Golden Predator Mining Corp.

(An exploration stage company)

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2016 and 2015

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the 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 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 financial statements in accordance with standards established by the Canadian Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

GOLDEN PREDATOR MINING CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED – PREPARED BY MANAGEMENT)
(EXPRESSED IN CANADIAN DOLLARS)
AS AT

	March 31, 2016	December 31, 2015
ASSETS		
Current		
Cash	$ 23,228	$ 174,797
Investments	285,593	42,884
Accounts receivable	33,269	6,809
Prepaid expenses and deposits	16,582	20,746
	358,672	245,236
Reclamation bonds (note 6)	463,663	488,663
Equipment (note 3)	225,860	195,142
Mineral properties (note 4)	7,061,186	7,050,017
Total assets	$ 8,109,381	$ 7,979,058
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 783,646	$ 356,360
Loans payable (note 7)	273,128	222,753
Promissory note (note 5)	572,710	572,710
	1,629,484	1,151,823
Non-current liabilities		
Promissory note (note 5)	3,039,915	2,916,202
Total liabilities	4,669,399	4,068,025
Shareholders' Equity		
Share capital (note 8)	29,175,676	28,645,709
Contributed surplus	2,752,456	2,707,886
Accumulated other comprehensive loss	(38,400)	(38,804)
Deficit	(28,449,750)	(27,403,758)
Total shareholders' equity	3,439,982	3,911,033
Total liabilities and shareholders' equity	$ 8,109,381	$ 7,979,058

Nature of operations and going concern (note 1)
Subsequent events (note 16)

Approved by the Board of Directors on May 26, 2016

"Dennis Fentie"	*"Bradley Thiele"*
Director	Director

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

GOLDEN PREDATOR MINING CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(UNAUDITED – PREPARED BY MANAGEMENT)
(EXPRESSED IN CANADIAN DOLLARS)

	Three months ended March 31, 2016	2015
Expenses		
Exploration (note 9)	$ 713,343	$ 67,860
General and administrative (note 10)	124,037	116,691
	(837,380)	(184,551)
Loss on derivative asset	-	(289,669)
Gain on settlement of accounts payable	16,793	-
Loss on shares issued for share purchase agreement (note 8)	(71,250)	-
Interest expense on promissory note (note 5)	(123,713)	(144,466)
Interest expense on loans payable	(4,374)	-
Realized loss on investments	(23,268)	(2,795)
Foreign exchange loss	(2,800)	(1,490)
Other income	-	32,986
Loss for the period	$ (1,045,992)	$ (589,985)
Other comprehensive income (loss)		
Realized loss on investments	23,268	-
Unrealized loss on available-for-sale investments	(22,864)	(19,837)
Other comprehensive income (loss) for the period	$ (1,045,588)	$ (609,822)
Basic and diluted loss per share	$ (0.03)	$ (0.02)
Weighted average number of shares outstanding	33,251,084	27,721,679

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

GOLDEN PREDATOR MINING CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2016 AND 2015
(UNAUDITED – PREPARED BY MANAGEMENT)
(EXPRESSED IN CANADIAN DOLLARS)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (1,045,992)	$ (589,985)
Items not affecting cash:		
Depreciation	34,568	80,747
Interest expense	123,713	144,698
Interest expense on loans payable	4,374	-
Loss on derivative asset	-	289,669
Stock-based compensation	44,570	23,098
Disposal of field equipment	-	2,558
Loss on investments	23,268	2,795
Gain on settlement of accounts payable	(16,793)	-
Loss on shares issued for share purchase agreement	71,250	-
Net Changes in non-cash working capital (note 11)	421,784	(51,200)
Net cash used in operating activities	(339,258)	(97,620)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds	50,000	-
Repayment of loans payable	(4,000)	-
Issuance of common shares for cash	256,500	-
Share issuance costs	(7,783)	-
Net cash provided by investing activities	294,717	
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of mineral properties	(66,742)	(4,899)
Acquisition of equipment	(65,286)	-
Release of reclamation bonds	25,000	-
Net cash used in investing activities	(107,028)	(4,899)
Change in cash	(151,569)	(102,519)
Cash, beginning of period	174,797	134,742
Cash, end of period	$ 23,228	$ 32,223

Non-cash financing and investing activities (note 11)

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

GOLDEN PREDATOR MINING CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2016 AND 2015
(UNAUDITED – PREPARED BY MANAGEMENT)
(EXPRESSED IN CANADIAN DOLLARS)

	Number of Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
Balance as at December 31, 2014	**27,721,679**	**$ 28,171,881**	**$ 2,649,276**	**$ (22,660)**	**$ (21,987,141)**	**$ 8,811,356**
Stock-based compensation	-	-	23,098	-	-	23,098
Other comprehensive loss	-	-	-	(19,837)	-	(19,837)
Net loss	-	-	-	-	(589,985)	(589,985)
Balance as at March 31, 2015	**27,721,679**	**$ 28,171,881**	**$ 2,672,374**	**$ (42,497)**	**$ (22,577,126)**	**$ 8,224,632**
Balance as at December 31, 2015	**31,670,250**	**$ 28,645,709**	**$ 2,707,886**	**$ (38,804)**	**$ (27,403,758)**	**$ 3,911,033**
Private placements	2,565,000	256,500	-	-	-	256,500
Share issuance costs	-	(7,783)	-	-	-	(7,783)
Shares issued for share purchase agreement	1,875,000	281,250	-	-	-	281,250
Stock-based compensation	-	-	44,570	-	-	44,570
Other comprehensive income	-	-	-	404	-	404
Net loss	-	-	-	-	(1,045,992)	(1,045,992)
Balance as at March 31, 2016	**36,110,250**	**$ 29,175,676**	**$ 2,752,456**	**$ (38,400)**	**$ (28,449,750)**	**$ 3,439,982**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Golden Predator Mining Corp. ("Golden Predator" or the "Company") was incorporated under the Business Corporations Act (Alberta) on April 29, 2008 and continued into British Columbia from the jurisdiction of Alberta on October 21, 2015. The Company's head office is located at #510 - 580 Hornby Street, Vancouver BC V6C 3B6. Golden Predator is in the business of acquiring and exploring mineral properties in Canada and the United States.

These unaudited condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. The Company has no source of operating cash flow and operations to date have been funded primarily from the issue of share capital. At March 31, 2016, the Company has a deficit of $28,449,750 (December 31, 2015 - $27,403,758) and incurred a net loss of $1,045,992 (2015 - 589,985). At March 31, 2016, the Company has a working capital deficiency of $1,270,812 (2015 - $906,587) and will require additional financing in order to meet obligations as they become due.

Management estimates that it currently does not have adequate working capital to fund all of its planned activities for the next fiscal year. The Company's continued operations are dependent on its ability to rise additional funding from loans or equity financings or through other arrangements. There is no assurance that future financing initiatives will be successful. These conditions give rise to a material uncertainty which casts significant doubt on the Company's ability to continue as a going concern and, therefore, its ability to realize its assets and discharge its liabilities in the normal course of business.

These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern adjustment appropriate. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiary Golden Predator Exploration Ltd.

Subsidiaries are entities that the Company controls, either directly or indirectly. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when the Company has existing rights that give it the ability to direct the activities that significantly affect the investee's returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital. All intra-group balances and transactions, including unrealized profits and losses arising from intra-group transactions, have been eliminated in full.

Where necessary, adjustments are made to the results of the subsidiaries and entities to bring their accounting policies in line with those used by the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b. Basis of presentation and measurement

These condensed interim consolidated financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and effective as of March 31, 2016.

The Company uses the same accounting policies and methods of computation as in the annual audited consolidated financial statements for the year ended December 31, 2015. The condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which have been measured at fair value, and are presented in Canadian dollars, which is the Company's functional currency.

c. Critical accounting estimates and judgments

The preparation of condensed interim consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in applying the Company's accounting policies. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience, but actual results may differ from the amounts included in the financial statements.

Areas of estimation and judgment that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements are:

Valuation of mineral properties - The Company follows the guidance of IFRS 6 to determine when a mineral property asset is impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the results of exploration and evaluation activities to date and the company's future plans to explore and evaluate a mineral property.

Fair value of derivatives and other financial instruments - The Company's promissory notes are financial liabilities that previously contained both a derivative and non-derivate host component. The fair values of embedded derivatives, not traded in an active market, were determined using valuation techniques. The Company used its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The Promissory Note was amended in the third quarter of 2015 to remove the share settlement option, thus as of the current period, there is no derivative asset related to the Promissory Note.

(EXPRESSED IN CANADIAN DOLLARS)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

New accounting standards and interpretation

Effective (proposed) for annual periods beginning on or after January 1, 2018:

IFRS 9, Financial Instruments – Classification and Measurement. IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

On January 13, 2016, the IASB issues IFRS 16, Leases ("IFRS 16"), according to which, all leases will be on the balance sheet of lessees, except those that meet the limited exception criteria. The standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently assessing the impact of IFRS 16 on its condensed interim consolidated financial statements.

3. EQUIPMENT

	Field equipment	Camp and camp equipment	Vehicles	Office equipment	Capital leases	Total
Cost						
Balance – December 31, 2014	$ 378,435	$ 369,257	$ 93,890	$ 29,495	$ 42,350	$ 913,427
Additions	28,585	—	—	—	—	28,585
Disposals	—	—	—	(8,485)	—	(8,485)
Balance – December 31, 2015	$ 407,020	$ 369,257	$ 93,890	$ 21,010	$ 42,350	$ 933,527
Additions	65,285	—	—	—	—	65,285
Balance – March 31, 2016	$ 472,305	$ 369,257	$ 93,890	$ 21,010	$ 42,350	$ 998,812
Accumulated Depreciation						
Balance – December 31, 2014	$ 200,221	$ 258,482	$ 38,509	$ 13,986	$ 30,149	$ 541,347
Depreciation	81,437	73,852	28,167	7,308	12,201	202,965
Disposals	—	—	—	(5,927)	—	(5,927)
Balance – December 31, 2015	$ 281,658	$ 332,334	$ 66,676	$ 15,367	$ 42,350	$ 738,385
Depreciation	12,651	18,463	2,041	1,412	—	34,567
Balance – March 31, 2016	$ 294,309	$ 350,797	$ 68,717	$ 16,779	$ 42,350	$ 772,952
Net book value						
Balance – December 31, 2015	$ 125,362	$ 36,923	$ 27,214	$ 5,643	$ —	$ 195,142
Balance – March 31, 2016	$ 177,996	$ 18,460	$ 25,173	$ 4,231	$ —	$ 225,860

(EXPRESSED IN CANADIAN DOLLARS)

4. MINERAL PROPERTIES

	Sonora Gulch	Brewery Creek	3 Aces	Marg	Grew Creek	Other Properties	Total
Balance – December 31, 2014	$ 3,694,548	$ 1,313,032	$ 1,103,600	$ 661,817	$ 300,000	$ 1,155,602	$ 8,228,599
Acquisition costs	—	—	9,550	—	—	22,441	31,991
Impairment	—	—	—	—	—	(1,128,241)	(1,128,241)
Option payment - cash	—	—	—	(50,000)	—	—	(50,000)
Option payment - shares	—	—	—	(32,332)	—	—	(32,332)
Balance – December 31, 2015	$ 3,694,548	$ 1,313,032	$ 1,113,150	$ 579,485	$ 300,000	$ 49,802	$ 7,050,017
Option payment - cash	—	—	63,250	—	—	3,492	66,742
Option payment - shares	—	—	—	(55,573)	—	—	(55,573)
Balance – March 31, 2016	$ 3,694,548	$ 1,313,032	$ 1,176,400	$ 523,912	$ 300,000	$ 53,294	$ 7,061,186

a) Sonora Gulch, Yukon

The Company owns 100% of the Sonora Gulch property, subject to a remaining 1% net smelter royalty (NSR). The Company has the option and right to purchase 50% of the remaining NSR at any time for $1,000,000. The Company is required to pay all taxes, levies and other expenditures as may be required in order to maintain the property in good standing with the applicable regulatory bodies.

b) Brewery Creek, Yukon

The Company acquired 100% of the Brewery Creek Project as part of the reorganization of AMB to Till Capital. The Brewery Creek Project is subject to a 2% NSR on the first 600,000 ounces of gold produced, following which the NSR will increase to 2.75%. The Company has the right to repurchase 0.625% of the increased NSR for $2,000,000 (which, if so acquired, would result in a 2.125% NSR). The property is also subject to a sliding scale royalty based on the price of gold on the first 21,000 ounces of production, as well as a 5% net profits royalty ("NPR").

An Amended and Restated Socio Economic Accord for the Brewery Creek Project was entered into with the Tr’ondëk Hwëch’in First Nation (“THFN”) which took effect September 2012. As consideration for entering into the agreement, the Company paid the sum of $400,000, payable in shares, of which $250,000 was payable on signing and $150,000 is payable on the first anniversary of the accord at a price equal to a 5-day volume weighted average share price (“VWAP”). Upon receipt of all required permits in respect of the portion of the mine site outside the existing permitted area, the Company will pay an additional sum of $300,000 payable in shares at the then applicable VWAP. Key aspects of the Socio Economic Accord include the AMB’s commitment in respect of training and scholarships, and the annual community legacy project grant, amounts to $45,000 per annum. The Company has also agreed to pay the THFN a 2.5% NPR on revenue from the mine site, excluding the existing permitted area. The Company believes this agreement has been suspended as of August of 2013 and all obligations relieved until permitting is approved.

4. MINERAL PROPERTIES (cont'd)

c) 3 Aces, Yukon

The Company owns 100% of the 3 Aces property, subject to the NSR described below.

An annual advance royalty payment of $45,000 will commence on April 1, 2015 and continue until the commencement of commercial production. The vendor will retain a 2% NSR on the property. If a resource estimate in excess of 500,000 ounces at a grade greater than 5 grams per tonne is defined on the property (in compliance with the Canadian Securities Administrators' National Instrument 43-101, Standards of Disclosure for Mineral Projects), the vendor's NSR will increase to 2.5% and the vendor will receive a bonus payment of $300,000 in cash or equivalent Golden Predator common shares. If a National Instrument 43-101 compliant resource estimate in excess of 1,000,000 ounces at a grade greater than 5 grams per tonne is defined on the property, the vendor's NSR will increase to 3% and the vendor will receive an additional bonus payment of $300,000 in cash or equivalent Golden Predator shares. Each 1% of the NSR can be purchased by the Company for $2,000,000. The property is also subject to a 1.0% NSR to Till Capital.

d) Marg, Yukon

The Company owns 100% of the Marg property, subject to a 1% NSR to Till Capital.

In March 2015, the Company announced a Joint Venture and Option Agreement (the "Agreement") on the Marg Project, Yukon. During the year ended December 31, 2015, the first $50,000 cash payment and 1,539,643 shares at a fair value of $32,332 were received. During the period ended March 31, 2016, the Company received an additional 5,656,777 shares at a fair value of $55,573. Subsequent to the period end March 31, 2016, Minquest gave notice to withdraw from the Marg Project due to a change in business for Minquest. The notice terminated with immediate effect the Letter Agreement pursuant to their right to withdraw from the Project

e) Grew Creek, Yukon

The Company owns 100% of the Grew Creek property, subject to a 4% NSR.

4. MINERAL PROPERTIES (cont'd)

f) Castle West, Nevada

In August 2014, the Company entered into a Mining Lease and Sublease Agreement (the "Agreement") with Platoro West Inc. ("Platoro") on its Castle West property in Esmeralda County, Nevada. The Castle West property consists of 74 unpatented claims leased from Platoro and two subleases of an additional 10 claims. The Agreement requires payments to Platoro totaling US$175,000 over six years, with annual payments of US$35,000 commencing on the seventh anniversary. Payments to two underlying lessors total US$113,000 over 5 years, with annual payments of $36,000 thereafter. All payments are to be credited against future royalty obligations. Platoro retains a sliding-scale net smelter royalty ("NSR") of 2.0% to 5.0%. Two underlying lessors have NSR's from 2% to 3% on portions of the property. Platoro's NSR will be reduced by royalty payments to the underlying lessors to a floor of 0.5%. Platoro is owned by a director of the Company and therefore the lease is considered a related party transaction.

g) Other Properties

During the year ended December 31, 2015, the Company decided not to pursue certain properties and accordingly recorded an impairment of $1,128,241.

5. PROMISSORY NOTE

In 2014, the Company completed the acquisition of all of the Yukon assets previously held by Americas Bullion Royalty Corp. In conjunction with the acquisition the Company issued a $4,700,000 promissory note (the "Promissory Note"). The Promissory Note bears interest at 6.00% per annum payable in tranches of $1,100,000, $1,600,000, and $2,000,000, plus accrued interest, on the first, second, and third anniversaries of the acquisition, respectively. At the Company's option, the principal and interest payments may be made in cash or common shares, where the number of shares is determined by reference to the Company's 14 day VWAP share price immediately prior to the respective payment date, less 20%. If the VWAP of the Company's shares on the TSX Venture Exchange for the fourteen trading days immediately preceding the date that is two days before the date of issue, is below $0.35 at the time of a payment which is to be settled in common shares of the Company, the Company will satisfy the payment based on a share price of $0.35. The Company may prepay the note at any time though payment of the then outstanding principal and accrued interest.

The Promissory Note is secured by the shares of Golden Predator Exploration Ltd. ("GPE"). In the event of non-payment by the Company, Till Capital would receive the GPE shares and retain any cash or common share payments to date.

During the year ended December 31, 2015, the Company entered into an Amending Agreement with Till Capital and amended the terms of the Promissory Note to the following:

- Payment schedule

  Principal amount of $500,000 + $55,000 USD ($72,710 CAD) is due June 1, 2016 (paid subsequent to March 31, 2016);
  Principal amount of $1,000,000 is due June 1, 2017;
  Principal amount of $1,100,000 is due June 1, 2018;
  Principal amount of $1,100,000 is due June 1, 2019.

(EXPRESSED IN CANADIAN DOLLARS)

5. PROMISSORY NOTE (cont'd)

- Interest rate
  6% per annum through to June 1, 2016;
  8% per annum through to June 1, 2017;
  10% per annum through to June 1, 2018;
  12% per annum thereafter.

The amended terms also include: 1) a return to the Company of the 0.5% net smelter royalty ("NSR") on the Brewery Creek project and a 1% NSR on the Sonora Gulch property originally granted to Till Capital in connection with the loan; 2) a requirement that all principal and interest be paid in cash (not shares of the Company); 3) retirement of $55,000 USD ($72,100 CAN) in accounts payable owing to Till Capital for services rendered; and 4) the Company has granted Till Capital an additional security interest in its Brewery Creek and 3 Aces properties.

The Promissory Note was recognized initially at fair value, and is subsequently carried at amortized cost using the effective interest rate method. The fair value of the Promissory Note was estimated using a discounted cash flow calculation, using a discount rate of 15.00% which is management's estimate of the Company's cost of borrowing at the time of the Acquisition.

		Promissory Note
Carrying value - December 31, 2014		4,189,333
Principal payment on note - April 17, 2015		(1,100,000)
Accreted interest in the year on original note		367,176
Re-measurement of promissory note		(125,558)
Accreted interest in the period on amended note		157,961
Carrying value - December 31, 2015		3,488,912
Accreted interest in the period on amended note		123,713
Carrying value – March 31, 2016	$	3,612,625

The Company made its first payment on the Promissory Note, including principal and accrued interest, on April 17, 2015 by issuing to Till Capital a total of 3,948,571 shares at a deemed price of $0.35 per share as per the Promissory Note agreement for a total payment of $1,382,000. As a result of the minimum share price feature of the Promissory Note, the payment was satisfied by issuing shares with a market value of $0.12.

$572,710 of the principal amount of the Promissory Note is payable on June 1, 2016, and is classified as a current liability as of March 31, 2016.

6. RECLAMATION BONDS

The Company has posted interest and non-interest bearing bonds totaling $463,663 with a financial institution and the Canadian Government as security for reclamation requirements. During the period ending March 31, 2016, $25,000 (2015 - $nil) was released from the bonding requirement due to the sale of lands previously requiring bonding.

7. LOANS PAYABLE

During the period ended March 31, 2016, the Company received loans in the amount of $50,000 (December 31, 2015 - $257,370) from a director and repaid $4,000 (December 31, 2015 - $40,000) to the director. The loans bear interest at a rate of 8% per annum and are payable on December 30, 2016. Accordingly, the Company accrued interest of $4,374 (December 31, 2015 - $5,384). Subsequent to March 31, 2016, the loans were repaid in full and the interest was waived by the director.

8. SHARE CAPITAL

a) Shares issued

During the period ended March 31, 2016, the Company:

i) Closed a private placement for 2,315,000 units (the "NFT Units") and 250,000 flow-through units (the "FT Units") at a price of $0.10 per NFT and FT Unit for total proceeds of $256,500. Each FT Unit consists of one common share (the "FT Shares") and one share purchase warrant (the "FT Warrants"). Each NFT Unit consists of one common share (the "NFT Shares") and one share purchase warrant (the "NFT Warrants"). Each NFT Warrant will entitle the holder to purchase one additional common share, exercisable at a price of $0.15 per share for a period of two years from the date of issue of the NFT Warrants. Each FT Warrant will entitle the holder to purchase one additional flow-through common share, exercisable at a price of $0.15 per share for a period of two years from the date of issue of the FT Warrants. The Company paid share issuance costs of $7,783.

ii) Completed a share purchase agreement with a third party. The Company acquired 50,000 shares of Till Capital Ltd. By way of consideration, the Company issued 1,875,000 units to the vendor. Each unit consists of one common share and one share purchase warrant, each warrant exercisable at $0.15 cents for two years.

During the year ended December 31, 2015, the Company issued 3,948,571 common shares at $0.12 for a fair value of $473,829 under the terms of the promissory note described in note 5.

b) Stock options and warrants

The Company has a stock option plan under which directors, officers, employees, management and consultants of the Company are eligible to receive stock options. The maximum number of common shares issuable pursuant to the exercise of outstanding options granted under the plan is 10% of the issued shares of the Company at the time of granting the options. The maximum number of stock options granted to any one optionee in a 12 month period may not exceed 5% of the outstanding common shares of the Company. Options granted under the plan may not exceed a term of ten years and vest at terms determined by the directors at the time of grant. The exercise price, expiry date, and vesting term of each option is determined by the directors at the time of grant, provided that the exercise price may not be less than the price permitted by the policy or policies of the stock exchange(s) on which the Company's common shares are then listed.

(EXPRESSED IN CANADIAN DOLLARS)

8. SHARE CAPITAL (cont'd)

b) Stock options and warrants (cont'd)

During the period ended March 31, 2016, the Company granted 940,000 (2015 – 40,000) options with an exercise price of $0.17 (2015 - $0.12). During the period ended March 31, 2016, the Company recognized stock-based compensation related to options of $44,570 (2015 - $23,098). The weighted average fair value of options granted in the period ended March 31, 2016 was $0.10 (2015 - $0.05) per share.

The fair value of all compensatory options granted is estimated on the grant date using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair values are as follows:

	2016	2015
Risk-free interest rate	0.48%	1.1%
Expected life of option	3 years	3 years
Expected dividend yield	0%	0%
Expected stock price volatility	135.08%	84.44%

Stock options transactions are summarized as follows:

	Outstanding Options	Weighted Average Exercise Price
Balance, December 31, 2014	1,312,857	$ 0.22
Granted	1,005,000	0.12
Expired	(482,857)	0.32
Balance, December 31, 2015	1,835,000	$ 0.16
Granted	940,000	0.17
Balance, March 31, 2016	2,775,000	$ 0.16
Exercisable, March 31, 2016	1,626,250	

As at March 31, 2016, incentive stock options were outstanding as follows:

Outstanding Options	Exercise Price	Expiry Date
875,000	0.20	August 1, 2017
450,000	0.10	November 17, 2017
40,000	0.12	March 23, 2018
125,000	0.12	June 22, 2018
345,000	0.14	October 1, 2018
940,000	0.17	February 25, 2019
2,775,000		

(EXPRESSED IN CANADIAN DOLLARS)

8. SHARE CAPITAL (cont'd)

b) Stock options and warrants (cont'd)

Warrants transactions are summarized as follows:

	Outstanding Warrants	Weighted Average Exercise Price
Balance, December 31, 2015 and 2014	-	$ -
Granted	4,440,000	0.15
Balance, March 31, 2016	4,440,000	$ 0.15

As at March 31, 2016, warrants were outstanding as follows:

Outstanding Warrants	Exercise Price	Expiry Date
2,565,000	0.15	February 25, 2018
1,875,000	0.15	March 3, 2018
4,440,000		

9. EXPLORATION EXPENSES

	Three Months Ended 2016	2015
Geological consulting and salaries	$ 279,897	$ 36,185
Depreciation	34,568	80,747
Environment	14,378	-
Trenching and sampling	130,522	14,233
Permitting	-	11,662
Camp and accommodations	74,942	526
Geochemistry	34,974	(43,130)
Transportation and travel	103,264	-
Helicopter	3,609	-
Gain on sale of fixed assets	-	(20,462)
Tax credits	-	(11,901)
Other exploration costs	37,189	-
	$ 713,343	$ 67,860

(EXPRESSED IN CANADIAN DOLLARS)

10. GENERAL AND ADMINISTRATIVE EXPENSES

	Three Months Ended 2016	2015
Professional fees	$ 24,489	$ 30,438
Consulting fees	-	24,130
Share-based compensation	44,570	23,098
Regulatory & compliance	11,636	16,985
Office and insurance	11,385	12,239
Travel, shareholder relations and promotion	31,958	9,801
	$ 124,038	$ 116,691

11. SUPPLEMENTAL CASH FLOW INFORMATION

Net change in non-cash working capital

	Three Months Ended 2016	2015
Accounts receivable	$ (26,460)	$ (2,805)
Prepaid expenses and deposits	4,164	34,675
Accounts payable and accrued liabilities	444,080	(97,174)
Loss on investments	-	14,104
	$ 421,784	$ (51,200)

The Company's significant non-cash transactions during the period ended March 31, 2016 were as follows:

a) Issued 1,875,000 shares at a value of $281,250 for a share purchase agreement.

b) Received 5,656,777 shares at a fair value of $55,573 for a mineral property.

There were no significant non-cash transactions during the period ended March 31, 2015.

12. RELATED PARTY TRANSACTIONS

a) Key management compensation

The was no compensation paid or payable to key management for management services provided in the periods ended March 31, 2016 and 2015.

Share-based compensation includes stock options granted to directors and officers recorded at a fair value of $39,966 (2015 - $7,498).

(EXPRESSED IN CANADIAN DOLLARS)

12. RELATED PARTY TRANSACTIONS (cont'd)

b) Other transactions

Accounting, consulting, administrative and corporate communications services were formerly provided to the Company by a subsidiary of the controlling shareholder. During the period ended March 31, 2016, the Company recorded professional fees of $nil (2015 - $15,272), corporate communications expenses of $nil (2015 - $3,499), and consulting fees of $nil (2015 - $21,314) related to these services.

These services were incurred in the normal course of operations for general corporate matters, attendance at committee and board meetings, as well as evaluating business opportunities. All services were made on terms substantially equivalent to those that prevail with arm's length transactions.

c) Balances outstanding

There was $nil due to related parties recorded in accounts payable and accrued liabilities at March 31, 2016 and December 31, 2015.

d) Loans payable

During the period ended March 31, 2016, the Company received loan proceeds from a director (note 7). Subsequent to March 31, 2016, the loans were repaid in full.

13. SEGMENT INFORMATION

The Company operates in two segments, which is the exploration and development of resource properties in Canada and the USA.

	Canada	United States	Total
Mineral Properties	$7,007,893	$53,293	$7,061,186

14. FINANCIAL INSTRUMENTS

Financial instruments include cash and any contract that give rise to a financial asset to one party and a financial liability or equity instrument to another party. As at March 31, 2016, the Company's carrying values of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair values due to their short term to maturity.

The three levels of the fair value hierarchy are:
Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

At March 31, 2016, the Company's cash and investments are based on level 1 inputs of the fair value hierarchy.

15. FINANCIAL RISKS MANAGEMENT

Market risk

Market risk is the risk of loss that may arise from changes in market fluctuations such as those listed below. The fluctuations may be significant.

Foreign exchange risk

The Company operates mainly in Canada but a small portion of the Company's financial assets and liabilities are denominated in US dollars. The Company does not undertake currency hedging activities but continuously monitors its exposure to foreign exchange risk to determine if any mitigation strategies warrant consideration.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, receivables and reclamation bonds. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of cash held in bank accounts, for which management believes the risk of loss to be minimal.

Management believes that the credit risk concentration with respect to receivables is minimal. Reclamation bonds consist of term deposits and guaranteed investment certificates, which have been invested with reputable financial institutions, from which management believes the risk of loss to be minimal.

Interest rate risk

Interest rate risk mainly arises from the Company's cash and cash equivalents, which receive interest based on market interest rates. Fluctuations in interest cash flows due to changes in market interest rates are negligible. The Company's borrowings are at fixed rates. The fair value of the fixed-rate Promissory Note fluctuates with changes in market interest rates, but the cash flows do not.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its current obligations as they become due. The Company prepares annual exploration and administrative budgets and monitors expenditures to manage short-term liquidity. Due to the nature of the Company's activities, funding for long-term liquidity needs is dependent on the Company's ability to obtain additional financing through various means, including equity financing. There can be no assurance that the Company will be able to obtain adequate financing or that the terms of such financing will be favourable. At March 31, 2016, the Company had a working capital deficiency of $1,270,812. For additional information on liquidity, refer to Note 1.

16. SUBSEQUENT EVENTS

Subsequent to the period ended March 31, 2016, the Company:

a) Issued 425,964 common shares at a deemed price of $0.1425 per share to certain of its suppliers as payment for services provided.

b) Issued 135,000 common shares at a deemed price of $0.15 per share to employees and contractors involved in the Company's bulk sample program on the 3 Aces property.

16. SUBSEQUENT EVENTS (cont'd)

c) Closed a private placement for 21,350,000 units (the "NFT Units) and 5,650,000 flow-through units (the "FT Units") at a price of $0.16 per NFT and FT Unit for total proceeds of $4,320,000. Each NFT and FT Unit consists of one common share (the "Shares") and one share purchase warrant (the "Warrants"). Each Warrant will entitle the holder to purchase one additional common share, exercisable at a price of $0.21 per share for a period of two years from the date of issue of the Warrants. The Company issued 1,274,000 finder's units at an exercise price of $0.16 per finder's unit in relation to the private placement. Each finder's unit is comprised of one common share and one share purchase warrant (the "Unit Warrant"). Each Unit Warrant entitles the holder to purchase one common share at an exercise price of $0.21 per share for a period of two years from the date of issue of the finder's units.

d) Issued 400,000 stock options to employees and consultants at an exercise price of $0.43 per share for three years from the date of issue.