold Corp.

(An exploration stage company)

## Condensed Interim Consolidated Statements of Cash Flows

(Unaudited)

	Nine Months Ended January 31	
	2016	2015
<b>OPERATING ACTIVITIES</b>		
Loss for the period	\$ (97,963)	\$(162,834)
Adjustments for items not involving cash:		
Share-based compensation	-	8,217
Future income tax recovery	-	(7,538)
Realized gain on investments	(2,283)	-
Writedown of exploration and evaluation assets	-	2,498
	(100,246)	(159,657)
Changes in non-cash working capital:		
Accounts receivables	172	1,067
Prepaid expenses	2,875	2,875
Accounts payable and accrued liabilities	(14,145)	(14,581)
Due to related parties	89,167	76,850
	(22,177)	(93,446)
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	2,283	-
Investments in exploration and evaluation assets	(6,400)	(21,115)
	(4,117)	(21,115)
<b>FINANCING ACTIVITIES</b>		
Shares and warrants issued for cash, net	10,000	70,000
<b>NET CHANGE IN CASH</b>		
	(16,294)	(44,561)
<b>CASH</b> , beginning of period	19,873	71,541
<b>CASH</b> , end of period (note 12)	\$ 3,579	\$ 26,980
<b>SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest income	\$ 35	\$ 36
Foreign exchange	-	(22)
Income taxes	-	-

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# Great Thunder Gold Corp.

(An exploration stage company)

## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

January 31, 2016 and 2015

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

Great Thunder Gold Corp. was incorporated under the laws of the Province of British Columbia, Canada. The Company owns interests in exploration and evaluation assets in the Province of British Columbia, Canada, and its principal business is the exploration and development of those assets. The Company's head office and principal place of business is Suite 900 – 570 Granville Street, Vancouver, British Columbia, Canada.

The Company is in the exploration stage of its exploration and evaluation assets and has not yet determined whether those assets contain ore reserves that are economically recoverable. The carrying value of these assets represents the total of net costs capitalized, and is not intended to reflect either their present or future value.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's legal interest in the assets, the ability of the Company to obtain the necessary financing to complete development, and future profitable production or proceeds from the disposition of the assets. For those exploration and evaluation assets in which it has a joint venture interest, the Company is required to contribute its proportionate share of costs or accept dilution of its interest.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and meet its obligations in the ordinary course of business. There are conditions that cast significant doubt on the validity of this assumption. As of January 31, 2016, the Company had a working capital deficiency of \$196,077 (April 30, 2015 – \$101,715) and an accumulated deficit of \$11,589,305 (April 30, 2015 – \$11,491,342). The Company will need to raise new funds through the sale of shares to maintain operations. These factors together raise substantial doubt about its ability to continue as a going concern. These condensed interim consolidated financial statements do not reflect adjustments for the possible future effect on the recoverability and classification of the assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty. Realization values may be substantially different from carrying values as shown in these condensed interim consolidated financial statements should the Company be unable to continue as a going concern.

### 2. BASIS OF PRESENTATION

#### **Statement of compliance**

These condensed interim consolidated financial statements, including comparatives, comply with IAS 34 – *Interim Financial Reporting*. The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and outstanding as of the date the Board of Directors approved these financial statements.

These condensed interim consolidated financial statements were authorized by the Board of Directors of the Company. The Board of Directors has the power to amend these condensed interim consolidated financial statements after issuance, if applicable.



# Great Thunder Gold Corp.

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## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

January 31, 2016 and 2015

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### 2. BASIS OF PRESENTATION (continued)

#### ***Statement of consolidation and presentation***

These condensed interim consolidated financial statements have been prepared on an historical cost basis except for certain items that are measured at fair value, including available for sale investments. All dollar amounts presented are in Canadian dollars, which is the Company's functional and presentation currency, unless otherwise specified. The accounting policies described herein have been applied consistently to all periods in these condensed interim consolidated financial statements.

Control exists when the Company has power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. These condensed interim consolidated financial statements include the accounts of the Company and its former wholly-owned subsidiary, Golden Reef Mining Co. Intercompany balances and transactions, income and expenses are eliminated on consolidation.

The functional currency of the Company's former wholly-owned subsidiary, Golden Reef Mining Co., was the U.S. dollar. The assets and liabilities of Golden Reef were translated into the presentation currency using the exchange rate at the period end, and income and expenses are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e. the average rate for the period). All resulting translation differences are reported as a separate component of shareholders' equity titled "Currency Translation Account" within Accumulated Other Comprehensive Loss.

### 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of expenses during the period. Actual outcomes could differ from these judgments and estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both current and future periods.

Significant assumptions about the future and other sources of judgments and estimates that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to:

#### ***Critical accounting judgments***

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. The Company made the following critical accounting judgments:

##### Functional currency

In concluding that the Canadian dollar is the functional currency of the parent and the U.S. dollar was the functional currency of the former subsidiary, management considered the currency that mainly influences the costs of providing goods and services in each jurisdiction in which the Company operates.

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(An exploration stage company)

## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

January 31, 2016 and 2015

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### 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

#### *Critical accounting judgments (continued)*

##### Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Once technical feasibility and commercial viability of an exploration and evaluation asset can be demonstrated, it is reclassified from exploration and evaluation assets and subject to different accounting treatment. At the end of the period, management had determined that no reclassification of exploration and evaluation assets was required.

##### Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

#### *Critical accounting estimates*

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the period that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to:

##### Share-based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value for the share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model, including the expected life of the share option, volatility and dividend yield, and making assumptions about them. The assumptions and models used for estimating fair value of share-based payment transactions are described in note 4.

##### Reclamation and environmental obligations

Reclamation provisions have been created based on internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. Estimates are reviewed annually and are based on current regulatory requirement. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from year to year.

Actual reclamation costs will ultimately depend on future market prices for the reclamation costs, which will reflect the market condition at the time reclamation costs are actually incurred.

# Great Thunder Gold Corp.

(An exploration stage company)

## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

January 31, 2016 and 2015

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### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***Basis of consolidation***

The condensed interim consolidated financial statements include the accounts of the Company and its former wholly owned subsidiary, Golden Reef Mining Co. In February 2015, the Company permitted the charter of Golden Reef Mining Co. to be revoked. Inter-company balances and transactions, including unrealized income and expenses arising from intercompany transactions, were eliminated in preparing the condensed interim consolidated financial statements.

#### ***Foreign currency translation***

The reporting currency of the Company is the Canadian dollar.

The functional currency of each of the parent Company and its former subsidiary is measured using the currency of the primary economic environment in which that entity operates or operated. The condensed interim consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentation currency. The functional currency of the subsidiary was the United States dollar.

#### **Transactions and balances**

Foreign currency transactions were translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items were translated at the period-end exchange rate. Non-monetary items measured at historical cost were carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value were reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items were recognized in profit or loss in the statement of comprehensive loss in the period in which they arose.

Exchange differences arising on the translation of non-monetary items were recognized in other comprehensive income in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items were also recognized in other comprehensive income. Where the non-monetary gain or loss was recognized in profit or loss, the exchange component was also recognized in profit or loss.

#### **Parent and subsidiary companies**

The financial results and position of foreign operations whose functional currency was different from the presentation currency were translated as follows:

- a) assets and liabilities were translated at period-end exchange rates prevailing at that reporting date; and
- b) income and expenses were translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations were transferred directly to the group's foreign currency translation reserve in the statement of comprehensive loss. These differences were recognized in the profit or loss in the period in which the operation was disposed of.

#### ***Financial instruments***

Financial assets and liabilities are recognized in the statements of financial position when the Company becomes a party to the contractual provision of the financial instrument. The Company does not have any derivative financial instruments.

# Great Thunder Gold Corp.

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## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

January 31, 2016 and 2015

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#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### *Financial instruments (continued)*

###### Financial assets

The Company classifies its financial assets into one of the following categories, at initial recognition, 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, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statements of operations and comprehensive loss. The Company did not hold any fair value through profit or loss financial assets.

###### 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 initially recognized at fair value and subsequently carried at amortized cost, using the effective interest method, 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 has classified its cash, receivables, amounts due from related parties and reclamation bond 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 rate 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 the statements of operations and comprehensive loss. The Company did not hold any held-to-maturity investments.

###### 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 equity, except for equity investments for which there is not a quoted price in an active market, those investments are carried at cost. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of operations and comprehensive loss. The Company has classified its investments as available-for-sale.

###### Impairment

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.

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## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

January 31, 2016 and 2015

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### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Financial instruments (continued)*

##### Financial assets (continued)

###### Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for financial assets other than financial assets classified as fair value through profit or loss.

###### De-recognition of financial assets

A financial asset is derecognized when the contractual right to the asset's cash flows expires, or if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

##### Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

The Company classifies its financial liabilities into one of two 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, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statements of operations and comprehensive loss. The Company did not hold any fair value through profit or loss financial liabilities.

###### Other financial liabilities

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The Company's accounts payable and accrued liabilities, due to related parties and site restoration obligations are classified as other financial liabilities.

###### Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

##### Transaction costs

Transaction costs associated with fair value through profit or loss financial assets and liabilities are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the instrument.

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## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

January 31, 2016 and 2015

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#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### ***Cash and cash equivalents***

Cash and cash equivalents recorded in the statements of financial position comprise cash at banks and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. The Company did not hold any cash equivalents at the date of the statements of financial position.

##### ***Exploration and evaluation assets***

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur. The costs are accumulated in cost centres by exploration area and not depreciated pending determination of technical feasibility and commercial viability.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash or other consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess consideration accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven and/or probable reserves are determined to exist. A review of each exploration license or field is carried out, at least annually, to ascertain whether proven and/or probable reserves have been discovered. Upon determination of proven and/or probable reserves, exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to property, plant and equipment or expensed to exploration and evaluation impairments.

Exploration and evaluation expenditures are classified as intangible assets.

# Great Thunder Gold Corp.

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## Notes to the Condensed Interim Consolidated Financial Statements

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January 31, 2016 and 2015

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#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### ***Impairment***

At each financial position reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any 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. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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 or cash generating unit 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 for the period.

Where an impairment loss subsequently reverses, 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 had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

##### ***Share capital***

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

The Company bifurcates units which consist of common shares and share purchase warrants using the residual value approach, whereby it measures the common share component of the unit at fair value using market prices as input values and then allocates the residual value of the units over the fair value of the common shares to the warrant component. The value of the warrant component is credited to share-based payment reserve. When warrants are exercised, forfeited or expire, the corresponding value is transferred from share-based payment reserve to common stock.

##### ***Flow-through shares***

Resource expenditure deductions for income tax purposes related to exploratory activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into: i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

# Great Thunder Gold Corp.

(An exploration stage company)

## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

January 31, 2016 and 2015

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#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### *Flow-through shares (continued)*

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until qualifying expenditures are incurred.

##### *Share-based payment transactions*

The Company's stock option plan allows its employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. 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.

The fair value is measured at the date of grant, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

##### *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 directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with respect 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 following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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 date of the statements of financial position.

A deferred tax asset is recognized only to the extent that it is more likely than not that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.



# Great Thunder Gold Corp.

(An exploration stage company)

## Notes to the Condensed Interim Consolidated Financial Statements

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#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### ***Provisions***

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as accretion expense.

##### ***Site restoration obligation***

The Company recognizes the fair value of a legal or constructive liability for an asset retirement obligation in the period in which it is incurred and when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of comprehensive loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

##### ***Loss per share***

Basic income (loss) per common share is computed by dividing the net income (loss) for the period by the weighted average number of common shares outstanding for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the period.

##### ***Comprehensive income (loss)***

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net loss, such as unrealized gains or losses on available for sale investments, gains or losses on certain derivative instruments, and foreign currency gains or losses related to self-sustaining operations. The Company's comprehensive income (loss), components of other comprehensive income (loss), cumulative translation adjustments, and unrealized gains (losses) on available for sale investments are presented in the statements of operations and comprehensive loss and the statements of equity.

# Great Thunder Gold Corp.

(An exploration stage company)

## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

January 31, 2016 and 2015

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### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### ***New accounting standards and interpretations not yet adopted***

The following standard has been issued but is not yet effective and has not been early adopted by the Company. The Company is evaluating the impact of this new standard, but does not anticipate the standard will have a significant impact on its financial statements.

#### IFRS 9 – Financial instruments

IFRS 9 was issued in November 2009 and contains requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39 *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. The standard will be effective for the Company for the year ending April 30, 2019.

### 5. INVESTMENTS

Investments in available for sale shares comprise the following:

	Number of Shares	Cost	Accumulated Unrealized Gain	January 31, 2016 Fair Value
Levon Resources Ltd.	3,750	\$ 450	\$ 56	\$ 506
Brettco Oil & Gas Inc.	50,000	1	-	1
Oniva International Services Corporation	1	1	-	1
		\$ 452	\$ 56	\$ 508

	Number of Shares	Cost	Accumulated Unrealized Gain	April 30, 2015 Fair Value
Levon Resources Ltd.	7,500	\$ 450	\$ 2,850	\$ 3,300
Brettco Oil & Gas Inc.	50,000	1	-	1
Oniva International Services Corporation	1	1	-	1
		\$ 452	\$ 2,850	\$ 3,302

During the nine-month period ended January 31, 2016, the Company recorded an unrealized loss of \$2,793 (2015 – \$375 unrealized gain) in other comprehensive income on investments designated as available for sale.

# Great Thunder Gold Corp.

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## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

January 31, 2016 and 2015

### 5. INVESTMENTS (continued)

Levon Resources Ltd. is an unrelated public company, the fair value of whose shares was determined using quoted market prices at the date of the statements of financial position.

Brettco Oil & Gas Inc. is an unrelated private company, the fair value of whose shares is not readily determinable at the date of the statements of financial position. Accordingly, the investment in Brettco is shown at its cost.

The Company owns a 16.67% equity interest in Oniva International Services Corporation, a private company with common management, which provides office and administration services to the Company. The remaining 83.33% is shared equally between five other companies that are related by common directors (see note 9). As Oniva is a private company, fair value is not readily determinable at the date of the statements of financial position and the investment in Oniva is shown at its cost.

### 6. RECLAMATION BONDS

The Company has deposited funds and hypothecated term deposits totalling \$13,000 (April 30, 2015 – \$13,000) as security to the Province of British Columbia for future mineral claims site reclamation. The term deposits bear interest at a weighted average rate of 0.6% per annum (April 30, 2015 – 0.7%).

The Company has recognized a site restoration obligation of \$15,000 (April 30, 2015 – \$15,000) in respect of the reclamation of its exploration and evaluation assets. The timing of this amount is unknown and accordingly has been recorded at its full amount.

### 7. EXPLORATION AND EVALUATION ASSETS

	Valentine Mountain	BRX Claims	Total
Balance, April 30, 2015	\$1,358,006	\$ 1	\$1,358,007
Exploration and other costs incurred in the period:			
Inspection and maintenance	900	-	900
Prospecting and geological	5,500	-	5,500
	6,400	-	6,400
Balance, January 31, 2016	\$1,364,406	\$ 1	\$1,364,407

	Valentine Mountain	BRX Claims	JDN Claims	E & E Claims	Total
Balance, April 30, 2014	\$1,339,014	\$ 1	\$ 1	\$ 1	\$1,339,017
Exploration and other costs incurred in the year:					
Claim renewal fees	-	-	2,569	-	2,569
Inspection and maintenance	18,992	-	-	-	18,992
	18,992	-	2,569	-	21,561
Write-off of exploration and evaluation assets	-	-	(2,570)	(1)	(2,571)
Balance, April 30, 2015	\$1,358,006	\$ 1	\$ -	\$ -	\$1,358,007

# Great Thunder Gold Corp.

(An exploration stage company)

## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

January 31, 2016 and 2015

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### 7. EXPLORATION AND EVALUATION ASSETS (continued)

#### *Valentine Mountain Claims*

In 2008 and 2009, the Company acquired a 100% interest in 25 mineral claims comprising approximately 7,188 hectares and two overlying placer claims comprising 43 hectares on Valentine Mountain located 50 kilometres west northwest of Victoria, British Columbia, Canada for total consideration of \$39,158 and 116,666 common shares of the Company valued at \$270,000. One of the claims is subject to a 5% net smelter returns royalty, which the Company may repurchase for \$1,000,000.

#### *BRX Claims*

The Company previously acquired a 50% undivided interest in nine mineral tenures comprising approximately 2,115 hectares in the Lillooet Mining Division of central British Columbia, Canada by issuing 3,333 common shares valued at \$30,000 and incurring exploration expenditures totalling \$200,000. The other 50% joint interest is held by Levon Resources Ltd., an unrelated company. Under the joint venture agreement with Levon, each of the participants is required to fund their proportionate share of further exploration expenditures, failing of which will dilute their interest. On dilution to 10%, the non-contributor's interest will convert to a 10% net profits royalty interest.

During 2011, the Company wrote down the property's value to a nominal \$1; however, management intends to maintain the claims in good standing.

#### *JDN Claims*

The Company owned a 50% undivided interest in 27 mining claims in Lander County, Nevada, USA, subject to a 3% net smelter returns royalty. The Company terminated its interest in the claims in April 2015.

#### *E & E Claims*

The Company owned a 100% interest in 26 mining claims in Eureka County, Nevada, USA. The claims were permitted to lapse in 2014.

### 8. SHARE CAPITAL

#### *Authorized*

An unlimited number of common shares without par value.

#### *Issued*

In July 2014, the Company completed a private placement of 2,400,000 common shares and 1,300,000 share purchase warrants. Each warrant entitles the holder to purchase an additional common share at a price of \$0.05 for a period of five years following the closing of the offering. Participants in the offering included, directly or indirectly, three directors who purchased, in total, 2,200,000 common shares and 1,100,000 warrants.

In January 2015, the Company issued 200,000 common shares at a price of \$0.05 per share upon the exercise of warrants.

In May 2015, the Company issued 200,000 common shares at a price of \$0.05 per share upon the exercise of warrants.

# Great Thunder Gold Corp.

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## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

January 31, 2016 and 2015

### 8. SHARE CAPITAL (continued)

#### *Share purchase warrants*

The continuity of warrants during the reporting period is as follows:

	January 31, 2016		April 30, 2015	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of period	4,163,000	\$ 0.09	4,816,750	\$ 0.09
Warrants issued	-	-	1,300,000	0.05
Exercised	(200,000)	(0.05)	(200,000)	(0.05)
Expired or cancelled	-	-	(1,753,750)	(0.08)
Balance, end of period	3,963,000	\$ 0.09	4,163,000	\$ 0.09

A summary of share purchase warrants outstanding is as follows:

Exercise Price Per Share	Expiry Date	Number of Warrants Outstanding and Exercisable	
		January 31, 2016	April 30, 2015
\$0.10	May 23, 2018	3,063,000	3,063,000
\$0.05	July 16, 2019	900,000	1,100,000
		3,963,000	4,163,000

#### *Share-based payments*

The Company has an equity-settled stock option plan under which the Board of Directors may grant options to directors, officers, other employees and consultants. The purpose of the plan is to advance the interests of the Company by encouraging these individuals to acquire shares in the Company and thereby remain associated with, and seek to maximize the value of, the Company.

Under the plan, the number of shares reserved for issuance pursuant to the exercise of all options under the plan may not exceed 10% of the issued and outstanding common shares on a non-diluted basis from time to time. The options expire not more than 10 years from the date of grant, or earlier if the individual ceases to be associated with the Company, and vest over terms determined at the time of grant.

In December, 2014, the Company granted stock options to two directors and an officer to purchase up to a total of 600,000 shares of the Company at a price of \$0.05 per share exercisable until December 22, 2019. The fair value of each grant of stock options was estimated using the Black-Scholes option valuation model.

A summary of the Company's stock options as of January 31, 2016 and April 30, 2015, and the changes for the periods ending on those dates is as follows:

# Great Thunder Gold Corp.

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## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

January 31, 2016 and 2015

### 8. SHARE CAPITAL (continued)

#### Share-based payments (continued)

	Options Outstanding			Options Exercisable		
	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)	Number Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
Balances, April 30, 2014	400,001	\$ 0.45	2.4	400,001	\$ 0.45	2.4
Granted	600,000	0.05				
Expired and forfeited	(333,334)	(0.45)				
Balances, April 30, 2015	666,667	0.09	4.3	666,667	0.09	4.3
Granted	-	-		-	-	
Expired and forfeited	-	-		-	-	
Balances, January 31, 2016	666,667	\$ 0.09	3.8	666,667	\$ 0.09	3.8

A summary of stock options outstanding is as follows:

Exercise Price Per Share	Expiry Date	Number of Stock Options Outstanding and Exercisable	
		January 31, 2016	April 30, 2015
\$0.45	October 6, 2016	66,667	66,667
\$0.05	December 22, 2019	600,000	600,000
		666,667	666,667

### 9. RELATED PARTY TRANSACTIONS AND BALANCES

#### Management transactions

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel for the nine-month periods ended January 31, 2016 and 2015 are as follows:

	2016	2015
Management fees paid and accrued to a corporation controlled by the Company's Chief Executive Officer	\$48,000	\$ 72,000
Management fees paid and accrued to a corporation controlled by the Company's Chief Financial Officer	26,055	48,468
Stock options granted to two directors and one officer to purchase up to 600,000 common shares at \$0.05 per share until December 22, 2019	-	8,217
	\$74,055	\$128,685

# Great Thunder Gold Corp.

(An exploration stage company)

## Notes to the Condensed Interim Consolidated Financial Statements

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### 9. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

#### *Other related party transactions*

During the nine-month period ended January 31, 2016, the Company was charged \$9,150 (2014 – \$9,664) for rent by Oniva International Services Corporation, a private corporation of which 16.67% is owned by the Company. The arrangement may be terminated with one month notice by either party.

#### *Due to related parties*

As at January 31, 2016, the Company owed \$188,975 (April 30, 2015 – \$99,809) to directors, officers and other related parties of the Company in the ordinary course of business. The amounts due to related parties are non-interest bearing, unsecured and due on demand.

### 10. FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and market risk.

#### *Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's maximum exposure to credit risk is the carrying value of its financial assets. In the opinion of management, none of the Company's financial assets were exposed to significant credit risk as at January 31, 2016 or April 30, 2015.

#### *Liquidity Risk*

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. The Company had cash at January 31, 2016 in the amount of \$3,579 (April 30, 2015 – \$19,873) in order to meet short-term business requirements. At January 31, 2016, the Company had current liabilities of \$205,534 (April 30, 2015 – \$130,513). Accounts payable have contractual maturities of approximately 30 days or are due on demand and are subject to normal trade terms. Amounts due to related parties are without stated terms of interest or repayment (see note 1 – Nature of Operations and Going Concern).

#### *Market Risk*

Market risk consists of interest rate risk, foreign currency risk and other price risk. These are discussed further below.

#### *Interest Rate Risk*

Interest rate risk has two components:

- a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's cash is currently held in highly liquid, on-demand investments and therefore management considers the interest rate risk to be minimal.

# Great Thunder Gold Corp.

(An exploration stage company)

## Notes to the Condensed Interim Consolidated Financial Statements

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### 10. FINANCIAL INSTRUMENTS (continued)

#### **Market Risk (continued)**

##### *Foreign Currency Risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company was exposed to foreign currency risk to the extent that monetary assets and liabilities were denominated in foreign currencies. At the end of the reporting period, the Company was not exposed to material foreign currency risk.

##### *Other Price Risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk with respect to its investments as they are carried at fair value based on quoted market prices. Based on the investments balance as at January 31, 2016, a 10% change in share price would have affected the Company's net loss by approximately \$51.

#### **Classification of Financial Instruments**

IFRS 7 – *Financial Instruments: Disclosures* – establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) 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).

The fair value of the Company's investments, other than those carried at cost, is categorized as a Level 1 in the Fair Value Hierarchy. The fair value of the Company's cash, receivables, amounts due from and to related parties, and accounts payables and accrued liabilities approximate their carrying values because of the short-term or on-demand nature, as applicable, of these instruments. The fair value of the Company's available-for-sale investments is detailed in note 5.

### 11. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its exploration and evaluation assets, and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares or adjust the amount of cash. Management reviews the capital structure on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As at January 31, 2016, the Company had \$1,181,838 of capital (April 30, 2015 – \$1,272,594), a decrease in capital of \$90,756 during the nine-month period ended January 31, 2016 (2015 – \$128,729).



# Great Thunder Gold Corp.

(An exploration stage company)

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### 12. CASH

Cash consists of bank balances and short-term deposits with banks. Cash included in the Statements of Cash Flows comprise the following amounts:

	January 31, 2016	January 31, 2015
Bank balances	\$ 3,579	\$ 21,804
Bank balances restricted for exploration	-	5,176
Balance, end of period	\$ 3,579	\$ 26,980

### 13. COMMITMENTS

The Company entered into a consulting agreement with a corporation controlled by its Chief Executive Officer whereby that corporation will provide management services at a rate of \$8,000 per month, or such amount as agreed by mutual consent of the parties, until January 31, 2016. The agreement may be terminated by the Company without cause upon payment of six months of fees as severance.

The Company entered into a consulting agreement with a corporation controlled by its Chief Financial Officer whereby that corporation will provide consulting services at its standard rates. The agreement may be terminated by the Company without cause upon payment of three months of fees as severance.