Interim Consolidated Financial Statements of

NORTHERN VERTEX MINING CORP.

For the three and nine months ended March 31, 2016 and 2015

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 consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited consolidated 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 Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

NORTHERN VERTEX MINING CORP.

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UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NORTHERN VERTEX MINING CORP.
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited - Expressed in Canadian Dollars
(Exhibit 1)

		March 31, 2016		June 30, 2015
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**3,522,620**	$	3,209,343
Trade and other receivables (Note 5)		**88,977**		29,536
Prepaid expenses and deposits		**241,713**		73,225
Total current assets		**3,853,310**		3,312,104
Non-current assets				
Reclamation deposits (Note 6)		**14,922**		13,752
Property, plant and equipment (Note 7)		**809,956**		1,047,832
Exploration and evaluation assets (Note 9)		**24,650,044**		22,368,179
Intangible assets (Note 10)		**9,580**		56,281
Total assets	**$**	**29,337,812**	$	26,798,148
LIABILITIES				
Current liabilities				
Trade and other payables (Note 11)	**$**	**613,953**	$	420,977
		613,953		420,977
Non-current liabilities				
Long-term accrued payables		**134,101**		128,969
Provision for reclamation and remediation (Note 12)		**1,038,717**		934,120
Total liabilities	**$**	**1,786,771**	$	1,484,066
SHAREHOLDERS' EQUITY				
Share capital (Exhibit 4 and Note 13)		**23,875,521**		21,484,748
Subscriptions received in advance (Exhibit 4 and Note 13a)		**-**		1,280,400
Contributed surplus (Exhibit 4 and Note 13)		**18,958,011**		16,097,336
Accumulated other comprehensive loss (Exhibit 4)		**(2,989,729)**		(2,411,428)
Deficit		**(12,292,762)**		(11,136,974)
Total shareholders' equity		**27,551,041**		25,314,082
Total liabilities and shareholders' equity	**$**	**29,337,812**	$	26,798,148

Nature of operations and going concern (Note 1)
Commitments (Note 18)
Subsequent events (Note 22)

Approved and authorized on behalf of the Board:

"Kenneth Berry"
Director

"David Farrell"
Director

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

NORTHERN VERTEX MINING CORP.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND LOSS

Unaudited - Expressed in Canadian Dollars
(Exhibit 2)

	Three months ended March 31,		Nine months ended March 31,	
	2016	2015	**2016**	2015
Administrative expenses				
Depreciation	**$ 14,070**	$ 14,617	**$ 42,933**	$ 43,796
Management fees	**30,000**	30,000	**90,000**	30,000
Marketing and community relations	**90,057**	10,140	**108,185**	38,854
Office and miscellaneous	**46,779**	55,904	**130,760**	160,256
Professional fees	**163,812**	47,908	**1,328,305**	99,918
Property fees	**-**	-	**-**	20,664
Property taxes	**12,084**	-	**23,821**	-
Rent	**12,499**	10,827	**34,717**	32,073
Salaries, wages, benefits and subcontractor expenses	**200,372**	181,929	**580,857**	459,244
Share-based payments (Note 13c)	**23,017**	49,799	**107,135**	156,287
Transfer agent and filing fees	**9,462**	17,672	**34,787**	34,279
Travel, meetings and conferences	**14,536**	16,656	**97,124**	51,781
Loss before other expenses	**$ (616,688)**	$ (435,452)	**$ (2,578,624)**	$ (1,127,152)
Other income (expenses)				
Foreign exchange gain (loss) (Note 14)	**(3,144,066)**	3,273,509	**1,415,462**	6,081,085
Tax recovery from gold and silver sales	**-**	-	**-**	33,592
Interest and other income (expenses)	**(3,455)**	8,067	**13,574**	(9,682)
Deferred sales proceeds - ISGC (Note 8)	**-**	795	**-**	11,118
Loss on disposal of fixed assets	**(6,200)**	-	**(6,200)**	-
	$ (3,153,721)	$ 3,282,371	**$ 1,422,836**	$ 6,116,113
Net income (loss) for the period	**(3,770,409)**	2,846,919	**(1,155,788)**	4,988,961
Deficit, beginning of the period	**(8,522,353)**	(12,810,386)	**(11,136,974)**	(14,952,428)
Deficit, end of the period	**$ (12,292,762)**	$ (9,963,467)	**$ (12,292,762)**	$ (9,963,467)
Basic and diluted income (loss) per share	**$ (0.04)**	$ 0.04	**$ (0.01)**	$ 0.07
Weighted average number of shares outstanding	**85,956,446**	72,941,446	**85,577,828**	72,659,963

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

NORTHERN VERTEX MINING CORP.
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Unaudited - Expressed in Canadian Dollars
(Exhibit 3)

	Three months ended March 31,		Nine months ended March 31,	
	2016	2015	**2016**	2015
Net income (loss) for the period	**$ (3,770,409)**	$ 2,846,919	**$ (1,155,788)**	$ 4,988,961
Item which may be reclassified subsequently to income or (loss)				
Unrealized foreign currency translation differences of foreign operations	**1,540,534**	(1,373,890)	**(578,301)**	(2,476,431)
Comprehensive income (loss) for the period	**$ (2,229,875)**	$ 1,473,029	**$ (1,734,089)**	$ 2,512,530

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

NORTHERN VERTEX MINING CORP.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Unaudited - Expressed in Canadian Dollars
(Exhibit 4)

	Number of Shares	Share Capital	Subscriptions Received in Advance	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Equity
Balance, June 30, 2014	**57,899,348**	**$ 19,354,771**	**$ 2,355,000**	**$ 14,487,236**	**$ (154,115)**	**$ (14,952,428)**	**$ 21,090,464**
Shares issued for cash, net of issuance costs	15,042,098	2,212,873	-	1,303,205	-	-	3,516,078
Subscriptions received in advance (Note 13a)	-	-	(2,355,000)	-	-	-	(2,355,000)
Warrant expiration date amendment	-	(82,896)	-	82,896	-	-	-
Share-based payments	-	-	-	156,287	-	-	156,287
Foreign currency translation differences of foreign operations	-	-	-	-	(2,476,431)	-	(2,476,431)
Net income for the nine months	-	-	-	-	-	4,988,961	4,988,961
Balance, March 31, 2015	**72,941,446**	**$ 21,484,748**	**$ -**	**$ 16,029,624**	**$ (2,630,546)**	**$ (9,963,467)**	**$ 24,920,359**
Balance, June 30, 2015	**72,941,446**	**$ 21,484,748**	**$ 1,280,400**	**$ 16,097,336**	**$ (2,411,428)**	**$ (11,136,974)**	**$ 25,314,082**
Shares issued for cash, net of issuance costs	20,989,875	2,450,655	-	2,693,658	-	-	5,144,313
Subscriptions received in advance (Note 13a)	-	-	(1,280,400)	-	-	-	(1,280,400)
Warrant expiration date amendment	-	(59,882)	-	59,882	-	-	-
Share-based payments	-	-	-	107,135	-	-	107,135
Foreign currency translation differences of foreign operations	-	-	-	-	(578,301)	-	(578,301)
Net (loss) for the nine months	-	-	-	-	-	(1,155,788)	(1,155,788)
Balance, March 31, 2016	**93,931,321**	**$ 23,875,521**	**$ -**	**$ 18,958,011**	**$ (2,989,729)**	**$ (12,292,762)**	**$ 27,551,041**

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

NORTHERN VERTEX MINING CORP.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited - Expressed in Canadian Dollars
(Exhibit 5)

	Three months ended March 31,		Nine months ended March 31,	
	2016	2015	**2016**	2015
Cash flows from operating activities				
Net income (loss) for the period	**$ (3,770,409)**	$ 2,846,919	**$ (1,155,788)**	$ 4,988,961
Items not affecting cash:				
Depreciation and amortization	**14,070**	14,617	**42,933**	43,796
Loss on disposal of fixed assets	**6,200**	-	**6,042**	-
Share-based payments (Note 13c)	**23,017**	49,799	**107,135**	156,287
Unrealized foreign exchange loss (gain)	**3,134,227**	(3,267,805)	**(1,424,310)**	(5,959,513)
Changes in non-cash working capital balances:				
Trade and other receivables	**(17,509)**	(14,077)	**(22,722)**	105,232
Prepaid expenses and deposits	**(166,049)**	7,703	**(168,056)**	(119)
Trade and other payables	**(100,625)**	(24,802)	**210,339**	(817,484)
Cash used in operating activities	**$ (877,078)**	$ (387,646)	**$ (2,404,427)**	$ (1,482,840)
Cash flows from financing activities				
Proceeds from issuance of share capital, net of issuance costs	**$ 2,509,107**	$ (487)	**$ 5,232,056**	$ 3,508,416
Subscriptions received in advance (Note 13a)	**-**	-	**(1,280,400)**	(2,355,000)
Cash provided by (used in) financing activities	**$ 2,509,107**	$ (487)	**$ 3,951,656**	$ 1,153,416
Cash flows from investing activities				
Exploration and evaluation expenditures	**$ (312,760)**	$ (572,370)	**$ (1,238,400)**	$ (2,425,109)
Redemption of reclamation deposits, before interest	**-**	-	**(643)**	827,815
Exploration and evaluation proceeds	**-**	55,780	**-**	851,800
Purchase of intangible assets	**-**	-	**-**	(2,425)
Proceeds from deferred cash payments (Note 8)	**-**	795	**-**	65,800
Cash used in investing activities	**$ (312,760)**	$ (515,795)	**$ (1,239,043)**	$ (682,119)
Effect of foreign exchange rate changes on cash and cash equivalents	**(11,223)**	106,274	**5,091**	138,943
Increase (decrease) in cash and cash equivalents during the period	**1,308,046**	(797,654)	**313,277**	(872,600)
Cash and cash equivalents, beginning of the period	**2,214,574**	3,977,866	**3,209,343**	4,052,812
Cash and cash equivalents, end of the period	**$ 3,522,620**	$ 3,180,212	**$ 3,522,620**	$ 3,180,212
Cash and cash equivalents consists of:				
Cash on deposit	**3,522,620**	3,180,212	**3,522,620**	3,180,212
	$ 3,522,620	$ 3,180,212	**$ 3,522,620**	$ 3,180,212

Supplemental disclosure of non-cash activities (Note 16)

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

1 Nature of operations and going concern

Nature of operations

Northern Vertex Mining Corp. (the "Company") is a resident Canadian mineral exploration and development company incorporated under the Business Corporations Act (British Columbia). The address of the Company's registered office is Suite 1820 – 1055 West Hastings St. Vancouver, British Columbia, Canada.

The Company's principal business is to acquire, explore and develop mineral properties principally located in the United States and Canada with the mandate of identifying mineralized deposits that demonstrate near-term production potential and long-term sustainable growth.

The Company's primary project is the Moss Gold-Silver deposit (the "Moss Mine") located in Mohave County, Arizona.

Going concern

These interim consolidated financial statements have been prepared on the basis of accounting principles 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 in the normal course of business. There are conditions and events, which constitute material uncertainties that may cast significant doubt on the validity of this assumption.

The Company has experienced operating losses and negative operating cash flows since inception and has no assurances that sufficient financing will be available to continue in operation for the foreseeable future. Ongoing operations are dependent on the Company's ability to: obtain public equity financing by the issuance of share capital, generate profitable operations in the future, or secure debt financing.

During the nine months ended March 31, 2016 and the year ended June 30, 2015, the Company raised net proceeds in excess of $3.9 million and $2.4 million, respectively, from private placements. To continue development at the Moss Mine, the Company will require additional financing. While the Company has been successful at raising funds in the past, there can be no assurance that it will be able to do so in the future.

During fiscal 2015, Phase I - Pilot Plant Operations at the Moss Mine concluded and the heap leach pad operation began its transition into shutdown mode, as planned. As of June 30, 2015, the Company had recorded final sales from the pilot plant of US$5.5 million (before royalties and selling costs) from 4,065 ounces of gold and 19,494 ounces of silver with an average selling price for gold and silver of US$1,259.31 and US$19.67, respectively.

These interim consolidated financial statements do not reflect any adjustments, which may be material, to the carrying values of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

1 Nature of operations and going concern (continued)

As of March 31, 2016 and June 30, 2015 the Company had the following working capital and deficit balances:

		March 31, 2016		June 30, 2015
Working capital	**$**	**3,239,357**	$	2,891,127
Deficit		**(12,292,762)**		(11,136,974)

2 Basis of preparation

The interim consolidated financial statements of the Company for the three and nine months ended March 31, 2016 and 2015 have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively, "IFRS") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB").

These interim consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on May 24, 2016.

3 Significant accounting policies

The principal accounting policies applied in the preparation of these interim consolidated financial statements are consistent with the accounting policies disclosed in Notes 2 and 3 of the audited consolidated financial statements for the year ended June 30, 2015. These interim consolidated statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended June 30, 2015.

Basis of consolidation

Subsidiaries

Subsidiaries are all entities over which the Company has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Company, until the date on which control ceases. These interim consolidated financial statements include the accounts of two wholly-owned subsidiaries, Golden Vertex Corp. and Golden Vertex (Idaho) Corp., both incorporated in the United States. All inter-company balances, and unrealized gains and losses on intercompany transactions, have been eliminated for consolidation purposes.

Foreign currency translation

Functional and presentation currency

Transactions included in the accounts of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the parent company and the Company's presentation currency.

Transactions and balances

Transactions denominated in foreign currencies are translated into the relevant functional currency using the exchange rates prevailing at the dates of the transactions. The functional currency of the Company's subsidiaries is the US dollar. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of operations and loss.

3 Significant accounting policies (continued)

Translation of subsidiary results into the presentation currency

The operating results and statements of financial position of each of the Company's subsidiaries with functional currencies different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities presented are translated at the period-end closing rate as at the date of the statements of financial position;
- Income and expenses for the statements of operations and loss are translated at average exchange rates, unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the rate on the dates of the transactions; and
- All resulting exchange differences from translating foreign operations are recognized in a separate component of shareholders' equity as other comprehensive income (loss).

Exploration and evaluation assets

Exploration and evaluation assets represent properties on which the Company is conducting exploration to determine whether significant mineralization exists or for which the Company has identified a mineral resource of such quantity and grade or quality that it has reasonable prospects for economic extraction. All costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on an area of interest are expensed as incurred. Once the legal right to explore has been obtained, exploration expenditures are capitalized in respect of each identifiable area of interest until a technical feasibility study has been completed and the commercial viability of extracting a mineral resource is demonstrable. Proceeds from gold and silver sales, net of royalties and selling costs, during the exploration and evaluation phase are offset against costs capitalized while production is directly attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management. Evaluation expenditures include the costs of drilling, sampling and other costs related to defining and delineating the mineral deposit. Exploration and evaluation assets are carried at historical cost, less any impairment, if applicable.

When commercial viability of extracting a mineral resource is demonstrable for an area of interest, the Company stops capitalizing exploration and evaluation costs for that area, tests for impairment and reclassifies any unimpaired exploration and evaluation assets to property, plant and equipment. Demonstration of commercial viability generally is considered to have occurred with estimated positive future cash flows based on proven and probable reserves, the securing of all necessary legal, governmental, environmental and operational permits and agreements, and the approval by the Board of Directors to proceed with development of a project.

Future accounting policy changes issued but not yet in effect

Pronouncements that are not applicable or that do not have a significant impact to the Company have not been included in these interim consolidated financial statements.

In January 2016, the IASB published amendments to IAS 7, Statement of Cash Flows. The amendments are intended to clarify IAS 7 that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Company is currently evaluating the impact of the standard on its consolidated financial statements.

3 Significant accounting policies (continued)

In January 2016, the IASB issued IFRS 16, Leases, which replaces IAS 17, Leases, and other lease related interpretations. The new standard establishes the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a lease contract. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted only in conjunction with IFRS 15. The Company is currently evaluating the impact of the standard on its consolidated financial statements.

In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments, that replaces IAS 39 Financial Instruments - Recognition and Measurement, in its entirety and reduce the complexity in the classification and measurement of financial instruments. The completed version of IFRS 9 includes classification and measurement, impairment and hedge accounting requirements and is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact of the standard on its consolidated financial statements.

In May 2014, the IASB issued IFRS 15, Revenue from Contracts and Customers that will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations. IFRS 15 establishes a single five-step model to be applied for all contracts with customers. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently reviewing the standard to determine the expected impact on its consolidated financial statements.

4 Significant accounting estimates and judgments

The preparation of the interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying note disclosures. Judgments, estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. By their nature, these judgments, estimates and assumptions are subject to uncertainty and the effect on the consolidated financial statements of future periods for changes in such factors could be significant. Actual results may differ from these judgments, estimates and assumptions.

Significant estimates used in the preparation of the interim consolidated financial statements include, but are not limited to:

- asset carrying values and impairment charges;
- the economic recoverability of exploration expenditures incurred and the probability of future economic benefits from the expenditures;
- the expected costs of reclamation and remediation;
- the calculation of share-based compensation, which includes the assumptions used in the Black-Scholes option pricing model such as volatility, estimated forfeiture rates and expected time until exercise;
- useful life of property, plant and equipment; and
- deferred cash payments.

The key sources of estimation uncertainty that have a significant risk of causing material adjustments to the amounts recognized in the interim consolidated financial statements are as follows:

i) Exploration and evaluation assets

The Company makes certain estimates and assumptions regarding the recoverability of the carrying values of exploration and evaluation assets. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. The recoverability of the assets' carrying values is dependent upon the determination of economically recoverable reserves, the ability of the Company to obtain the necessary financing and permits to complete development and future profitable production or proceeds from the disposition thereof.

4 Significant accounting estimates and judgments (continued)

i) Exploration and evaluation assets (continued)

The Company has taken steps to verify title to exploration and evaluation assets in which it has or is in the process of earning an interest, including review of condition of title reports, vesting deeds, mining claim location notices and filings, and property tax and other public records and is not presently aware of any title defects. The procedures the Company has undertaken and may undertake in the future to verify title provide no assurance that the underlying properties are not subject to prior agreements or transfers of which the Company is unaware.

ii) Share-based payments

The Company has an incentive stock option plan for employees, consultants, directors and officers. Services received and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of grant, excluding the impact of any non-market vesting conditions. The Company also issues share purchase warrants in connection with certain equity financings. The fair value of share options and share purchase warrants is estimated by using the Black-Scholes valuation model on the date of stock option grant or date of warrant issuance based on certain assumptions. Those assumptions are described in Notes 13(c) and 13(d) and include, among others, expected volatility, expected life and number expected to vest.

iii) Provision for reclamation and remediation

The amounts recorded for reclamation and remediation provisions are based on a number of factors, including technical reports prepared by third-party specialists for anticipated remediation activities and costs, the expected timing of cash flows, anticipated inflation rates and pre-tax risk-free interest rates on which the estimated cash flows have been discounted. Actual results could differ from these estimates. The estimates require considerable judgment about the nature, cost and timing of the work to be completed and may change with future changes to costs, environmental laws and regulations and remediation practices.

iv) Useful life of property, plant and equipment

The useful life of property, plant and equipment and intangible assets is based on management estimates at the time of acquisition with information obtained from vendors and engineer guidance, where required. Management estimates may change due to technological developments, market conditions, expectation for replacement of assets and other factors. The Company depreciates assets on a straight-line basis, over the useful life of the asset to the extent that the useful life does not exceed the estimated life of the mine. Estimates of residual values, useful lives and depreciation methods are reviewed periodically by management. Any changes that arise from periodic reviews are accounted for and adjusted prospectively.

v) Receipt of deferred cash payments

The potential proceeds to be received based on exploration expenditures incurred at the Lemhi Gold Property, which are indeterminable.

(Unaudited - All dollar amounts expressed in Canadian dollars, unless otherwise noted)

4 Significant accounting estimates and judgments (continued)

Significant judgments used in the preparation of these interim consolidated financial statements include, but are not limited to:

- those relating to the assessment of the Company's ability to continue as a going concern;
- the determination of functional currency, as the Canadian dollar for the parent company and the US dollar for the wholly owned subsidiaries; and
- employed during Phase I – Pilot Plant Operations represents a continuation of the Company's exploration and evaluation activities.

5 Trade and other receivables

		March 31, 2016		June 30, 2015
Trade accounts receivable	**$**	**75,524**	$	22,029
Value-added taxes receivable		**13,453**		7,507
Total trade and other receivables	**$**	**88,977**	$	29,536

The Company expects full recovery of trade accounts receivables and value-added taxes receivable, and consequently has not recorded any allowance against these receivables. At March 31, 2016, there were no receivables past due. All amounts included in trade and other receivables were timing-related and are expected to be collected within one year. The Company did not hold any collateral for amounts due. Credit risk is further discussed in Note 19(a).

At March 31, 2016, there were no outstanding trade accounts receivables related to the sale of gold and silver produced by the Moss Mine Pilot Plant. During Phase I – Pilot Plant Operations, the Company recorded sales proceeds, net of royalties and selling costs, as cost recoveries against the associated exploration and evaluation asset (Note 9).

6 Reclamation deposits

		March 31, 2016		June 30, 2015
Refundable reclamation deposits	**$**	**14,922**	$	13,752
Total reclamation deposits	**$**	**14,922**	$	13,752

Reclamation deposits consist of cash deposited with the United States Department of the Interior, Bureau of Land Management for estimated site restoration costs related to exploration work on the Moss Mine.

(Unaudited - All dollar amounts expressed in Canadian dollars, unless otherwise noted)

7 Property, plant and equipment

Property, plant and equipment changes for the nine months ended March 31, 2016 and the year ended June 30, 2015 were as follows:

	Buildings	Vehicles	Machinery and plant equipment	Computer equipment	Furniture and fixtures	Leasehold improvements	Total
Net book value at June 30, 2015	**$ 59,429**	**$ 93,714**	**$ 821,754**	**$ 4,858**	**$ 23,986**	**$ 44,091**	**$ 1,047,832**
Additions	-	-	27,030	-	-	-	**27,030**
Disposal & write-down	-	-	-	-	-	(12,550)	**(12,550)**
Depreciation	(14,735)	(26,537)	(235,441)	(4,476)	(6,848)	(4,306)	**(292,343)**
Impact of foreign exchange	2,365	3,729	32,699	141	765	288	**39,987**
Net book value at March 31, 2016	**$ 47,059**	**$ 70,906**	**$ 646,042**	**$ 523**	**$ 17,903**	**$ 27,523**	**$ 809,956**
Consisting of:							
Cost	97,957	176,785	1,505,356	23,884	42,782	60,321	**1,907,085**
Accumulated depreciation	(50,898)	(105,879)	(859,314)	(23,361)	(24,879)	(32,798)	**(1,097,129)**
	$ 47,059	**$ 70,906**	**$ 646,042**	**$ 523**	**$ 17,903**	**$ 27,523**	**$ 809,956**

	Buildings	Vehicles	Machinery and plant equipment	Computer equipment	Furniture and fixtures	Leasehold improvements	Total
Net book value at June 30, 2014	**$ 66,910**	**$ 109,128**	**$ 958,544**	**$ 11,093**	**$ 28,961**	**$ 57,715**	**$ 1,232,351**
Additions	-	-	(587)	-	-	-	**(587)**
Depreciation	(18,894)	(34,028)	(299,703)	(7,483)	(8,840)	(15,031)	**(383,979)**
Impact of foreign exchange	11,413	18,614	163,500	1,248	3,865	1,407	**200,047**
Net book value at June 30, 2015	**$ 59,429**	**$ 93,714**	**$ 821,754**	**$ 4,858**	**$ 23,986**	**$ 44,091**	**$ 1,047,832**
Consisting of:							
Cost	94,208	170,020	1,421,752	23,288	41,440	72,390	**1,823,098**
Accumulated depreciation	(34,779)	(76,306)	(599,998)	(18,430)	(17,454)	(28,299)	**(775,266)**
	$ 59,429	**$ 93,714**	**$ 821,754**	**$ 4,858**	**$ 23,986**	**$ 44,091**	**$ 1,047,832**

8 Investment in joint venture

On February 12, 2013, the Company completed the sale of its 51% interest in the Lemhi Gold Trust, LLC ("Lemhi JV LLC") to Idaho State Gold Company, LLC ("ISGC," a private Idaho investment company). Pursuant to the sale, deferred cash payments, equal to 3% of all future expenditures at the Lemhi Gold by the purchaser, are payable to the Company in quarterly instalments and capped at US$2.90 million.

During the nine months ended March 31, 2016, the Company recorded $nil (2015: $11,118) as part of the deferred sales proceeds from ISGC. Total sales proceeds received from ISGC is $70,043. Due to the uncertainty regarding the collectability of the deferred cash payments, payments will be recorded as income when received.

9 Exploration and evaluation assets

Changes in exploration and evaluation assets for the nine months ended March 31, 2016 and the year ended June 30, 2015 were as follows:

	Moss Mine Property	Silver Creek Property	Total
Net book value at June 30, 2015	**$ 22,254,636**	**$ 113,543**	**$ 22,368,179**
Additions (net of recoveries)	1,340,491	51,305	**1,391,796**
Impact of foreign exchange	885,552	4,517	**890,069**
Net book value at March 31, 2016	**$ 24,480,679**	**$ 169,365**	**$ 24,650,044**

	Moss Mine Property	Silver Creek Property	Total
Net book value at June 30, 2014	**$ 16,618,124**	**$ 37,517**	**$ 16,655,641**
Additions (net of recoveries)	2,708,016	70,347	**2,778,363**
Impact of foreign exchange	2,928,496	5,679	**2,934,175**
Net book value at June 30, 2015	**$ 22,254,636**	**$ 113,543**	**$ 22,368,179**

9 Exploration and evaluation assets (continued)

Moss Mine Property – Mohave County, Arizona

The Company entered into an Exploration and Option to Enter Joint Venture Agreement Moss Mine Project ("2011 Agreement") with Patriot Gold Corp. ("Patriot Gold") effective March 7, 2011, whereby the Company was granted the right to earn a 70% interest in the Moss Mine project located in Mohave County, Arizona. To fulfil the terms of the 2011 Agreement and thereby earn its interest, the Company, who paid Patriot Gold US$500,000 upon execution of the agreement, must spend an aggregate total of US$8 million over five years as well as complete a bankable feasibility study ("BFS"). On June 8, 2015, the Company announced the results of the feasibility study that served as the BFS required for the 2011 Agreement and as of June 30, 2015, the Company had spent in excess of US$8 million thereby satisfying the "earn-in" obligation. The National Instrument 43-101, Disclosure Standards for Mineral Projects ("NI 43-101") Technical Report regarding the feasibility study results was filed on SEDAR on July 23, 2015. The BFS was delivered and received by Patriot Gold on July 20, 2015 which was the formal "earn-in" date and the Company has earned a 70% interest in the Moss Mine project.

Financing of further work on the property will be on a proportional basis under the direction of a management committee with voting rights proportional to ownership percentage and decisions based on a majority vote. If either party does not contribute their proportional share on future work programs, their interest will be diluted according to an agreed formula, and if either party's interest is diluted to less than 10%, that interest will be converted to a 3% net smelter returns ("NSR") royalty. Further details are noted in Subsequent Events (note 22).

The Company pays a further 3% finder's fee on exploration expenditures, in quarterly instalments, to a non-related party. On commercial production, a fee of up to US$15 per troy ounce of gold produced and up to US$0.35 per troy ounce of silver produced is payable to this non-related party. The fee can be purchased by the Company for US$2.4 million. For the nine months ended March 31, 2016, the Company recorded $nil (2015: $20,664) in the interim consolidated statements of operations and loss for finder's fees (property fees).

The mineral property on which the Company's pilot plant activities occurred is subject to a 1% NSR royalty arrangement. The royalty obligation was recognized when the Company received payment on the sale of gold and silver produced from the pilot plant.

(Unaudited - All dollar amounts expressed in Canadian dollars, unless otherwise noted)

9 Exploration and evaluation assets (continued)

Exploration and evaluation costs at the Moss Mine Property totalled $24,480,679 at March 31, 2016 (June 30, 2015: $22,254,636) and consisted of the following:

		March 31, 2016		June 30, 2015
Assays, surveys and analysis	**$**	**841,777**	$	809,562
Depreciation and accretion		**1,147,810**		802,846
Drafting		**52,103**		50,110
Engineering and technical services		**17,531,643**		16,266,600
Exploration drilling, blasting and hauling		**5,121,697**		4,925,695
Feasibility studies		**1,363,426**		1,267,356
Field expenses		**596,800**		565,957
Geographic information services		**340,510**		327,306
Geotechnical		**118,410**		113,878
Maintenance		**569,366**		488,943
Office and administration costs		**1,153,926**		886,553
Process inventory		**449,859**		425,255
Property acquisition costs		**649,349**		624,500
Prospecting		**36,611**		35,209
Provision for reclamation and remediation		**996,150**		905,305
Scoping studies		**228,952**		220,190
Surveying		**62,933**		60,525
Technical reports		**101,770**		97,875
Total Moss Mine Property exploration and evaluation expenditures		**31,363,092**		28,873,665
Proceeds from gold and silver sales[1]		**(6,882,413)**		(6,619,029)
Moss Mine Property exploration and evaluation expenditures	**$**	**24,480,679**	$	22,254,636

[1] Net of royalties and selling costs that totalled $nil (June 30, 2015: $253,960). Total royalties and selling costs incurred were $264,066.

Arbitration

The Company and Patriot Gold were engaged in an arbitration process under the 2011 Agreement in connection with certain allegation by Patriot Gold that, amongst other items, alleged that a) Patriot Gold was entitled to the "operating profits" portion of the approximately US$5.5 million in gross metals revenue from pilot plant operations while the Company denied there were operating profits from those operations, and b) that the feasibility study was required to analyze a property-wide mine whereas the 2011 Agreement expressly provided that the scope of any mine was within the Company's discretion.

The legal proceedings were completed in early December 2015 and on January 22, 2016, the Company announced that it had received the arbitrator's award arising out of the December 2015 arbitration with Patriot Gold and the Company prevailed on both the disputed matters. The arbitration award confirmed that the BFS delivered to Patriot Gold on July 20, 2015, met the requirements of the 2011 Agreement and the Company has earned a vested 70% interest in the Moss Mine. The arbitrator also dismissed Patriot Gold's claims to be paid US$5.5 million for the gold and silver proceeds from the 2013 Pilot Plant Operation. It is the Company's position that all costs incurred for services rendered or supplies received after July 20, 2015 will be shared on a 70:30 basis. During the period from July 21, 2015 to March 31, 2016, the Company had incurred costs of US$1,921,356 associated with the Moss Mine and Patriot Gold's portion including a management fee and interest was US$653,273. This cost recovery has not been recorded in these financial statements.

As announced on May 26, 2016, the Company has consolidated 100% ownership of the Moss Mine. Further details are noted in Subsequent Events (note 22).

(Unaudited - All dollar amounts expressed in Canadian dollars, unless otherwise noted)

9 Exploration and evaluation assets (continued)

Silver Creek Property – Mohave County, Arizona

On May 7, 2014 (the "Effective Date"), the Company secured an option on the Silver Creek property, located adjacent to the Moss Mine with La Cuesta International, Inc. ("LCI"). To fulfil the terms of the 35 year mineral lease and option agreement, the Company, who paid LCI US$5,000 and issued 100,000 common shares of the Company upon execution of the agreement, must also meet the following commitments:

i. Pay LCI US$10,000 cash and fund a minimum of US$15,000 on work commitments by the first anniversary of the Effective Date;
ii. Pay LCI US$20,000 cash and fund a minimum of US$20,000 on work commitments by the second anniversary of the Effective Date;
iii. Pay LCI US$30,000 cash and fund a minimum of US$200,000 on work commitments by the third anniversary of the Effective Date;
iv. Pay LCI US$45,000 cash by the fourth anniversary of the Effective Date; and
v. Pay LCI US$25,000 cash every six months, thereafter.

The agreement provides for a production royalty of 1.5% NSR on claims owned 100% by LCI and 0.5% NSR on third party claims within the claim block. To acquire the claims, the Company is required to make payments to LCI totalling US$4 million in any combination of aggregate royalty payments and lump-sum payments at its sole discretion. All payments other than the work commitments are credited against the royalty. Once US$4 million has been paid, the NSR rates, on claims not otherwise acquired, reduce by 50%.

The Company paid LCI US$10,000 for the nine month period ended March 31, 2016 in cash payments and has fulfilled its minimum work commitment for Year 1. Total cash paid to LCI to date was US$25,000. The Company has issued 100,000 common shares with a fair value of $32,000 in respect of the option agreement to LCI.

Silver Creek Property – Mohave County, Arizona

		March 31, 2016		June 30, 2015
Assays, surveys and analysis	**$**	**8,719**	$	8,386
Engineering and technical services		**2,961**		1,424
Field expenses		**494**		475
Geographic information services		**4,978**		4,788
Geological mapping and database consulting		**1,879**		1,807
Maintenance		**73,675**		35,428
Property acquisition costs		**70,889**		55,685
Prospecting		**5,770**		5,550
Silver Creek Property exploration and evaluation expenditures	**$**	**169,365**	$	113,543

Summary of Total Exploration and Evaluation Assets

		March 31, 2016		June 30, 2015
Total Moss Mine Property	**$**	**24,480,679**	$	22,254,636
Total Silver Creek Property		**169,365**		113,543
Total exploration and evaluation assets	**$**	**24,650,044**	$	22,368,179

(Unaudited - All dollar amounts expressed in Canadian dollars, unless otherwise noted)

10 Intangible assets

Changes in intangible assets for the nine months ended March 31, 2016 and the year ended June 30, 2015 were as follows:

		Computer Software
Net book value at June 30, 2015	**$**	**56,281**
Additions		-
Depreciation		(47,359)
Impact of foreign exchange		658
Net book value at March 31, 2016	**$**	**9,580**
Consisting of:		
Cost		181,501
Accumulated depreciation		(171,921)
	$	**9,580**
Net book value at June 30, 2014	**$**	**111,472**
Additions		2,425
Depreciation		(62,451)
Impact of foreign exchange		4,835
Net book value at June 30, 2015	**$**	**56,281**
Consisting of:		
Cost		179,513
Accumulated depreciation		(123,232)
	$	**56,281**

11 Trade and other payables

		March 31, 2016		June 30, 2015
Trade accounts payable	**$**	**423,999**	$	279,091
Accrued liabilities		**189,954**		141,886
Total trade and other payables	**$**	**613,953**	$	420,977

12 Provision for reclamation and remediation

		March 31, 2016		June 30, 2015
Balance, beginning of year	**$**	**934,120**	$	782,761
Recognition of remaining provision		**54,821**		1,987
Accretion		**12,606**		15,855
Impact of foreign exchange		**37,170**		133,517
Balance, end of period	**$**	**1,038,717**	$	934,120

The Company's provision for reclamation and remediation relates to the environmental restoration and closure costs associated with the Moss Mine. The provision has been recorded at its net present value using a discount rate of 1.21% and a long-term inflation rate of 2%, with expenditures anticipated over a ten-year period beginning in 2020. The provision is re-measured at each reporting date, with accretion being charged to the associated property asset. The total undiscounted amount of the Company's estimated obligation for its Phase I operation at the Moss Mine is US$855,349. All assumptions used in the calculation of the reclamation and remediation provision are subject to change.

13 Share capital and contributed surplus

a) Share Capital

Authorized capital consists of an unlimited number of common shares without par value. At March 31, 2016, there were 93,931,321 (June 30, 2015: 72,941,446) common shares issued and fully paid, that included 7,974,875 shares with a four-month hold period to August 1, 2016.

Private placements completed during the nine months ended March 31, 2016 and the year ended June 30, 2015 were as follows:

- On March 31, 2016, the Company announced that it had closed its first tranche of non-brokered private placement ("Private Placement") and raised aggregate gross proceeds of $2,551,960 by issuing an aggregate total of 7,974,875 units (each "Unit") at a purchase price of $0.32 per Unit. Each Unit consists of one common share ("Common Share") of the Company and one transferable share purchase warrant ("Warrant"). Each whole Warrant will entitle the holder to acquire one Common Share at an exercise price of $0.50 until March 31, 2019. Cash finders' fees of $111,912 and share issuance costs of $18,684 were accrued or paid to arm's length parties in relation to the private placement. All of the securities issued pursuant to the private placement will have a four month hold period which expires August 1, 2016.

- On July 9, 2015, the Company announced that it had closed its non-brokered private placement ("Private Placement") and raised aggregate gross proceeds of $2,863,300 by issuing an aggregate total of 13,015,000 units (each "Unit") at a purchase price of $0.22 per Unit. Each Unit consists of one common share ("Common Share") of the Company and one transferable share purchase warrant ("Warrant"). Each whole Warrant will entitle the holder to acquire one Common Share at an exercise price of $0.45 until July 8, 2017. Cash finders' fees of $115,482 and share issuance costs of $24,869 were paid to arm's length parties in relation to the private placement. During the year ended June 30, 2015, the Company had received subscriptions in advance for proceeds of $1,280,400 related to this private placement.

- During the year ended June 30, 2015, the Company completed a non-brokered private placement for total gross proceeds of $3,760,525 by issuing an aggregate total of 15,042,098 units at a purchase price of $0.25 per unit. Each unit consists of one common share of the Company and one-half transferable share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of $0.50 for a period of 24 months. The private placement was completed in two tranches with the first tranche of warrants expiring on July 3, 2016 and the second tranche expiring July 11, 2016. The Company paid total cash finders' fees of $216,475 and share issuance costs of $35,634. During the year ended June 30, 2014, the Company had received subscriptions in advance for proceeds of $2,355,000 related to this private placement.

b) Stock Options

The Company has adopted an incentive stock option plan under the rules of the TSX Venture Exchange ("TSXV") pursuant to which it is authorized to grant options to employees, consultants, directors and officers, enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option is equal to the market price of the Company's shares on the date of grant. The options can be granted for a maximum term of 10 years and generally vest 25% in specified increments. No individual may be granted options exceeding 5% of the Company's common shares outstanding in any 12-month period.

(Unaudited - All dollar amounts expressed in Canadian dollars, unless otherwise noted)

13 Share capital and contributed surplus (continued)

Continuity of the Company's stock options issued and outstanding for the nine months ended March 31, 2016 and the year ended June 30, 2015 was as follows:

	March 31, 2016			June 30, 2015		
	Number of options	**Weighted average exercise price**		**Number of options**	**Weighted average exercise price**	
Outstanding, beginning of year	7,145,000	$	0.80	4,895,000	$	1.06
Granted	-		-	2,350,000		0.25
Forfeited /cancelled	(660,000)		0.59	(100,000)		0.65
Outstanding, end of period	**6,485,000**	**$**	**0.82**	**7,145,000**	**$**	**0.80**

On February 24, 2015, the Company granted 2,250,000 stock options to 19 employees, consultants, directors and officers with an exercise price of $0.25 and an expiry date of February 24, 2020.

On July 28, 2014, the Company granted 100,000 stock options to an officer, who is also a director of the Company, with an exercise price of $0.30 and an expiry date of July 28, 2019.

As at March 31, 2016, the following stock options were outstanding and exercisable:

Exercise price	Number of options outstanding	Expiry date	Number of options exercisable	Remaining contractual life (years)
$ 1.00	200,000	May 17, 2016	200,000	0.13
1.30	200,000	December 12, 2016	200,000	0.70
1.40	2,200,000	November 11, 2017	2,200,000	1.62
1.40	200,000	January 21, 2018	200,000	1.81
0.85	200,000	June 6, 2018	200,000	2.18
0.65	1,135,000	September 25, 2018	1,135,000	2.49
0.30	100,000	July 28, 2019	100,000	3.33
0.25	2,250,000	February 24, 2020	1,500,000	3.90
	6,485,000		**5,735,000**	

The weighted-average remaining contractual life of options outstanding at March 31, 2016 was 2.54 years (June 30, 2015: 3.05 years).

c) Share-based payment expense

Share-based payment expense is measured at fair value and recognized over the vesting period from the date of grant. Share-based payment expense recognized in the consolidated statements of operations and loss for the nine months ended March 31, 2016 totalled $107,135 (2015: $156,287).

(Unaudited - All dollar amounts expressed in Canadian dollars, unless otherwise noted)

13 Share capital and contributed surplus (continued)

There were no stock options issued during the nine months ended March 31, 2016. The weighted-average grant-date fair value of stock options issued during the year ended June 30, 2015 was $0.10. The fair value of stock options granted during the year ended June 30, 2015 was estimated using the Black-Scholes option pricing model with the following weighted-average assumptions:

	June 30, 2015
Risk–free interest rate	**0.74%-1.48%**
Expected life of options	**5 years**
Dividend rate	**0.00%**
Expected forfeiture rate	**0.00%**
Expected volatility	**105.94%-115.81%**

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. The Company has used historical volatility in its share price to estimate expected volatility. Changes in the subjective input assumptions can materially affect the fair value estimated.

d) Warrants

Share purchase warrants enable the holders to acquire common shares of the Company upon exercise. Continuity of warrants issued and outstanding for the nine months ended March 31, 2016 and the year ended June 30, 2015 were as follows:

		March 31, 2016		**June 30, 2015**
	Number of warrants	**Weighted average exercise price**	**Number of warrants**	**Weighted average exercise price**
Outstanding, beginning of year	20,937,223	$ 1.10	13,416,174	$ 1.44
Issued	20,989,875	0.47	7,521,049	0.50
Forfeited /cancelled	(2,618,000)	0.90	-	-
Outstanding, end of period	**39,309,098**	**$ 0.78**	**20,937,223**	**$ 1.10**

As at March 31, 2016, the Company had outstanding share purchase warrants as follows:

Number of warrants	Exercise price	Expiry date
1,321,500	$ 1.15	April 4, 2016
5,521,049	0.50	July 3, 2016
2,000,000	0.50	July 11, 2016
5,817,174	1.55	November 23, 2016
3,659,500	1.75	November 26, 2016
13,015,000	0.45	July 8, 2017
7,974,875	0.50	March 31, 2019
39,309,098		

The fair value of warrants issued is estimated using the Black-Scholes option-pricing model and is included in contributed surplus until exercised, at which time the fair value is reclassified to share capital.

The weighted average remaining life of the outstanding warrants as at March 31, 2016 was 1.24 years (June 30, 2015: 0.66 years).

(Unaudited - All dollar amounts expressed in Canadian dollars, unless otherwise noted)

13 Share capital and contributed surplus (continued)

On November 20, 2015, the Company amended the expiration of 5,817,174 share purchase warrants exercisable at $1.55 from November 23, 2015 to November 23, 2016. Additionally, 3,659,500 share purchase warrants exercisable at $1.75 and expiring November 26, 2015, were extended by an additional twelve months to November 26, 2016. In all other respects, the terms of these warrants remain unchanged. As a result of this amendment, the Company reclassified $57,200 of the fair value of outstanding warrants from share capital to contributed surplus.

On October 2, 2015, the Company amended the expiration date of 1,321,500 warrants exercisable at $1.15 from October 4, 2015 to April 4, 2016. In all other respects, the terms of these warrants remain unchanged. As a result of this amendment, the Company reclassified $2,682 of the fair value of outstanding warrants from share capital to contributed surplus.

On March 18, 2015, the Company amended the expiration date of 2,618,000 share purchase warrants exercisable at $0.90 by twelve months from March 25, 2015 to March 25, 2016. In all respects, the terms of these warrants remain unchanged. As a result of this amendment, the Company reclassified $15,937 of the fair value of outstanding warrants from share capital to contributed surplus.

On November 18, 2014, the Company amended the expiration of 5,817,174 share purchase warrants exercisable at $1.55 from November 23, 2014 to November 23, 2015. Additionally, 3,659,500 share purchase warrants exercisable at $1.75 and expiring November 26, 2014, were extended by an additional twelve months to November 26, 2015. In all other respects, the terms of these warrants remain unchanged. As a result of this amendment, the Company reclassified $33,280 of the fair value of outstanding warrants from share capital to contributed surplus.

On September 25, 2014, the Company amended the expiration date of 1,321,500 warrants exercisable at $1.15 from October 4, 2014 to October 4, 2015. In all other respects, the terms of these warrants remain unchanged. As a result of this amendment, the Company reclassified $33,679 of the fair value of outstanding warrants from share capital to contributed surplus.

The following weighted average assumptions were used for the Black–Scholes valuation of warrants issued and or amended during the nine months ended March 31, 2016 and the year ended June 30, 2015:

	March 31, 2016	**June 30, 2015**
Risk–free interest rate	**0.46%-0.61%**	**0.49%-1.13%**
Expected life of warrants	**0.51-3 years**	**1.01-2 years**
Dividend rate	**0.00%**	**0.00%**
Expected volatility	**113.94%-125.2%**	**99.2%-134.5%**
Fair value per warrant issued and/or amended	**$0.002-$0.194**	**$0.003-$0.268**

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. The Company has used historical volatility in its share price to estimate expected volatility. Changes in the subjective input assumptions can materially affect the fair value estimated.

e) Earnings per Share

The calculation of loss per share for the three months ended March 31, 2016 was based on a loss of $3,770,409 (2015: income of $2,846,919) and the weighted average number of common shares outstanding of 85,956,446 (2014: 72,941,446), respectively. The Company has 2,250,000 options that could give rise to a dilution effect as of March 31, 2016 (2015: nil).

13 Share capital and contributed surplus (continued)

The calculation of loss per share for the nine months ended March 31, 2016 was based on a loss of $1,155,788 (2015: income of $4,988,961) and the weighted average number of common shares outstanding of 85,577,828 (2014: 72,659,963), respectively. The Company has 2,250,000 options that could give rise to a dilution effect as of March 31, 2016 (2015: nil).

14 Foreign exchange gains and losses

These interim consolidated financial statements are presented in Canadian dollars which is the Company's presentation and functional currency, while the functional currency of the Company's subsidiaries is the US dollar. Foreign exchange gains and losses therefore arise from the translation of US dollar-denominated transactions and balances relative to the Canadian dollar. The Company has accumulated significant loans receivable from its subsidiaries, and as it continues to fund exploration and development activities at the Moss Mine, the fluctuations in the US dollar may result in substantial unrealized foreign exchange gains or losses on the loans owing to the Canadian parent company.

The foreign exchange gain recorded in the interim consolidated statements of operations and loss for the nine months ended March 31, 2016 resulted from the strengthening of the US dollar compared to the Canadian dollar in addition to increases in loans to the subsidiaries as exploration and development activities continued at the Moss Mine during the period. Of the $1.415 million (2015: $6.081 million) recorded as a foreign exchange gain in the consolidated statements of operations and loss, $1.424 million (2014: $5.960 million) is an unrealized foreign exchange gain related to the translation of inter-company loans.

15 Income taxes

As at June 30, 2015, the Company has non-capital loss carryforwards of approximately $826,555 (2014: $264,023), which may be carried forward to apply against future year income tax for Canadian tax purposes, subject to the final determination by taxation authorities.

2032	$	9,876
2033		-
2034		-
2035		816,679
Total	$	826,555

As at June 30, 2015, the Company has net operating loss carryforwards of approximately $12,039,475 (2014: $6,390,678), which may be carried forward to apply against future year income tax for US tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

2031	$	371,276
2032		1,469,399
2033		5,762,252
2034		1,317,207
2035		3,119,341
Total	$	12,039,475

(Unaudited - All dollar amounts expressed in Canadian dollars, unless otherwise noted)

16 Supplemental disclosure of non-cash activities

During the nine months ended March 31, 2016 and 2015, the following non-cash investing and financing activities occurred:

	March 31, 2016	March 31, 2015
Changes in trade and other payables included in exploration and evaluation assets	**(134,017)**	57,955
Depreciation and accretion included in exploration and evaluation assets	**322,923**	266,804

17 Related party transactions

The following related party transactions were incurred in the normal course of business and measured at their fair value as determined by management. Amounts due to or from related parties are non-interest bearing, unsecured and due on demand.

During the nine months ended March 31, 2016, the Company entered into the following transactions with related parties:

a) Consulting fees of $291,058 (2015: $134,667) included in professional fees; subcontractor expenses; and exploration and evaluation expenditures; were charged by companies controlled by certain directors of the Company. Included in trade and other payables at March 31, 2016 was $30,685 (2015: $5,238) accrued for these services.

b) Consulting fees and shared office expenses of $36,090 (2015: $25,723) included in marketing; rent; travel; and office and miscellaneous expenses; was charged to a company with directors in common. Included in trade and other payables at March 31, 2016 was $63,223 (2015: $16,247). Included in trade and other receivables at March 31, 2016 was $33,771 (2015: $26,464).

c) The Company incurred $37,278 (2015: $18,533) for share based payments to related parties during the nine months ended March 31, 2016.

Commitments with related parties

The Company has entered into a corporate services agreement with Touchstone Capital Inc. ("Touchstone") for clerical, accounting, regulatory filing and geological services. The minimum monthly fee under the agreement is $5,000 and renews annually on December 1 of each year. Touchstone is an organization in which two executives are directors of the Company.

Key management personnel compensation

Key management personnel includes the Company's directors and key employees consisting of the Chairman of the Board, the President and Chief Executive Officer, and the Chief Financial Officer and Corporate Secretary.

Compensation for the nine months ended March 31, 2016 and 2015 was as follows:

		March 31, 2016		March 31, 2015
Salaries and short-term benefits[1]	**$**	**358,751**	$	240,077
Share-based payments		**25,980**		71,480
Total	**$**	**384,731**	$	311,557

[1]Salaries and short-term benefits are included in salaries, wages, benefits and subcontractor expenses; management fees; and exploration and evaluation expenditures.

(Unaudited - All dollar amounts expressed in Canadian dollars, unless otherwise noted)

18 Commitments

Lease commitments - The Company has entered into contracts for leased premises, which expire at various dates through to July 2018. Lease payments recognized as an expense during the nine months ended March 31, 2016 totalled $34,717 (2015: $32,073). Total future minimum lease payments (net of sub-lease arrangement) under these contracts are as follows:

Within 1 year	$	14,134
2 to 3 years		96,069
4 to 5 years		3,711

19 Financial instruments and financial risk management

The carrying values of cash and cash equivalents, trade and other receivables, and trade and other payables approximate their fair values due to the short-term nature of these instruments.

In evaluating fair value information, considerable judgment is required to interpret the market data used to develop the estimates. The use of different market assumptions and different valuation techniques may have a material effect on the estimated fair value amounts. Accordingly, the estimates of fair value presented herein may not be indicative of the amounts that could be realized in a current market exchange.

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value in the fair value hierarchy.

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Cash and cash equivalents are valued using quoted market prices and have been included in Level 1 of the fair value hierarchy.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly. The Company has no financial instruments classified in Level 2.

Level 3 – Inputs that are not based on observable market data. The Company has no financial instruments classified in Level 3.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at March 31, 2016:

Financial Assets	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 3,522,620	$ -	$ -	$ 3,522,620

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout the interim consolidated financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies.

19 Financial instruments and financial risk management (continued)

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations. The Company has credit risk in respect of its cash and cash equivalents, trade and other receivables, and reclamation deposits. The Company considers the risk of loss relating to cash and cash equivalents and reclamation deposits to be low because these instruments are held only with a Canadian Schedule I financial institution, a US-chartered commercial bank and a US government agency. Trade and other receivables at March 31, 2016 related primarily to amounts due from related parties and value-added taxes are expected to be collectible in full due to the nature of the counterparties and previous history of collectability.

(b) Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

The Company manages its liquidity risk through the preparation of annual expenditure budgets, which are regularly monitored and updated as management considers necessary, and through the Company's capital management activities.

As at March 31, 2016, the Company's financial liabilities were comprised of trade and other payables of $613,953 (June 30, 2015: $420,977), which have a maturity of less than one year.

(c) Market risk

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns.

(i) Currency risk

Foreign currency exchange rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate as a result of changes in foreign exchange rates. The Company is considered to be in the exploration and development stage and has not yet developed commercial mineral interests; the underlying market prices realized by the Company for mineral sales are impacted by changes in the exchange rate between the Canadian and the US dollar. The Company has not entered into any formal arrangements to hedge currency risk but does maintain cash balances within each currency. Canadian dollars are exchanged when needed to meet foreign denominated liabilities.

At March 31, 2016, $137,497 of the Company's cash and cash equivalents were denominated in US dollars. A 10% variation in the US dollar exchange rate would result in an impact of approximately $17,857 on net loss.

19 Financial instruments and financial risk management (continued)

(ii) Commodity price risk

Commodity price risk is the risk that the current and future cash flows from the Company's financial instruments will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and US dollar, as outlined above. Management closely monitors trends in commodity prices of gold and other precious and base metals as part of its routine activities, as these trends could significantly impact future cash flows.

(iii) Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate as a result of changes in market interest rates. Interest rate risk arises from the interest rate impact on cash and cash equivalents, which are held at variable market rates. The Company closely monitors its exposure to interest rate risk and has not entered into any derivative contracts to manage this risk. At March 31, 2016, the weighted-average interest rate on cash and cash equivalents was 0.97%. With other variables unchanged, a 1% increase in the annualized interest rate would reduce the net loss by $35,081.

20 Capital management

In assessing the capital structure of the Company, management includes in its assessment the components of shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company does not have any debt obligation other than unsecured trade accounts payable. The availability of capital has been solely through the issuance of the Company's common shares. There are no assurances that funds will be made available to the Company when required. The Company makes every effort to safeguard its capital and minimize the dilution to its shareholders. The property is in the exploration and development stage and the Company has recorded limited recoveries from gold and silver produced at the property to date. The Company's historical sources of capital have consisted of the sale of equity securities. In order for the Company to carry out planned exploration and development and pay for administrative costs, the Company will spend its working capital and expects to raise additional amounts externally, as needed.

The Company is not subject to any externally imposed capital requirements. Since there has been significant uncertainty in the capital markets along with depressed commodity prices, the Company continues to evaluate financing alternatives to advance the Moss Mine Project. The ability to raise additional funding for future activities may be impaired due to market or other risks, or such financing may not be available on favourable terms, due to conditions beyond the control of the Company.

The Company manages capital through its operating and financial budgeting and forecasting processes on a regular basis. The Company reviews its working capital and forecasts its future cash flows, based on actual and forecasted operating results and other investing and financing activities. This information along with possible alternatives are reviewed by management and the Board of Directors of the Company on a regular basis to ensure the best mix of capital resources meet the Company's needs. The Company makes strategic and financial adjustments according to market conditions in an effort to meet its objectives given the Company's operating and financial performance and the current outlook for the business and for the industry in general.

(Unaudited - All dollar amounts expressed in Canadian dollars, unless otherwise noted)

21 Segmented information

The Company has one reportable operating segment, being the acquisition, exploration and future development of mineral properties. Reporting by geographical area follows the same accounting policies as those used to prepare the interim consolidated financial statements. Non-current assets (other than financial instruments) by geographic location are as follows:

						March 31, 2016
		Canada		**USA**		**Total**
Property, plant and equipment	$	31,324	$	778,632	$	809,956
Reclamation deposits		-		14,922		14,922
Exploration and evaluation assets		-		24,650,044		24,650,044
Intangible assets		5,373		4,207		9,580
Total	**$**	**36,697**	**$**	**25,447,805**	**$**	**25,484,502**

						June 30, 2015
		Canada		**USA**		**Total**
Property, plant and equipment	$	42,910	$	1,004,922	$	1,047,832
Reclamation deposits		-		13,752		13,752
Exploration and evaluation assets		-		22,368,179		22,368,179
Intangible assets		39,771		16,510		56,281
Total	$	82,681	$	23,403,363	$	23,486,044

22 Subsequent events

On May 26, 2016, the Company and Patriot Gold announced the completion of the previously announced agreement, whereby the Company would purchase Patriot Gold’s remaining interest in the Moss Gold/Silver Mine for $1,500,000 plus the retention by Patriot Gold of a 3% net smelter returns royalty. The consideration of $1,200,000 cash and $300,000 in the Company’s common shares valued at $0.35 per share (857,140 shares).

On May 25, 2016, the Company announced a non-brokered private placement of unsecured convertible debentures for gross proceeds of up to $7,500,000. Each debenture will have an issue price of $100, a term of five years from the date of issue and bear interest at 5% per annum, payable semi-annually. The debenture is convertible into common shares of the Company at the price of $0.50 per share. Common shares issued pursuant to the exercise of conversion will be subject to a four month hold period from the date of issuance of the debentures. In addition, the Company has the option to repay the principal amount of the debentures in common shares in certain circumstances. A cash finder's fee may be paid in connection with the private placement.

On May 12, 2016, the Company and Patriot Gold announced the signing of a binding agreement whereby the Company will purchase Patriot Gold’s remaining 30% working interest in the Moss Gold/Silver Mine Project for $1,500,000 plus the retention by Patriot Gold of a 3% net smelter returns royalty. The consideration will consist of $1,200,000 in cash and $300,000 in the Company’s common shares valued at $0.35 per share (857,140 shares). The completion of the acquisition is subject to stock exchange approval and final title inspection and is expected to finalize within two weeks. The 3% net smelter return royalty is payable on production from the patented and unpatented mining claims that comprised the original option agreement (2011 Agreement) with Patriot Gold, and on production from any other mineral interests acquired within an area of interest that comprises lands within one (1) mile of the exterior boundaries of the patented and unpatented mining claims.

22 Subsequent events (continued)

On April 4, 2016, the Company closed the final tranche of its oversubscribed February 26, 2016 announced non-brokered private placement. The Company issued a further 500,000 units bringing the aggregate total units issued to 8,474,875 at a price of $0.32 per unit for total gross proceeds of $2,711,960. Each unit consists of one common share of the Company and one transferable share purchase warrant, with each whole warrant entitling the holder to acquire one common share at an exercise price of $0.50 until April 4, 2019. Cash finders' fees of $9,600 will be paid on the remaining portion of the private placement for a total paid of $121,512. Total share issuance costs of $800 were paid to arm's length parties in relation to the private placement.

Also on April 4, 2016, 1,321,500 warrants, at an exercise price of $1.15, expired.