Montana Gold Mining Company Inc.

Condensed Interim Consolidated Financial Statements

(Expressed in United States Dollars)

(unaudited)

For the Three Months Ended March 31, 2016

Management's Responsibility for Interim Financial Statements

The accompanying unaudited condensed interim financial statements of Montana Gold Mining Company Inc. (the "Company" or "Montana") are the responsibility of management.

The unaudited condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34, "Interim Financial Reporting", using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Edward Ellwood"	"Eric Plexman"
(signed)	(signed)

Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

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

The Company's independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim financial statements by an entity's auditor.

Montana Gold Mining Company Inc.
Interim Consolidated Statements of Financial Position
(Expressed in United States Dollars)
As at
(unaudited)

	March 31 2016	December 31 2015
Assets		
Current		
Cash	$ 11,758	$ 363
HST receivable	9,351	8,775
Prepaid expenses	4,282	1,258
	25,391	10,396
Property, plant and equipment (Note 4)	87,225	87,225
Reclamation bonds (Note 6)	26,156	26,156
	$ 138,772	$ 123,777
Liabilities		
Current		
Accounts payable and accrued liabilities (Notes 7 and 13)	$ 216,912	$ 145,939
Loan due to a director	13,652	12,810
	230,564	158,749
Convertible debenture (Note 8)	28,987	27,197
Derivative conversion liability	207,062	86,608
Foreign currency warrants (Note 11)	127,261	37,526
	593,874	310,080
Shareholders' Deficiency		
Capital stock (Note 9)	8,171,500	8,171,500
Units to be issued (Note 10)	32,493	-
Contributed surplus	1,606,868	1,606,868
Deficit	(10,265,963)	(9,964,671)
	(455,102)	(186,303)
	$ 138,772	$ 123,777

See accompanying notes

Montana Gold Mining Company Inc.
Interim Consolidated Statements of Earnings (Loss) and Comprehensive Earnings (Loss)
(Expressed in United States Dollars)
For the Three Months Ended March 31,
(unaudited)

	2016	2015
Expenses		
Office and administrative costs (Note 13)	$ 71,445	$ 75,353
Professional fees	10,136	8,020
Exploration and evaluation expenditures (Note 5)	850	-
Foreign exchange	6,882	(33,018)
	89,313	50,355
Other expenses (income)		
Loss (gain) on revaluation of foreign currency warrants (Note 11)	65,084	(82,643)
Accretion expense	1,790	-
Loss on revaluation of derivative conversion liability (Note 8)	120,454	-
	187,328	(82,643)
Net earnings (loss) and comprehensive earnings (loss)	$ (276,641)	$ 32,288

Earnings (loss) per share (Note 12)		
Basic and diluted	$ (0.006)	$ 0.001
Weighted average number of common shares outstanding (Note 12)		
Basic and diluted	48,214,765	46,476,385

See accompanying notes

Montana Gold Mining Company Inc.
Interim Consolidated Statements of Changes in Equity
(Expressed in United States Dollars)
As at
(unaudited)

	Number of Shares	Capital Stock	Units To Be Issued	Contributed Surplus	Net loss	Total
Balance, December 31, 2014	**46,476,385**	**$ 8,135,733**	**$ -**	**$ 1,606,868**	**$ (10,383,134)**	**$ (640,533)**
Net earnings and comprehensive earnings	-	-	-	-	32,288	32,288
Proceeds received for units to be issued	-	-	17,500	-	-	17,500
Balance, March 31, 2015	**46,476,385**	**8,135,733**	**17,500**	**1,606,868**	**(10,350,846)**	**(590,745)**
Net earnings and comprehensive earnings	-	-	-	-	386,175	386,175
Units issued for proceeds received	438,380	17,500	(17,500)	-	-	-
Units issued for cash	1,300,000	52,232	-	-	-	52,232
Allocated to warrants	-	(33,965)	-	-	-	(33,965)
Balance, December 31, 2015	**48,214,765**	**8,171,500**	**-**	**1,606,868**	**(9,964,671)**	**(186,303)**
Net loss and comprehensive loss	-	-	-	-	(276,641)	(276,641)
Proceeds received for units to be issued (Note 10)	-	-	32,493	-	-	32,493
Fair value of warrants extended (Note 11)	-	-	-	-	(24,651)	(24,651)
Balance, March 31, 2016	**48,214,765**	**$ 8,171,500**	**$ 32,493**	**$ 1,606,868**	**$ (10,265,963)**	**$ (455,102)**

See accompanying notes

Montana Gold Mining Company Inc.
Interim Consolidated Statements of Cash Flows
(Expressed in United States Dollars)
For the Three Months Ended March 31,
(unaudited)

	2016	2015
Cash provided by (used in)		
Operations		
Net earnings (loss)	$ **(276,641)**	$ 31,869
Items not affecting cash:		
(Gain) loss on revaluation of foreign currency warrants	**65,084**	(82,643)
Accretion	**1,790**	-
Loss on revaluation of convertible debt	**120,454**	-
	(89,313)	(50,774)
Net changes in non-cash working capital:		
HST receivable	**(576)**	4,533
Prepaid expenses	**(3,024)**	-
Accounts payable and accrued liabilities	**70,973**	(14,839)
	(21,940)	(61,080)
Financing		
Proceeds from units to be issued	**32,493**	17,500
Advances from a director	**842**	-
Net change in cash during the period	**11,395**	(43,580)
Cash, beginning of period	**363**	44,681
Cash, end of period	$ **11,758**	$ 1,101

See accompanying notes

1. NATURE OF OPERATIONS AND GOING CONCERN

Montana Gold Mining Company Inc. ("the Company" or "Montana") was incorporated under the Ontario Business Corporations Act on December 21, 2000. The Company has three wholly-owned subsidiary corporations, Montana Gold Subsidiary Corporation, a United States corporation, Celerity Mineral Corporation, a Canadian corporation and Celerity Subsidiary Corporation, a United States corporation.

The Company is engaged in the business of locating and exploring mineral properties. Substantially all of the efforts of the Company are devoted to these business activities. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The head office and principal address of the Company is 380 Wellington Street, 6th Floor, London City Centre, Tower B, London, Ontario, N6A 5B5.

While these unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business, there are material uncertainties related to adverse conditions and events that cast significant doubt on the Company's ability to continue as a going concern.

During the period ended March 31, 2016 the Company incurred net loss of $(276,641) (December 31, 2015 - earnings of $418,463) and, as of that date, the Company had accumulated a deficit of $10,265,963 (December 31, 2015 - $9,964,671), a working capital deficiency of $205,173 (December 31, 2015 - $148,353) and negative cash flows from operations of $21,940 (December 31, 2015 - $128,748). These factors create material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern.

As is common with exploration companies, the Company is dependent upon obtaining necessary equity financing from time to time to finance its on-going and planned exploration activities and to cover administrative costs.

Recovery of the carrying value of the mining claims and the related deferred exploration expenditures are dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain necessary financing to continue exploration and development, the ability of the Company to secure and maintain title and beneficial interest in the properties, entering agreements with others to explore and develop the properties and upon future profitable production or proceeds from disposition of such properties.

These unaudited condensed interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments would be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These unaudited condensed interim consolidated financial statements present the Company's financial results of operations and financial position under IFRS as at and for the three month period ended March 31, 2016. These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board.

These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2015, prepared in accordance with IFRS. The accounting policies adopted in these unaudited condensed interim consolidated financial statements are consistent with those disclosed in the Company's audited financial statement for the year ended December 31, 2015. Refer to these audited financial statements for significant accounting policies and future changes in accounting policies which remained unchanged as at March 31, 2016.

These unaudited condensed interim consolidated financial statements were approved by the Board of Directors on May 30, 2016.

Basis of Consolidation

The unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Celerity Mineral Corporation (Canada), Celerity Subsidiary Corporation (United States) and Montana Gold Subsidiary Corporation (United States). The functional currency and presentation currency of each entity is the United States dollar. The financial statements of the subsidiaries are included in the unaudited condensed interim consolidated financial statements from the date that control commences until the date that control ceases.

All transactions and balances between the Company and its subsidiaries are eliminated on consolidation.

3. CHANGE IN ACCOUNTING POLICY

During the year ended December 31, 2015, the Company retrospectively changed its accounting policy for exploration and evaluation expenditures. Previously, the Company capitalized acquisition costs and exploration and evaluation expenditures of mineral properties to the specific mineral properties, net of recoveries received.

Under the new policy, acquisition costs and exploration and evaluation expenditures incurred prior to the establishment of technical feasibility and commercial viability of extracting mineral resources and prior to a decision to proceed with mine development are charged to operations as incurred. As required by IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, the Company included the restated consolidated statement of financial position as at January 1, 2014. Management considers this accounting policy to provide more reliable and relevant information and more clearly represents the Company's activities.

(Expressed in United States Dollars)

4. EQUIPMENT

On September 24, 2015, the Company purchased a diamond drilling rig for the amount of $87,225 that has an estimated useful life of 10 years. The diamond drilling rig is amortized on a straight-line basis over 10 years. No amortization has been recorded as of December 31, 2015 as the rig is not yet available for use.

5. MINING CLAIMS - EXPLORATION AND EXPLORATION EXPENDITURES

	December 31, 2015	**Additions**	**Write-offs**	**March 31, 2016**
Silver Bell St. Lawrence Claims, MT [a]	**$ 434,472**	**$ -**	**$ -**	**$ 434,472**
Golden Trail Claims, NV [b]	**86,997**	**850**	**-**	**87,847**
	$ 521,469	**$ 850**	**$ -**	**$ 522,319**

	December 31, 2014	Additions	Write-offs	December 31, 2015
Silver Bell St. Lawrence Claims, MT [a]	$ 428,446	$ 6,026	$ -	$ 434,472
Golden Trail Claims, NV [b]	82,345	4,652	-	86,997
	$ 510,791	$ 10,678	$ -	$ 521,469

(a) Silver Bell St. Lawrence

On September 1, 2011 the Company entered into an agreement to acquire a 100% working interest in the Silver Bell St. Lawrence ("SBSL") property consisting of 10 (December 31, 2014 - 10) mining claims by paying $85,000 on signing and $85,000 by March 1, 2012, for total consideration of $170,000, by issuing 200,000 common shares of the Company and granting a 2% Net Smelter Royalty to the arms-length vendor. The Company paid $85,000 on September 9, 2011 and issued 200,000 common shares on September 15, 2011. The Company paid the last $85,000 on February 24, 2012.

(Expressed in United States Dollars)

5. MINING CLAIMS AND DEFERRED EXPLORATION COSTS (Cont'd)

The Company holds 100% interest in 15 (December 31, 2015 - 15) mining claims adjacent to the northern and eastern boundaries of the SBSL property. These mining claims are called the Roar claims and bring the total size of the SBSL property to approximately 394 acres.

On June 11, 2012, the Company completed an NI43-101 Report on the SBSL Property.

To maintain the staked claims, the Company must pay annual maintenance fees to the Department of the Interior (Bureau of Land Management - BLM Nevada State Office) and the local counties in the cumulative approximate amount of $155 per claim.

(b) Golden Trail

As at March 31, 2016, the Company holds 100% interest in 16 (December 31, 2015 - 16) contiguous unpatented mining claims in the Elko County region of Nevada totaling approximately 320 acres.

On May 16, 2012, the Company completed an NI43-101 Report on the Golden Trail Property.

To maintain the staked claims, the Company must pay annual maintenance fees to the Department of the Interior (Bureau of Land Management - BLM Nevada State Office) and the local counties in the cumulative approximate amount of $155 per claim.

6. RESTORATION LIABILITIES

As at March 31, 2016, a reclamation bond in the amount of $26,156 (December 31, 2015 - $26,156) is being held by the BLM on the Golden Trail property. The Company has completed the site restoration work and management estimates that no further site restoration costs need to be incurred on the Golden Trail property. The Company may be liable for additional amounts if the Bureau of Land Management Determines that the site restoration work was deficient and the amount of the bond is not sufficient to cover the cost of the additional work required to fully return the site to its original condition.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The following is a breakdown of the amounts included in accounts payable:

	March 31, 2016	December 31, 2015
Trade payables	**$ 78,184**	$ 66,097
Accrued liabilities:		
Management and director fees	**125,596**	63,363
Audit and accounting	**13,131**	16,479
	$ 216,911	$ 145,939

8. CONVERTIBLE DEBENTURE

(Expressed in United States Dollars)

8. CONVERTIBLE DEBENTURE (Cont'd)

On August 11, 2015, the Company received $100,000 USD (principal) from an arm's length party in exchange for a convertible debenture. The convertible debenture is due on demand upon six months notice in writing, with such notice not to be given on or before August 11, 2020. The debenture pays interest at the rate of 4%, payable quarterly, beginning October 1, 2015 with the first payment due December 31, 2015. The convertible debenture, and all principal and interest owing, is convertible, in whole or in part, at the holder's option into units of the Company (the "Unit"). Each Unit consists of one common share and one common share purchase warrant. The conversion price of the debenture is $0.05 CDN per Unit. Each warrant will entitle the holder to acquire one additional common share at a price of $0.10 CDN per share until August 11, 2020.

As security, the Company has pledged all parts purchased relating to their diamond drill (Note 4).

If the common shares of the Company trade for ten consecutive days trading days on the Canadian Securities Exchange or any other stock exchange or quotation service upon which it happens to trade or be quoted at that time, at a price equal to or greater than $0.20 CDN per share, this debenture will automatically be converted into units without any action on the part of either the Company or the holder.

The conversation rate and the warrants to be issued on conversion are not in the Company's functional currency, as a result they are a derivative financial liability. The Company valued the derivative financial liabilities using the Black-Scholes pricing model and after valuing the derivative financial liabilities assigned the remaining value to the convertible debenture.

The fair value of the units were estimated at the issuance date using the Black-Scholes pricing model with the following assumptions:

Share price	$0.04 CDN
Expected dividend yield	Nil
Exercise price	$0.05 CDN - $0.10CDN
Risk free interest rate	0.72%
Expected life	5.0 - 5.5 years
Expected volatility (based on historical prices)	210 - 223%

The Company determined the amount relating to the units in the convertible debenture to be $76,886.

The fair value of the units were revalued at December 31, 2015 using the Black-Scholes pricing model with the following assumptions:

Share price	$0.035 CDN
Expected dividend yield	Nil
Exercise price	$0.05 CDN - $0.10CDN
Risk free interest rate	0.73%
Expected life	4.62 - 5.12 years
Expected volatility (based on historical prices)	208% - 227%

The units were revalued at $86,608 resulting in a loss on revaluation of derivative conversion liability of $9,722.

The fair value of the units were revalued at March 31, 2016 based on the Black-Scholes pricing model using the following assumptions:

Share price	$0.065 CDN
Expected dividend yield	Nil
Exercise price	$0.05CDN - $0.10CDN
Risk free interest rate	0.54%
Expected life	4.37 - 4.87 years

(Expressed in United States Dollars)

8. CONVERTIBLE DEBENTURE (Cont'd)

Expected volatility (based on historical prices) 124%

The units were revalued at $207,062 resulting in a loss on revaluation of derivative conversion liability of $120,454.

Convertible Debenture	**March 31, 2016**	December 31, 2015
Principal	$ **27,197**	$ 100,000
Derivative conversion liability	**-**	(76,886)
Accretion expense	**1,790**	4,083
	$ **28,987**	$ **27,197**

The effective interest rate of the convertible debenture is 26.33%.

Derivative Conversion Liability	**March 31, 2016**	December 31, 2015
Derivative conversion liability	$ **86,608**	$ 76,886
Fair value adjustment	**120,454**	9,722
	$ **207,062**	$ **86,608**

9. CAPITAL STOCK

Authorized
Unlimited common shares

Issued and outstanding - common shares

	Number of Shares	**Value**
Balance, December 31, 2014	**46,476,385**	**$ 8,135,733**
Units issued for cash	1,738,380	69,732
Allocated to warrants	-	(33,965)
Balance, December 31, 2015 and March 31, 2016	**48,214,765**	**$ 8,171,500**

10. UNITS TO BE ISSUED

On January 11, 2016, the Company received proceeds of $25,000 CDN ($17,600 USD) for units to be issued with an ascribed value of $0.05 CDN per unit. Each unit consists of one common share and one share purchase warrant exercisable for 3 years. Each warrant entitles the holder to purchase one share at a price of $0.10 CDN.

On March 17, 2016, the Company received proceeds of $5,000 CDN ($3,851 USD) for units to be issued with an ascribed value of $0.05 CDN per unit. Each unit consists of one common share and one share purchase warrant exercisable for 3 years. Each warrant entitles the holder to purchase one share at a price of $0.10 CDN.

(Expressed in United States Dollars)

On March 29, 2016, the Company received proceeds of $15,000 CDN ($11,042 USD) for units to be issued with an ascribed value of $0.05 CDN per unit. Each unit consists of one common share and one share purchase warrant exercisable for 3 years. Each warrant entitles the holder to purchase one share at a price of $0.10 CDN.

11. STOCK OPTIONS AND WARRANTS

(a) Stock Options

The Company has a Stock Option Plan (the "Plan") to provide options for the benefit of employees, directors and third parties. The maximum number of shares allocated to and made available to be issued under the Plan shall not exceed 10% of the common shares issued and outstanding (on a non-diluted basis) at any time. The exercise price of options granted under the Stock Option Plan will be determined by the directors, but will be at least equal to the closing trading price for the common shares for the last trading day prior to the grant and otherwise the fair market price as determined by the Board of Directors. The term of any option granted shall not exceed five years. Except as otherwise provided elsewhere in the Stock Option Plan, the options shall be cumulatively exercisable in installments over the option period at a rate to be fixed by the Board of Directors. The Company will not provide financial assistance to any optionee in connection with the exercise of options.

	March 31, 2016		December 31, 2015	
	Number of Options	**Weighted Average Exercise Price (CDN)**	Number of Options	Weighted Average Exercise Price (CDN)
Outstanding, beginning of period	**4,250,000**	**$0.08**	4,500,000	$0.09
Expired	**-**	**$ -**	(250,000)	$0.05
Outstanding, end of period	**4,250,000**	**$0.08**	4,250,000	$0.08
Exercisable, end of period	**4,250,000**	**$0.08**	4,250,000	$0.08

The Company had the following stock options outstanding at March 31, 2016:

Number of Options	**Exercise Price**	**Expiry Date**
2,600,000	CDN $0.10	May 1, 2017
1,150,000	CDN $0.065	May 29, 2019
500,000	CDN $0.08	July 2, 2019
4,250,000		

The above options were not included in the computation of diluted net loss per share as they are anti-dilutive.

(Expressed in United States Dollars)

11. STOCK OPTIONS AND WARRANTS (Cont'd)

(b) Warrants

The following summarizes the change in foreign currency warrants:

	March 31, 2016	December 31, 2015
Balance, beginning of period	**$ 37,526**	$ 248,787
Fair value of warrants issued - May 20, 2015	**-**	26,134
Fair value of warrants issued - December 7, 2015	**-**	7,829
Fair value of warrants extended (Note 11(b)(i))	**24,651**	-
Fair value adjustment (Note 11(b)(ii))	**65,084**	(245,224)
Balance, end of period	**$ 127,261**	$ 37,526

(i) On January 23, 2016, the Company modified the expiry dates of the following outstanding warrants:

- 2,800,000 warrants originally expiring on January 24, 2016 are now exercisable until September 12, 2016;
- 1,400,000 warrants originally expiring on February 8, 2016 are now exercisable until February 8, 2017;
- 2,000,000 warrants originally expiring on February 20, 2016 are now exercisable until February 20, 2018;

The incremental fair value of these warrants extended was estimated at $24,651 ($33,851 CDN) using the Black Scholes pricing model with the following weighted average assumptions:

Share price	$0.065 CDN
Expected dividend yield	Nil
Exercise price	$0.20 CDN
Risk free interest rate	0.54%
Expected life (original)	0.01 - 0.07 years
Expected life (extended)	0.64 - 2.08 years
Expected volatility (original) (based on historical prices)	0%
Expected volatility (extended) (based on historical prices)	60% - 94%

As this is a capital transaction, the incremental fair value was recorded to foreign currency warrants with an offsetting charge to deficit.

(Expressed in United States Dollars)

11. STOCK OPTIONS AND WARRANTS (Cont'd)

(b) Warrants (Cont'd)

(ii) At March 31, 2016, the fair value of the 24,449,145 warrants outstanding was estimated at $127,261 using the Black-Scholes pricing model with the following weighted average assumptions:

Share price	$0.065 CDN
Expected dividend yield	Nil
Exercise price	$0.10 - $0.20 CDN
Risk-free interest rate	0.54%
Expected life	0.882 years
Expected volatility (based on historical prices)	66%

At March 31, 2016, a loss on revaluation of foreign currency warrants of $(65,084) (March 31, 2015 - gain of $82,643) was recognized in the interim consolidated statement of earnings (loss) and comprehensive earnings (loss).

The Company had the following warrants outstanding at March 31, 2016:

Number of Warrants	Exercise Price (CDN)	Expiry Date
2,800,000	$ 0.20	September 12, 2016
1,400,000	$ 0.20	February 8, 2017
2,000,000	$ 0.20	April 24, 2016
3,250,000	$ 0.20	June 19, 2016
2,000,000	$ 0.20	February 20, 2018
1,000,000	$ 0.20	May 14, 2016
3,650,000	$ 0.10	December 3, 2016
2,000,000	$0.10	March 3, 2017
2,300,505	$0.10	June 4, 2017
1,310,260	$0.10	June 28, 2017
1,000,000	$0.10	December 30, 2017
1,338,380	$0.10	May 20, 2018
400,000	$0.10	December 7, 2018
24,449,145		

12. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) per share for the period ended March 31, 2016 was based on the loss attributable to common shareholders of $(276,641) (March 31, 2015 - earnings of $32,288) and the weighted average number of common shares outstanding of 48,214,765 (March 31, 2015 – 46,476,385).

Diluted loss per share did not include the effect of 4,250,000 stock options and 24,449,185 warrants outstanding as they are anti-dilutive.

(Expressed in United States Dollars)

13. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

Remuneration of Directors and key management of the Company was as follows:

	March 31, 2016	March 31, 2015
Management and director fees[(i)]	**62,746**	69,290

(i) Included in office and administrative costs in the consolidated statements of loss and comprehensive loss.

Other related party balances are listed below:

(a) Included in accounts payable and accrued liabilities is $125,596 (December 31, 2015 - $63,363) of amounts owing to directors of the Company for management and director fees.

14. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of issued capital stock, contributed surplus and deficit, in the definition of capital.

The Company’s primary objective with respect to its capital management is to ensure that it has sufficient cash resources to further exploration on its properties. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity and warrants, debt or by securing strategic partners.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the period ended March 31, 2016.

15. FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks by virtue of its activities. In particular market risk (composed of currency risk), liquidity risk, fair value risk and credit risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by management under policies approved by the Board of Directors. Management is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

15. FINANCIAL RISK MANAGEMENT (Cont'd)

(a) Market Risk

(i) Currency risk

The Company operates internationally and is exposed to foreign exchange risk from the Canadian Dollar. Foreign exchange risk arises from purchase transactions as well as recognized financial assets and liabilities denominated in foreign currencies.

As at March 31, 2016 the Company is exposed to currency risk through the following financial assets and liabilities denominated in Canadian dollars:

	March 31, 2016	December 31, 2015
Cash	**$ 15,129**	$ 480
HST receivable	**$ 12,145**	$ 12,145
Accounts payable and accrued liabilities	**$ 258,817**	$ 178,104
Loan due to a director	**$ 17,730**	$ 17,730

The above balances were translated into US dollars at the period-end rate of $0.7710 (December 31, 2015 - $0.7225) Canadian dollars to every US dollar.

Based on the above net exposures as at March 31, 2016, assuming that all other variables remain constant, a +/- 5% change in the Canadian dollar against the United States dollar would result in an increase/decrease in net loss of approximately $10,000.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management is also actively involved in the review and approval of planned expenditures.

As at March 31, 2016, the Company has current liabilities of $216,912 (December 31, 2015 - $145,939) due within 12 months and has cash of $11,758 (December 31, 2015 - $363) to meet its current obligations. As a result the Company has liquidity risk and is dependent on raising additional capital to fund operations.

(c) Fair Value Risk

The carrying values of reclamation bonds and accounts payable and accrued liabilities approximate fair values due to the relatively short term maturities of these instruments. The estimated fair values of convertible debt also approximate carrying values due to the fact that effective interest rates are not significantly different from market rates.

(d) Credit Risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk with respect to its cash. The Company reduces its credit risk by maintaining its primary bank accounts at large financial institutions.

16. COMMITMENTS

The Company is committed under lease agreements to the payment of amounts totaling $1,770 in 2016 subsequent to March 31, 2016.

17. SUBSEQUENT EVENTS

(a) The Company modified the expiry times of the following warrants:

(iv) 2,000,000 warrants exercisable at a price of $0.20 CDN until April 24, 2016 are now exercisable until April 24, 2017;

(v) 3,250,000 warrants exercisable at a price of $0.20 CDN until June 19, 2016 are now exercisable until June 19, 2017; and

(vi) 1,000,000 warrants exercisable at a price of $0.20 CDN until May 14, 2016 are now exercisable until May 14, 2018.

(b) The Company issued 1,450,000 units with an ascribed value of $0.05 CDN per unit for gross proceeds of $72,500 CDN. Each unit consisting of one common share and a common share purchase warrant exercisable for 3 years at $0.10 CDN.