Ascot Resources Ltd.

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three month period ended June 30, 2016

NOTICE OF NO AUDIT REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 5 1-102, 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 unaudited interim 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.

Robert Evans

CFO

August 19, 2016

Ascot Resources Ltd.

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

Expressed in Canadian Dollars

June 30, 2016

	June 30, 2016 $	March 31, 2016 $
Assets		
Current assets		
Cash and cash equivalents (Note 7)	**$6,502,657**	$3,986,306
Receivables	**185,802**	43,773
Prepaid expenses and deposits	**114,787**	30,309
Total current assets	**$6,803,246**	$4,060,388
Non-current assets		
Available-for-sale investment (Note 8)	**$19,550**	$7,650
Reclamation deposits (Note 4)	**340,000**	340,000
Exploration and evaluation assets (Note 3)	**46,762,060**	45,326,437
Property, plant and equipment (Note 6)	**38,759**	17,806
Total non-current assets	**$47,160,369**	$45,691,893
Total assets	**$53,963,615**	$49,752,281
Liabilities and shareholders' equity		
Current liabilities		
Trade and other payables	**$314,103**	$201,830
Other liabilities (Note 9)	**229,379**	-
Total current liabilities	**$543,482**	$201,830
Non-current liabilities		
Provisions (Note 5)	**$267,112**	$265,112
Deferred tax liability	**5,766,908**	5,734,858
Total non-current liabilities	**$6,034,020**	$5,999,970
Total liabilities	**$6,577,502**	$6,201,800
Shareholders' equity		
Share capital (Note 10)	**$79,688,378**	$75,630,110
Contributed surplus (Note 12)	**9,464,470**	9,477,935
Accumulated other comprehensive income	**63,128**	52,715
Accumulated deficit	**(41,829,863)**	(41,610,279)
Total shareholders' equity	**$47,386,113**	$43,550,481
Total liabilities and shareholders' equity	**$53,963,615**	$49,752,281

Signed on behalf of the Board of Directors by:

"Robert A. Evans" (signed) — Director

"Ken M. Carter" (signed) — Director

The accompanying notes form an integral part of these condensed interim financial statements

Expressed in Canadian Dollars

	June 30, 2016 $	June 30, 2015 $
Interest and other income	**$13,258**	$ 33,990
Professional fees	**149,769**	141,094
Office and administration	**17,140**	16,835
Promotion and shareholders' costs	**27,874**	24,161
Accretion expense	**2,000**	2,000
Stock based compensation (Note 11)	**-**	-
Swamp Point maintenance costs	**5,496**	4,099
Total expenses	**202,279**	188,189
Loss before income tax	**(189,021)**	(154,199)
Deferred tax (expense) (Note 12)	**(30,563)**	(336,761)
Loss after income tax	**$(219,584)**	$(490,960)
Other comprehensive income, net of tax		
Fair value losses on available for sale investment net of deferred taxes	**10,413**	(7,438)
Total other comprehensive income, net of tax	**$10,413**	$(7,438)
Total comprehensive loss/income for the period	**$(209,171)**	$(498,398)
Loss per common share, basic and diluted (Note 17)	**$(0.00)**	$ (0.00)

The accompanying notes form an integral part of these condensed interim financial statements

Ascot Resources Ltd.

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Expressed in Canadian Dollars

For the three months ended June 30, 2016

	Share Number	Share capital $	Contributed surplus $	Accumulated other comprehensive income $	Deficit $	Total $
Balance at April 1, 2015	**100,266,730**	**$65,166,229**	**$9,420,992**	**$68,335**	**$(40,360,489)**	**$34,295,067**
Loss for the period		-	-	-	(490,960)	(490,960)
Options exercised	40,000	52,263	(23,863)	-	-	28,400
Warrants exercised	106,500	74,550	-	-	-	74,550
Available-for-sale investment		-	-	(7,438)	-	(7,438)
Balance at June 30, 2015	**100,413,230**	**$65,293,042**	**$9,397,129**	**$60,897**	**$(40,851,449)**	**$33,899,619**
Balance at April 1, 2016	**112,984,269**	**$75,630,110**	**$9,477,935**	**$52,715**	**$(41,610,279)**	**$43,550,481**
Loss for the period		-	-	-	(219,584)	(219,584)
Share capital issued	3,379,500	4,224,375	-	-	-	4,224,375
Premium on flow through shares		(236,565)	-	-	-	(236,565)
Warrants issued		(81,106)	81,106	-	-	-
Options exercised	50,000	76,010	(32,010)	-	-	44,000
Warrants exercised	380,857	447,400	(62,561)	-	-	384,839
Share issue costs		(371,846)	-	-	-	(371,846)
Available-for-sale investment		-	-	10,413	-	10,413
Balance at June 30, 2016	**116,794,626**	**$79,688,378**	**$9,464,470**	**$63,128**	**$(41,829,863)**	**$47,386,113**

The accompanying notes form an integral part of these condensed interim financial statements

Expressed in Canadian Dollars

For the three months ended June 30, 2016

	June 30, 2016 $	June 30, 2015 $
Cash flows from operating activities		
Loss for the period	**$(219,584)**	$ (490,960)
Adjustments to reconcile loss to net cash used in operating activities:		
Depreciation	**-**	-
Accretion expense	**2,000**	2,000
Stock based compensation	**-**	-
Deferred income tax expense	**30,563**	336,761
Changes in non-cash working capital balances:		
Receivables	**(142,029)**	221,684
Prepaid expenses	**(84,478)**	(61,274)
Trade and other payables	**112,273**	107,921
Other liabilities	**229,379**	(24,597)
Total cash inflows from operating activities	**$(71,876)**	$91,535
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(26,676)**	-
Investment in exploration and evaluation assets	**(1,429,900)**	(1,366,268)
Total cash (outflows) from investing activities	**$(1,456,576)**	$(1,366,268)
Cash flows from financing activities		
Share issuances net of issue costs	**3,615,964**	-
Proceeds from exercise of stock options	**44,000**	28,400
Proceeds from exercise of warrants	**384,839**	74,550
Total cash inflows from financing activities	**$4,044,803**	$102,950
Total increase (decrease) in cash during the period	**$2,516,351**	$(1,171,783)
Cash and cash equivalents at beginning of period (Note 7)	**$3,986,306**	$4,522,443
Cash and cash equivalents at end of period (Note 7)	**$6,502,657**	$3,350,660

The accompanying notes form an integral part of these condensed interim financial statements

1. CORPORATE INFORMATION

Ascot Resources Ltd.'s business activity is the exploration and evaluation of mineral properties. Ascot Resources Ltd. (the "Company") was incorporated under the Business Corporations Act of British Columbia in May 1986. The Company has one wholly-owned subsidiary, Ascot USA Inc., a Washington corporation. The Company is listed on the TSX Venture Exchange, having the symbol AOT-V, as a Tier 2 mining issuer and is in the process of exploring its mineral properties.

The address of the Company's corporate office and principal place of business is #202 15388 24Ave, Surrey, British Columbia, V4A 2J2, Canada.

2. BASIS OF PREPARATION

a) Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Board of Directors on August 19, 2016.

b) Basis of Measurement

These consolidated financial statements are presented in Canadian dollars, which is also the Company's and wholly-owned subsidiary's functional currency. At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income.

These consolidated financial statements include the accounts of Ascot Resources Ltd. and its wholly-owned US subsidiary, Ascot USA Inc. All intercompany transactions and balances are eliminated on consolidation.

The accounting policies have been applied consistently to all years presented in these consolidated financial statements, unless otherwise indicated.

c) Judgments and Estimates

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are exploration and evaluation assets (Note 3) and income taxes (Note 12).

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities are rehabilitation provisions (Note 5) and share-based payment transactions (Note 11).

Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Expressed in Canadian Dollars

2. BASIS OF PREPARATION CONTINUED

c) Going Concern of Operations

These consolidated financial statements have been prepared in accordance with IFRS applicable to going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. The Company has not generated revenue from operations. The Company incurred a net loss of $219,584 during the quarter ended June 30, 2016 and, as of that date, the Company's accumulated deficit was $41,829,863, all of which indicate material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Realization values may be substantially different from carrying values as shown.

3. EXPLORATION AND EVALUATION ASSETS

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs, until the technical feasibility and commercial viability of extracting the mineral resource has been determined. Costs not directly attributable to exploration and evaluation activities, including pre-explorations costs and general administrative overhead costs, are expensed in the year in which they occur.

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

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

	Balance April 1, 2016 $	Additions $	Disposals $	Balance June 30, 2016 $
Premier				
Acquisition	6,175,000	-	-	6,175,000
Exploration	22,398,436	1,384,362	-	23,782,798
Dilworth				
Acquisition	4,978,659	-	-	4,978,659
Exploration	6,709,695	-	-	6,709,695
Mt. Margaret				
Acquisition	2,142,209	-	-	2,142,209
Exploration	2,922,438	51,261	-	2,973,699
Total	**45,326,437**	**1,435,623**	-	**46,762,060**

Expressed in Canadian Dollars

3. EXPLORATION AND EVALUATION ASSETS CONTINUED

	Balance April 1, 2015 $	Additions $	Disposals $	Balance March 31,2016 $
Premier				
Acquisition	1,400,000	4,775,000	-	6,175,000
Exploration	18,836,531	3,561,905	-	22,398,436
Dilworth				
Acquisition	2,903,659	2,075,000	-	4,978,659
Exploration	6,709,695	-	-	6,709,695
Mt. Margaret				
Acquisition	2,142,209	-	-	2,142,209
Exploration	2,709,639	212,799	-	2,922,438
Total	**34,701,733**	**10,624,704**	-	**45,326,437**

PREMIER

In June 2009, the Company signed an Option agreement for the Silbak-Premier gold mine in northern British Columbia, whereby, it could acquire a 100% interest in the mineral claims, mining leases, crown granted mineral claims and freehold and surface titles in British Columbia, Canada and Alaska, U.S.A. This property adjoins the Company's Dilworth property.

In order to purchase the assets the Company must make the following payments:

(1) $100,000 within ten days of the approval of the agreement by the TSX Venture Exchange (paid);

(2) $100,000 on or before June 2010 (paid);

(3) $100,000 on or before June 2011 (paid);

(4) $100,000 on or before June 2012 (paid);

(5) $500,000 on or before December 30, 2013 (paid);

(6) $500,000 on or before December 30, 2014 (paid);

(7) $4,775,000 on or before December 30, 2015 (paid);

(8) $100,000 on or before December 30, 2016; and

(9) $4,775,000 on or before June 30, 2017.

On November 19, 2015, the Company signed an amended agreement with the optionors confirming the terms as set out above.

In order to exercise the option the Company must have exercised its right to acquire the Dilworth property and will grant the optionor a 1% Net Smelter Royalty ("NSR") and the first right to purchase at market prices all base metal concentrates produced from the Silbak-Premier option. In addition, as part of the amended agreement, Ascot will grant the optionor an additional 5% NSR which can be bought out for $9,550,000 at any time after the exercise of the option. The NSR can only be bought out once the NSR on the Dilworth option has been bought out (see below).

3. EXPLORATION AND EVALUATION ASSETS CONTINUED

DILWORTH

The Company can acquire a 100% interest in the Dilworth Property, British Columbia, subject to a 1% NSR, by making the following option payments.

(1) $200,000 on receiving regulatory approval, which occurred in April 2007 (paid);

(2) $300,000 on or before April 2008 (paid);

(3) $200,000 on or before April 2009 (paid);

(4) $200,000 on or before April 2010 (paid);

(5) $500,000 on or before April 2011 (paid);

(6) $200,000 on or before April 2012 (paid);

(7) $400,000 on or before December 30, 2013 (paid);

(8) $400,000 on or before December 30, 2014 (paid);

(9) $2,075,000 on or before December 30, 2015 (paid);

(10) $200,000 on or before December 30, 2016; and

(11) $2,075,000 on or before June 30, 2017.

On November 19, 2015, the Company signed an amended agreement with the optionors confirming the terms as set out above.

In November 2007 the Company acquired three crown grants (Old Timer, Butte and Yellowstone) which are located near the Company's Dilworth property. The consideration included $100,000 cash (paid) and 200,000 common shares of the Company (issued), which were recorded at fair market value at the date of agreement. These properties are subject to a 1% NSR on the crown grants. In addition, as part of the amended agreement, Ascot will grant the optionor an additional 5% NSR which can be bought out for $4,150,000 at any time after the exercise of the option.

MT. MARGARET

In March 2010 the Company signed an Option agreement, whereby, it could acquire a 100% interest in General Moly Inc.'s 50% interest in the Mt. Margaret property in Washington, USA. In order to purchase the property the Company made the following payments:

i) $100,000 US on signing (paid);

ii) $300,000 US fifteen months from the date of signing (paid);

iii) $335,000 US on May 31, 2012 (paid); and

iv) $1,300,000 US on October 10, 2012 (paid).

The optionor retains a 1.5% NSR. The Company may purchase one-half of the NSR upon completion of a preliminary economic assessment. The purchase price shall be negotiable but shall not be less than 50% of the net present value of the NSR.

SWAMP POINT

The Company holds a 100% interest in a Lease and foreshore tenure, expiring May 15, 2028, for the purpose of quarrying, digging and removal of sand and gravel at Swamp Point.

In July 2008, the Company announced that it was suspending work on the construction of a ship loading facility at Swamp Point until such time as aggregate markets improve. In December 2010, with no activity at Swamp Point, management decided to write the property off as impaired.

Expressed in Canadian Dollars

4. RECLAMATION DEPOSITS

The Company is required to maintain reclamation deposits for its Swamp Point and Premier properties in respect of their expected rehabilitation obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company. The reclamation deposits are held in certificates of deposits with a Canadian chartered bank and the Ministry of Finance. Reclamation deposits are classified as loans and receivables, and are therefore initially measured at fair value and subsequently at amortized cost less impairment.

5. PROVISIONS

The Company makes full provision for the future cost of site rehabilitation on a discounted basis at the time exploration and evaluation activities take place. Rehabilitation provisions have been created based on the Company's internal estimates.

6. PROPERTY, PLANT AND EQUIPMENT

On initial recognition, property, plant and equipment are valued at cost, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. Property, plant and equipment is subsequently measured at cost less accumulated depreciation, and any accumulated impairment losses. Depreciation is recognized in profit or loss and is provided on a straight-line basis over the estimated useful life of the assets.

		June 30, 2016			March 31, 2016		
	Useful Life	Cost	Accumulated Depreciation	Total	Cost	Accumulated Depreciation	Total
Drills	3 years	$ 684,754	$ 684,754	$ -	$ 684,754	$ 684,754	$ -
Field Equipment	3 years	184,262	145,503	38,759	157,586	139,780	17,806
		$ 869,016	$ 830,257	$ 38,759	$ 842,340	$ 824,534	$ 17,806

As of June 30, 2016, accumulated depreciation of $819,757 (March 31, 2016 - $814,034) has been capitalized to exploration and evaluation activities.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash at banks and on hand, demand deposits with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

	June 30, 2016	March 31, 2016
Cash	$ 1,002,657	$ 486,306
Guaranteed Investment Certificates ("GICs")	5,500,000	3,500,000
	$ 6,502,657	$ 3,986,306

Cash is held at a Canadian chartered bank and at registered brokers. The GICs are held at a Canadian Chartered Bank. The GICs bear interest at 0.90 % (March 31, 2016 – 0.90%). The GICs may be redeemed on twenty-four hours' notice to the bank.

For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts.

Included in cash and cash equivalents is $4,096,000 (March 31, 2016 – $nil) which is required to be spent on flow-through expenditures.

Expressed in Canadian Dollars

8. AVAILABLE-FOR-SALE INVESTMENT

Financial assets classified as available-for-sale consists of an investment in common shares of Cardero Resource Corp.

Available-for-sale investments are recorded on a trade date basis and initially and subsequently measured at fair value. Changes in fair value, other than impairment, are recognized in other comprehensive loss/income. The fair value of the listed available-for-sale investment has been determined directly by reference to published price quotations in an active market (Level 1 valuation).

9. OTHER LIABILITIES

Other liabilities comprise the premium liability of the flow-through shares issued, representing the estimated difference between the quoted market price of a non flow-through share and the amount the investors pay for the flow-through shares.

The following is a continuity schedule of the premium liability of the flow-through shares issuances.

		Total
Balance at April 1, 2015	$	24,597
Derecognition of premium liability on expenditure of flow-through share proceeds		(24,597)
Balance at March 31, 2016	$	-
Premium on flow through share issue		**236,565**
Derecognition of premium liability on expenditure of flow-through share proceeds		**(7,186)**
Balance at June 30, 2016	**$**	**229,379**

10. SHARE CAPITAL AND RESERVES

The Company's common shares, share warrants and flow-through shares are classified as equity instruments.

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

a) Common Shares

The Company is authorized to issue an unlimited number of common shares.

The holders of common shares are entitled to receive dividends which may be declared from time to time and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regard to the Company's residual assets.

The following is a summary of changes in common share capital from April 1, 2015 to June 30, 2016:

On June 24, 2016, the Company closed the first tranche of a non-brokered private placement for 2,347,400 units at a price of $1.25 per unit for a gross proceeds of $2,934,250. Each unit consists of one flow-through share and one-half of one non-transferable share purchase warrant. Each warrant is exercisable for an additional common share until December 24, 2017 at an exercise price of $1.75. In connection with the private placement, the Company paid to the finders a cash commission equal to 7% of the gross proceeds plus 162,078 non-transferrable warrants exercisable into common shares until December 24, 2017 at an exercise price of $1.25. Using the Black-Scholes model, a risk free factor at 0.54%, an expected dividend yield of 0.00%, an average expected life of 1.5 years and a volatility factor of 74.23% the value of the warrants was determined to be $53,659 recorded to share issuance costs.

Expressed in Canadian Dollars

10. SHARE CAPITAL AND RESERVES CONTINUED

On June 30, 2016, the Company closed the second tranche of a non-brokered private placement for 1,032,100 units at a price of $1.25 per unit for a gross proceeds of $1,290,125. Each unit consists of one flow-through share and one-half of one non-transferable share purchase warrant. Each warrant is exercisable for an additional common share until December 30, 2017 at an exercise price of $1.75. In connection with the private placement, the Company paid to the finders a cash commission equal to 7% of the gross proceeds plus 72,247 non-transferrable warrants exercisable into common shares until December 30, 2017 at an exercise price of $1.25. Using the Black-Scholes model, a risk free factor at 0.52%, an expected dividend yield of 0.00%, an average expected life of 1.5 years and a volatility factor of 73.90% the value of the warrants was determined to be $27,447 recorded to share issuance costs.

On December 15, 2015, the Company closed a non-brokered private placement for 7,533,967 units at a price of $1.00 per unit for a gross proceeds of $7,533,967. Each unit consists of one share and one non-transferable share purchase warrant. Each warrant is exercisable for an additional common share until June 15, 2017 at an exercise price of $1.05. In connection with the private placement, the Company paid to the finders a cash commission of $513,471 plus 513,471 non-transferrable warrants exercisable into common shares until June 15, 2017 at an exercise price of $1.05. Using the Black-Scholes model, a risk free factor at 0.52%, an expected dividend yield of 0.00%, an average expected life of eighteen months and a volatility factor of 76.52% the value of the warrants was determined to be $148,611 recorded to share issuance costs. The Company incurred share costs in the amount of $138,172 for legal and filing fees in relation to this private placement.

As at June 30, 2016, the Company had $4,096,000 still to spend on qualifying Canadian exploration expenses as defined by the Canadian Income Tax Act to meet its obligations under the issuance of flow through shares (March 31 2016 - $nil).

b) Flow-through Shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability,
and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognised as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's reporting year is disclosed separately as flow-through share proceeds.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

c) Share Purchase Warrants

The following is a summary of changes in warrants from April 1, 2015 to June 30, 2016:

	Number of Warrants		Average Exercise Price
Balance at April 1, 2014	**6,864,194**	**$**	**0.77**
Issue of warrants	8,047,838		1.05
Exercise of warrants	(5,033,572)		(0.70)
Expiry of warrants	(383,000)		(0.70)
Balance March 31, 2015	**9,495,060**	**$**	**1.05**
Issue of warrants	1,924,075		1.69
Exercise of warrants	(380,857)		(1.00)
Expiry of warrants	(1,091,765)		(1.05)
Balance as at March 31, 2016	**9,946,513**	**$**	**1.17**

Expressed in Canadian Dollars

10. SHARE CAPITAL AND RESERVES CONTINUED

Subsequent to June 30, 2016, 190,050 warrants were exercised at $1.05 per warrant.

As at June 30, 2016, the Company had outstanding warrants as follows:

Number of warrants	Exercise price		Expiry
8,022,438	$	1.05	June 15, 2017
1,173,700	$	1.75	December 24, 2017
162,078	$	1.25	December 24, 2017
516,050	$	1.75	December 30, 2017
72,247	$	1.25	December 30, 2017
9,946,513			

d) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company’s balance sheet include ‘Contributed Surplus’, ‘Accumulated Other Comprehensive Income’ and ‘Accumulated Deficit’.

‘Contributed Surplus’ is used to recognize the value of stock option grants and share warrants prior to exercise.

‘Accumulated Other Comprehensive Income’ includes an available-for-sale reserve. This reserve is used to recognize fair value changes on available-for-sale investments.

‘Accumulated Deficit’ is used to record the Company’s change in deficit from earnings from period to period.

11. SHARE BASED PAYMENTS

Where equity-settled share options are awarded to employees, the grant date fair value of the options is recognized in comprehensive loss/income over the vesting period.

Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed below.

Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or whether a non-vesting condition is satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures, when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to an employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.
Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

11. SHARE BASED PAYMENTS CONTINUED

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount in contributed surplus is credited to share capital, adjusted for any consideration paid.

a) Option Plan Details

The Company has an incentive Stock Option Plan ("the Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company. The terms of the Plan provide that the Directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant at terms of up to five years. No amounts are paid or payable by the recipient on receipt of the option, and the options granted are not dependent on any performance-based criteria. All options granted vest immediately.

Expressed in Canadian Dollars

11. Share-Based Payments CONTINUED

The following is a summary of changes in options from April 1, 2015 to June 30, 2016:

Grant Date	Expiry Date	Price	Opening Balance April 1, 2015	During the Year Exercised	During the Year Expired	Closing Balance March 31, 2016	During the Year Exercised	During the Year Expired	Closing Balance June 30, 2016
01/19/2011	01/19/2016	$0.71	1,100,000	(100,000)	(1,000,000)	-	-	-	-
02/08/2012	02/08/2017	$1.20	1,800,000	-	-	1,800,000	-	-	1,800,000
09/17/2013	09/17/2018	$0.95	2,600,000	-	-	2,600,000	-	-	2,600,000
02/21/2014	02/21/2019	$1.04	150,000	-	-	150,000	-	-	150,000
06/20/2014	06/20/2019	$0.88	3,250,000	(50,000)	-	3,200,000	(50,000)	-	3,150,000
			8,900,000	(150,000)	(1,000,000)	7,750,000	(50,000)	-	7,700,000
Weighted Average Exercise Price			$ 0.95	$0.77	$ 0.71	$ 0.98	$ 0.88	-	$ 0.98

Subsequent to June 30, 2016 150,000 options were exercised at $1.04 per option and 25,000 options were exercised at $0.88 per option. Also, subsequent to June 30, 2016, 2,300,000 options were granted at $1.68 and 600,000 were granted at $2.34.

Expressed in Canadian Dollars

11. SHARE-BASED PAYMENTS CONTINUED

b) Fair Value of Options Issued During the Year

The weighted average fair value at grant date of options vested during the quarter ended June 30, 2016 was $nil (year ended March 31, 2016: $nil).

Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Options Issued to Non-Employees

Options issued to non-employees, are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted, using a valuation model.

There were no options granted during the quarter ended June 30, 2016 or during the year ended March 31, 2016.

c) Amounts Expensed Arising from Share-based Payment Transactions

Total expenses arising from share-based payment transactions that were capitalized during the year as part of exploration and evaluation activities were $nil (year ended March 31, 2016: $nil).

12. INCOME TAXES

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Taxation in the Company's operational jurisdiction is calculated at the rate prevailing in its respective jurisdiction.

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate for the full financial year applied to the pre-tax income of the interim period.

	June 30, 2016	June 30, 2015
	$	$
Loss before income taxes	**$ (189,021)**	$ (154,199)
Deferred income tax applicable to flow through expenditures	**$ 32,050**	$ 335,698
Deferred income tax applicable to available for sale investment	**(1,487)**	1,063
Total deferred income tax expense (recovery)	**$ 30,563**	$ 336,761

12. INCOME TAXES CONTINUED

As at March 31, 2016, the Company has estimated non-capital losses for Canadian and US income tax purposes of $26,654,000 and US $1,539,000 respectively, which may be carried forward to reduce taxable income derived in future.

Non-capital Canadian tax losses expiring as follows:

Year of Expiry	Taxable Losses	
2029	$	469,000
2030		405,000
2031		19,913,000
2032		1,304,000
2033		1,216,000
2034		1,179,000
2035		1,069,000
2036		1,099,000
Total	$	26,654,000

The potential benefits of these carry-forward non-capital losses, capital losses and deductible temporary differences has not been recognized in these financial statements as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Risk Management

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.
The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Foreign Currency Risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results.
The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is insignificant.

Liquidity Risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Expressed in Canadian Dollars

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable. Most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

14. CAPITAL MANAGEMENT

The Company monitors its cash and cash equivalents, common shares, warrants and stock options as capital. The Company's objectives when maintaining capital are to maintain sufficient capital base in order to meet its short-term obligations and at the same time preserve investor's confidence required to sustain future development and production of the business.

The Company is not exposed to any externally imposed capital requirements.

There has been no significant change to the Company's capital management policies during the quarter ended June 30, 2016

15. RELATED PARTY TRANSACTIONS

The following is a summary of the Company's related party transactions during the period:

a) Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors. Key management personnel compensation comprised:

		Three months ended June 30,2016		Three months ended June 30, 2015
Consulting fees and salaries	$	155,585	$	130,000
Share-based payments		-		-
	$	155,585	$	130,000

b) Other Related Party Transactions

During the quarter ended June 30, 2016, directors and officers exercised 50,000 stock options at at $0.88. (2015 - nil).

Included in accounts payable are $20,627 (2015 - $20,627) of amounts due to related parties, which pertains to royalties on product sold by the Company during the year ended March 31, 2008 and $118,041in accrued management fees (2015 - $nil)

16. SEGMENTAL REPORTING

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities. The Company has two geographic centres, Canada and the US.

All of the Company's assets are in Canada except for the Mt. Margaret property which is located in the US. Costs for Mt. Margaret are included in exploration and evaluation assets, as disclosed in Note 3.

Expressed in Canadian Dollars

17. LOSS PER SHARE

Earnings / Loss Per Share
Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

Diluted earnings/loss per share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

Basic loss per share amounts are calculated by dividing the net loss for the year by the weighted average number of common shares outstanding during the year.

	June 30, 2016	June 30, 2015
Loss attributable to ordinary shareholders	$ (209,171)	$ (498,398)
Weighted average number of common shares (basic and diluted)	113,346,268	100,315,633
Basic and diluted loss per share	$ (0.00)	$ (0.00)

The basic and diluted loss per share are the same as there are no instruments that have a dilutive effect on earnings.

For the year ended March 31, 2016 common equivalent shares totaling 17,646,513 (June 30, 2015: 15,617,694) consisting of shares issuable on the exercise of options and warrants have been excluded from the calculation of diluted loss per share because the effect is anti-dilutive.

18. EVENTS AFTER THE REPORTING DATE

On July 11, 2016 the Company raised $500,250 by issuing 435,000 units at $1.15 per unit. Each unit consisted of one common share and one-half common share purchase warrant. Each whole warrant is exercisable for one common share until July 8, 2018 at an exercise price of $1.75 per warrant. Cash commissions of 7% of gross proceeds and 30,450 finders' warrants were incurred as finders' fees. Each finders' warrant can be exercised for one common share until July 8, 2018 at an exercise price of $1.15.

On August 5, 2016 the Company raised $20,000,002 by issuing 17,391,306 units at $1.15 per unit. Each unit consisted of one common share and one-half common share purchase warrant. Each whole warrant is exercisable for one common share until August 5, 2018 at an exercise price of $1.50 per warrant. Cash commissions of 7% of gross proceeds and 1,217,391 finders' warrants were incurred as finders' fees. Each finders' warrant can be exercised for one common share until August 5, 2018 at an exercise price of $1.15.

19. STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

i) New standards, interpretations and amendments effective from April 1, 2014

Effective April 1, 2015, the Company adopted the following new and revised IFRSs:

- Amendment to IAS 1, Presentation of Financial Statements
- IFRIC 21 Levies

None of the new standards, interpretations and amendments, effective for the first time from April 1, 2015 have had a material effect on the financial statements.

ii) New standards, interpretations and amendments not yet effective

The Company has performed an initial review of the following new standards, interpretations and amendments, which have not been applied in these financial statements:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

None of these or other new standards, interpretations and amendments, which are effective for periods beginning after April 1, 2016 and which have not been adopted early, are expected to have a material effect on the Company's future financial statements.