NuLegacy Gold

CORPORATION

Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2016 and 2015
(Expressed in Canadian Dollars – Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim consolidated 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 the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

NULEGACY GOLD CORPORATION
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars – Unaudited)

	Note	September 30, 2016	March 31, 2016
		$	$
Assets			
Current assets			
Cash and cash equivalents		12,522,271	850,558
Receivables		42,232	12,725
Prepaid expenses	8	108,473	117,810
Available for sale financial assets	3	251,174	113,016
		12,924,150	1,094,109
Non-current assets			
Deposits	4	331,002	282,781
Equipment	5	32,678	18,732
Exploration and evaluation assets	6	13,261,816	10,632,061
		26,549,646	**12,027,683**
Liabilities and Shareholders' Equity			
Current liabilities			
Trade and other payables	7,8	497,451	135,664
Shareholders' Equity			
Share capital	9	34,578,420	20,564,915
Warrants reserve	9	4,842,953	4,011,622
Share options reserve	9	3,427,601	3,138,266
Revaluation reserve	3	(3,047,907)	(3,196,298)
Accumulated deficit		(13,748,872)	(12,626,486)
		26,052,195	11,892,019
		26,549,646	**12,027,683**

Corporate Information and Going Concern (Note 1)
Subsequent Events (Note 13)

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

NULEGACY GOLD CORPORATION
Condensed Interim Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars – Unaudited)

		Three months ended September 30,		Six months ended September 30,	
	Note	**2016**	2015	**2016**	2015
		$	$	**$**	$
Operating expenses					
Consulting		**70,287**	870	**191,906**	9,347
Depreciation	5	**6,166**	2,867	**10,566**	5,653
Insurance		**11,829**	7,935	**20,727**	14,257
Investor relations		**88,694**	54,132	**166,444**	98,827
Management fees	8	**90,750**	82,500	**169,500**	165,000
Office	8	**85,591**	38,598	**140,873**	86,472
Professional fees	8	**74,446**	39,390	**115,398**	81,121
Regulatory and transfer agent		**28,972**	15,024	**44,941**	24,730
Rent		**22,056**	7,382	**48,483**	14,764
Share based payments	8,9	**268,041**	151,905	**369,868**	442,283
Travel and accommodation		**81,126**	11,231	**111,841**	23,234
		827,958	411,834	**1,390,547**	965,688
Other income (loss)					
Foreign exchange gain		**165,776**	216,759	**172,543**	258,615
Interest and other income		**16,106**	248	**95,618**	779
		181,882	217,007	**268,161**	259,394
Net loss for the period		**(646,076)**	(194,827)	**(1,122,386)**	(706,294)
Other comprehensive loss					
Net change in fair value of available for sale financial assets	3	**77,569**	(1,314,241)	**148,391**	(1,382,152)
Comprehensive loss for the period		**(568,507)**	(1,509,068)	**(973,995)**	(2,088,446)
Basic and diluted loss per share	9				
Net loss for the period		**(0.00)**	(0.00)	**(0.00)**	(0.00)
Comprehensive loss for the period		**(0.00)**	(0.01)	**(0.00)**	(0.01)
Weighted average common shares outstanding		**269,266,255**	159,850,479	**253,763,233**	153,619,915

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

NULEGACY GOLD CORPORATION
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars – Unaudited)

	Six months ended September 30,	
	2016	2015
	$	$
Operating activities		
Net loss for the period	**(1,122,386)**	(706,294)
Items not affecting cash and cash equivalents:		
Depreciation	**10,566**	5,653
Share based payments	**369,868**	442,283
Unrealized gains (losses)	**7,418**	(147,948)
Changes in non-cash working capital:		
Receivables	**(29,507)**	828
Prepaid expenses	**9,337**	(20,855)
Trade and other payables	**109,449**	(31,789)
Total cash outflows from operating activities	**(645,255)**	(458,122)
Financing activities		
Proceeds from issuance of common shares	**15,154,749**	2,296,875
Share issuance costs	**(389,646)**	(51,915)
Total cash inflows from financing activities	**14,765,103**	2,244,960
Investing activities		
Deposits	**(45,406)**	(15,269)
Purchase of equipment	**(21,435)**	(3,041)
Exploration and evaluation asset expenditures	**(2,381,294)**	(1,590,642)
Total cash outflows from investing activities	**(2,448,135)**	(1,608,952)
Net change in cash and cash equivalents	**11,671,713**	177,886
Cash and cash equivalents, beginning of period	**850,558**	1,497,559
Cash and cash equivalents, end of period	**12,522,271**	1,675,445
Other non-cash items		
Change in fair market value of available for sale financial assets	**148,391**	1,382,152
Warrants issued in private placement	**1,248,776**	329,937
Warrants issued as finders' fee	**67,731**	5,943
Share issuance costs in trade and other payables	**800**	-
Equipment in trade and other payables	**3,077**	-
Exploration and evaluation assets in trade and other payables	**410,731**	8,296
Transfer to share capital on exercise of options	**80,533**	
Transfer to share capital on exercise of warrants	**485,176**	7,693

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

NULEGACY GOLD CORPORATION
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars – Unaudited)

	Note	Number of shares	Share capital	Warrants reserve	Share options reserve	Revaluation reserve	Accumulated deficit	Total
			$	$	$	$	$	$
Balance, March 31, 2015		141,453,879	14,567,407	3,734,030	2,271,354	(1,646,238)	(10,929,219)	7,997,334
Shares issued, private placement	9	18,288,600	2,286,075	-	-	-	-	2,286,075
Share issuance costs, private placement	9	-	(57,858)	5,943	-	-	-	(51,915)
Share purchase warrants, private placement	9	-	(329,937)	329,937	-	-	-	-
Shares issued, exercise of warrants	9	108,000	18,493	(7,693)	-	-	-	10,800
Share based payments	9	-	-	-	442,283	-	-	442,283
Comprehensive loss for the period		-	-	-	-	(1,382,152)	(706,294)	(2,088,446)
Balance, September 30, 2015		159,850,479	16,484,180	4,062,217	2,713,637	(3,028,390)	(11,635,513)	8,596,131
Shares issued, acquisition of exploration and evaluation assets	6	32,000,000	4,160,000	-	-	-	-	4,160,000
Shares issuance costs, exploration and evaluation assets	6	-	(79,265)	-	-	-	-	(79,265)
Expiration of warrants, income tax recovery		-	-	(50,595)	-	-	-	(50,595)
Share based payments	9	-	-	-	424,629	-	-	424,629
Comprehensive loss for the period		-	-	-	-	(167,908)	(990,973)	(1,158,881)
Balance, March 31, 2016		191,850,479	20,564,915	4,011,622	3,138,266	(3,196,298)	(12,626,486)	11,892,019
Shares issued, private placement	9	67,997,691	12,773,191	-	-	-	-	12,773,191
Share issuance costs, private placement	9	-	(458,177)	67,731	-	-	-	(390,446)
Shares issued, exercise of warrants	9	13,606,600	2,751,734	(485,176)	-	-	-	2,266,558
Shares issued, exercise of stock options	9	650,000	195,533	-	(80,533)	-	-	115,000
Share purchase warrants, private placement	9	-	(1,248,776)	1,248,776	-	-	-	-
Share based payments	9	-	-	-	369,868	-	-	369,868
Comprehensive loss for the period		-	-	-	-	148,391	(1,122,386)	(973,995)
Balance, September 30, 2016		**274,104,770**	**34,578,420**	**4,842,953**	**3,427,601**	**(3,047,907)**	**(13,748,872)**	**26,052,195**

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

1. Corporate Information and Going Concern

Corporate Information

NuLegacy Gold Corporation (the "Company") is a publicly listed entity on the TSX Venture Exchange (the "Exchange") and incorporated under the laws of the Province of British Columbia. The Company's principal business activity is the acquisition and exploration of mineral properties. Its principal mineral property interests are located in Nevada, USA.

The head office, principal address, and records office of the Company are located at 1055 West Hastings Street, Suite 300, Vancouver, British Columbia, Canada, V6E 2E9.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's mineral property interests are located outside of Canada and are subject to the risks associated with foreign investment, including increases in taxes and royalties, renegotiations of contracts, currency exchange fluctuations and political uncertainty. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Going Concern

These condensed interim consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and/or to achieve profitable operations. These condensed interim consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The continuance of the Company's operations is dependent on obtaining sufficient additional financing in order to realize the recoverability of the Company's investments in exploration and evaluation assets, which is dependent upon the existence of economically recoverable reserves and market prices for the underlying minerals. Management closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur. The Company believes they have sufficient working capital to maintain operations for the next 12 months.

2. Significant Accounting Policies

The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements.

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting", using accounting policies that are consistent and in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed interim consolidated financial statements, including the comparative amounts, were approved and authorized for issue by the board of directors on November 28, 2016.

2. Significant Accounting Policies (continued)

Basis of presentation
The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for cash and cash equivalents and other financial instruments classified as fair value through profit or loss and available for sale that have been measured at fair value at the reporting date. The condensed interim consolidated financial statements are presented in Canadian dollars unless otherwise indicated.

The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended March 31, 2016, with the exception of certain amendments to accounting standards issued by the IASB, which were applicable from April 1, 2016. These amendments did not have a significant impact on the Company's condensed interim consolidated financial statements.

The Company's interim results are not necessarily indicative of its results for a full year.

The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of its unaudited condensed interim consolidated financial statements. In addition, the preparation of financial data requires that the Company's management make assumptions and estimates of the effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical judgments and estimates applied in the preparation of the Company's unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in Note 2 to the Company's audited consolidated financial statements for the year ended March 31, 2016.

Basis of consolidation
These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, NuLegacy Gold N.V., which was incorporated in Nevada, USA. The subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. Inter-company balances and transactions, including any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the condensed interim consolidated financial statements.

Significant accounting judgments, estimates and assumptions
The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the year.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the valuation of share based compensation and income taxes.

2. Significant Accounting Policies (continued)

Significant accounting judgments, estimates and assumptions (continued)
Critical judgments exercised in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements are as follows:

(a) Economic recoverability and probability of future economic benefits of exploration and evaluation assets:

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of a resource is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

(a) Valuation of share based payments and warrants:

The Company uses the Black-Scholes Option Pricing Model for valuation of share based compensation and for the valuation of warrants. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and share option reserves.

(b) Recovery of deferred tax assets:

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

Comparative figures
Certain comparative figures have been reclassified to conform to the current year's presentation.

Standards issued or amended but not yet effective:
A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the six months ended September 30, 2016 and have not been applied in preparing these condensed interim consolidated financial statements:

- IFRS 9 – Financial Instruments: Applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company does not expect any effect on the Company's consolidated financial statements.

(Expressed in Canadian dollars – Unaudited)

2. Significant Accounting Policies (continued)

Standards issued or amended but not yet effective (continued):

- IFRS 16 – Leases: specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019.

3. Available for Sale Financial Assets

In March 2014, the Company completed a share exchange financing transaction with Global Resources Investment Ltd. ("GRIT"), a U.K. based public company which trades on the London Stock Exchange ("LSE"), whereby the Company issued 20,000,000 common shares at a price of $0.16 per share ($3,200,000) in return for 1,731,200 GRIT common shares at a deemed issue price of £1.00 per share, equivalent to $3,210,510 on the transaction date.

The fair value of GRIT common shares as at September 30, 2016 was $251,174 (March 31, 2016 – $113,016). During the six months ended September 30, 2016, the Company recorded a revaluation reserve gain on the investment of $148,391 (September 30, 2015 – revaluation reserve loss of $1,382,152) and an unrealized foreign exchange loss of $10,233 (September 30, 2015 – unrealized foreign exchange gain of $114,986).

There is a 3% finder's fee payable on the net proceeds from the future sale of the GRIT shares.

4. Deposits

	September 30, 2016	March 31, 2016
	$	$
Credit card collateral	54,575	31,625
Reclamation bonds	271,682	246,411
Security deposits	4,745	4,745
	331,002	**282,781**

(Expressed in Canadian dollars – Unaudited)

5. Equipment

	Computers
	$
Cost	
As at March 31, 2015	49,873
Additions	15,887
As at March 31, 2016	65,760
Additions	24,512
As at September 30, 2016	**90,272**
Accumulated depreciation	
As at March 31, 2015	35,107
Charge for the year	11,921
As at March 31, 2016	47,028
Charge for the period	10,566
As at September 30, 2016	**57,594**
Net book value	
As at March 31, 2016	18,732
As at September 30, 2016	**32,678**

(Expressed in Canadian dollars – Unaudited)

6. Exploration and Evaluation Assets

	Red Hill Properties		
	Iceberg Property	Wilson Property	Total
	$	$	$
Balance March 31, 2015	3,727,130	905,980	4,633,110
Acquisition	4,160,000	33,760	4,193,760
Assays	125,009	-	125,009
Deposits	(25,108)	-	(25,108)
Drilling	819,014	546	819,560
Geological consulting	501,086	53,026	554,112
Miscellaneous	20,102	1,051	21,153
Property maintenance	168,729	100,629	269,358
Travel and vehicle	41,107	-	41,107
Total Additions	5,809,939	189,012	5,998,951
Balance March 31, 2016	9,537,069	1,094,992	10,632,061
Acquisition	-	32,045	32,045
Assays	276,721	11,108	287,379
Drilling	1,267,600	95,434	1,363,034
Geological consulting	318,051	9,211	327,262
Geophysics	112,735	-	112,735
Miscellaneous	43,471	2,645	46,116
Property maintenance	182,131	107,207	289,338
Travel and vehicle	166,589	5,257	171,846
Total Additions	2,366,848	262,907	2,629,755
Balance September 30, 2016	**11,903,917**	**1,357,899**	**13,261,816**

Eureka County, Nevada

Iceberg Property

On September 16, 2010 (later amended on August 23, 2012), the Company entered into an exploration agreement with a joint venture election and option to purchase from Barrick Gold Exploration Inc. ("Barrick") for a 70% undivided interest in 818 unpatented mining claims in the Iceberg Property located in Eureka County, Nevada, U.S.A. Under the amended agreement, the Company had to incur a minimum of US$5,000,000 in exploration or development expenditures on the Iceberg Property (inclusive of maintenance fees) by December 31, 2015. In September 2015, the Company completed this US$5,000,000 expenditure requirement and earned its 70% undivided interest in the property.

In February 2016, the Company entered into an exchange agreement with Barrick to acquire their 30% interest in the property. Pursuant to the terms of the exchange agreement, the Company issued 32,000,000 common shares (Note 9) to Barrick and granted a 2% net profits interest royalty from commercial production on the property. As a result of this transaction, the Company increased its working interest in the Iceberg Property to 100%.

(Expressed in Canadian dollars – Unaudited)

6. Exploration and Evaluation Assets (continued)

Wilson Property
On October 18, 2010, the Company entered into a mining lease ("Lease") with Idaho Resources Corp. ("Idaho"), in which Idaho granted to the Company exclusive possession and control to explore, develop, mine and operate on the Idaho Property, which consists of 482 unpatented mining claims.

On November 7, 2012 (later amended in January 2016), the Company entered into a restated mining lease whereby future requirements for exploration expenditures were eliminated. In order to maintain the Lease, the Company must make the following annual advance royalty payments:

- $75,000 of annual payments and issue 200,000 shares prior to execution of the restated mining lease (paid and issued);
- $25,000 payment and issue 100,000 shares on January 1, 2014 and January 1, 2015 (paid and issued); and
- $12,500 payment on January 1st, April 1st, July 1st and October 1st of all succeeding years (paid for the 2016 calendar year).

In addition, the Company had a requirement for an aggregate amount of US$750,000 in exploration expenditures to be spent on the property which was completed by the required December 31, 2012 deadline.

After an initial term of 10 years, the Lease will continue in full force and effect provided that the Company continues to maintain the property in good standing and make the requisite annual cash payments to Idaho. Upon commencement of commercial production, the annual cash payments will convert to an overriding royalty of 3% of the applicable royalty base on all gold, silver and other ores/metals from the property.

7. Trade and Other Payables

	September 30, 2016	March 31, 2016
	$	$
Trade payables and accruals	433,431	110,664
Related party payables	64,020	25,000
	497,451	**135,664**

(Expressed in Canadian dollars – Unaudited)

8. Related Party Transactions

During the six months ended September 30, 2016, the Company entered into the following transactions with related parties, not disclosed elsewhere in these condensed interim consolidated financial statements:

- Paid or incurred professional fees of $45,793 (September 30, 2015 - $34,036) and share issuance costs of $72,309 (September 30, 2015 - $15,633) to a company controlled by an officer of the Company. As at September 30, 2016, $28,479 (March 31, 2016 - $25,000) was included in trade and other payables owing to this company for unpaid professional fees.

As at September 30, 2016, $35,541 (March 31, 2016 - $nil) was included in trade and other payables owing to an officer and director of the Company for reimbursement of expenses.

As at September 30, 2016, advances of $nil (March 31, 2016 - $37,747), on account of future expenses was included in prepaid expenses to a director and companies controlled by directors and officers of the Company.

All related party amounts were incurred in the normal course of operations, bear no interest and have no fixed terms of repayment.

Summary of key management personnel compensation:

	Six months ended September 30,	
	2016	2015
	$	$
Exploration and evaluation assets	**78,336**	82,500
Management fees	**169,500**	165,000
Office	**19,235**	15,934
Professional fees	**19,500**	19,500
Share based payments	**71,380**	312,202
	357,951	595,136

9. Share Capital and Reserves

Authorized Share Capital

Unlimited common shares without par value

Issued Share Capital

	Shares	**Share capital - gross**	**Share issue costs**	**Share capital - net**
		$	$	$
Balance, March 31, 2015	141,453,879	15,385,822	818,415	14,567,407
Private placement (vi)	18,288,600	1,956,138	57,858	1,898,280
Exercise of warrants (v)	108,000	18,493	-	18,493
Exploration and evaluation assets (iv)	32,000,000	4,160,000	79,265	4,080,735
Balance, March 31, 2016	191,850,479	21,520,453	955,538	20,564,915
Private placement (iii)	67,997,691	11,524,415	458,177	11,066,238
Exercise of warrants (ii)	13,606,600	2,751,734	-	2,751,734
Exercise of options (i)	650,000	195,533	-	195,533
Balance, September 30, 2016	**274,104,770**	**35,992,135**	**1,413,715**	**34,578,420**

9. Share Capital and Reserves (continued)

Issued Share Capital (continued)

i. During the six months ended September 30, 2016, a total of 650,000 stock options were exercised at various prices for gross proceeds of $115,000. As a result, the Company transferred $80,533 from share option reserve to share capital.

ii. During the six months ended September 30, 2016, a total of 13,606,600 warrants were exercised at various prices for gross proceeds of $2,266,558. As a result, the Company transferred $485,176 from warrants reserves to share capital.

iii. In April 2016, the Company closed a private placement for 47,663,228 common shares at $0.14 per share for gross proceeds of $6,672,852. The Company incurred share issue costs of $96,251 in connection with the close of this private placement.

   In July 2016, the Company closed a private placement for 20,334,463 units at $0.30 per unit for gross proceeds of $6,100,339. Each unit consisted of one common share and one full share purchase warrant, with each warrant entitling the holder to purchase one additional common share for a period, subject to acceleration (described below), of 18 months at an exercise price of $0.45. The fair value attributable to these share purchase warrants were $1,248,776. Finders' fees of $226,140 were paid and 753,800 finders' warrants (valued at $67,731) were issued in connection with the closing of this private placement. The finders' warrants entitles the holder to purchase one additional common share for a period, subject to acceleration (described below), of 18 months at an exercise price of $0.30. In addition, the Company also incurred share issue costs of $68,055.

   In the event the common shares of the Company trade on the Exchange at $0.75 per share or more for 15 consecutive trading days, the warrants will expire on the earlier of (i) the date of expiry of the warrants and (ii) the date which is 30 calendar days after the Company has given notice to the holders of the warrants that the acceleration event has occurred. In regards to the finders' warrants, the terms of the acceleration period are the same with the only difference as the trigger price being $0.60 per share or more for 15 consecutive trading days.

iv. In March 2016, pursuant to an exchange agreement with Barrick, the Company issued 32,000,000 common shares at $0.13 per share (for a value of $4,160,000) in exchange for Barrick's remaining 30% working interest in the Iceberg property (Note 6).

v. In May and June 2015, a total of 108,000 warrants were exercised for $0.10 per warrant for gross proceeds of $10,800 and the Company transferred $7,693 from warrants reserves to share capital.

vi. On June 2, 2015, the Company closed a private placement for 18,288,600 units at $0.125 per unit for gross proceeds of $2,286,075. Each unit consisted of one common share and one half share purchase warrant with each whole warrant entitling the holder to purchase one additional common share for a period of two years at an exercise price of $0.15 during the first year and $0.20 during the second year. The fair value attributable to these share purchase warrants was $329,937. Finders' fees of $19,618 were paid and 156,940 finder's warrants (valued at $5,943) were issued in connection with the closing of this private placement. The finder warrants entitles the holder to purchase one additional common share of the Company at a price of $0.15 in the first year and $0.20 in the second year. In addition, the Company also incurred share issue costs of $32,297.

   In the event the common shares of the Company trade on the Exchange at $0.25 per share or more for 15 consecutive trading days during the first 11 months of the exercise period (the "Initial Acceleration Period") or $0.35 per share or more for 15 consecutive trading days after the Initial Acceleration Period, the warrants will expire on the earlier of (1) the date of expiry of the warrants and (2) the date which is 30 calendar days after the Company gives notice to the holders of the warrants that the Acceleration event has occurred.

(Expressed in Canadian dollars – Unaudited)

9. Share Capital and Reserves (continued)

Warrants

A summary of the warrant activities is as follows:

	Number of shares	Weighted average exercise price ($)
Balance, March 31, 2015	24,027,130	0.17
Granted[1]	9,301,240	0.15
Expired	(10,559,750)	0.20
Exercised	(108,000)	0.10
Balance, March 31, 2016	24,027,130	0.18
Granted	21,088,263	0.44
Exercised	(13,606,600)	0.17
Balance, September 30, 2016	**30,142,283**	**0.37**

The following share purchase warrants were outstanding as at September 30, 2016:

Expiry date		Number of warrants	Exercise price ($)	Remaining contractual life (years)
November 12, 2016	1	4,404,380	0.20	0.12
November 25, 2016	1	2,575,000	0.20	0.15
December 10, 2016	1	1,900,000	0.20	0.19
June 2, 2017	2	171,000	0.20	0.67
June 2, 2017	2	3,640	0.20	0.67
January 13, 2018	3	5,000,000	0.45	1.29
January 13, 2018	4	300,000	0.30	1.29
January 14, 2018	3	968,334	0.45	1.29
January 15, 2018	3	14,366,129	0.45	1.29
January 15, 2018	4	176,800	0.30	1.29
January 28, 2018	4	277,000	0.30	1.33
	5	**30,142,283**		

[1] These warrants are subject to an acceleration clause whereby if the closing price of the Company's shares equals or exceeds $0.25 per share during the first 17 months or $0.35 per share after the first 17 months for a period of 20 consecutive trading days, the Company will have the right to accelerate the expiry date of the warrants upon 30 days notice. For the last 18 months of the term, the strike price increases to $0.20.

[2] These warrants are subject to an acceleration clause whereby if the closing price of the Company's shares equals or exceeds $0.25 per share for 15 consecutive trading days during the first 11 months of the exercise period (the "Initial Acceleration Period") or $0.35 per share or more for 15 consecutive trading days after the Initial Acceleration Period, the warrants will expire on the earlier of (1) the date of expiry of the warrants and (2) the date which is 30 calendar days after the Company gives notice to the holders of the warrants that the acceleration event has occurred. For the last 12 months of the term, the strike price increases to $0.20.

[3] These warrants are subject to an acceleration clause whereby if the closing price of the Company's shares equals or exceeds $0.75 per share for 15 consecutive trading days at any time prior to the expiration of the warrants, the warrants will expire on the earlier of (1) the date of expiry of the warrants and (ii) the date which is 30 calendar days after the Company has given notice that the acceleration event has occurred.

[4] These warrants are subject to an acceleration clause whereby if the closing price of the Company's shares equals or exceeds $0.60 per share for 15 consecutive trading days at any time prior to the expiration of the warrants, the warrants will expire on the earlier of (1) the date of expiry of the warrants and (ii) the date which is 30 calendar days after the Company has given notice that the acceleration event has occurred.

[5] Subsequent to September 30, 2016, a total of 6,304,380 share purchase warrants were exercised (Note 13e).

The weighted average life of warrants outstanding at September 30, 2016 is 0.95 years.

9. Share Capital and Reserves (continued)

Stock Options

The Company has a fixed stock-based compensation plan (the "Plan") providing for the grant of stock options to purchase a maximum of 25,000,000 common shares to eligible recipients.

During the six months ended September 30, 2016:

a. In April 2016, the Company granted 400,000 stock options (all vested immediately) exercisable at $0.16 per share to consultants of the Company. The fair value attributable to these stock options was $56,921 using the Black Scholes option pricing model of which the full amount was expensed during the period.

b. In June 2016, the Company granted 700,000 stock options exercisable at $0.30 per share to a director and consultant of the Company. The options vest 25% six months after the grant date and 25% every six months thereafter. The fair value attributable to these stock options was $170,159 using the Black Scholes option pricing model of which $56,249 was expensed during the current period.

c. In June 2016, the Company granted 250,000 stock options exercisable at $0.34 per share to a consultant of the Company. The options vest 25% six months after the grant date and 25% every six months thereafter. The fair value attributable to these stock options was $70,165 using the Black Scholes option pricing model of which $18,936 was expensed during the current period.

d. In July 2016, the Company granted 750,000 stock options exercisable at $0.31 per share to consultants of the Company with various vesting terms. The fair value attributable to these stock options was $195,034 using the Black Scholes option pricing model of which $52,333 was expensed during the current period.

e. In September 2016, the Company granted 300,000 stock options exercisable at $0.27 per share to a consultant of the Company. The options vest 25% three months after the grant date and 25% every six months thereafter. The fair value attributable to these stock options was $72,447 using the Black Scholes option pricing model of which $9,671 was expensed during the current period.

f. In September 2016, the Company granted 1,685,000 stock options exercisable at $0.40 per share to consultants of the Company with various vesting terms. The fair value attributable to these stock options was $698,993 using the Black Scholes option pricing model of which $117,603 was expensed during the current period.

During the year ended March 31, 2016:

a. In April 2015, the Company granted 4,675,000 stock options at $0.15 per share exercisable for a period of five years to various directors, officers and consultants. 4,600,000 of these options vest 25% on grant and 25% every six months thereafter while the remaining options vest 25% after three months and 25% every six months thereafter. The fair value attributable to these stock options (using the Black Scholes option pricing model) was $529,910 of which $483,921 was expensed during the year.

b. In November 2015, the Company granted 3,300,000 stock options (all vested immediately) at $0.15 per share exercisable for a period of five years to various directors, officers and consultants. The fair value attributable to these stock options (using the Black Scholes option pricing model) was $282,654 which was fully expensed during the year.

c. In February 2016, the Company granted 325,000 stock options at $0.15 exercisable for a period of five years to various consultants. The options vest 25% after six months from the date of grant and 25% every six months thereafter. The fair value attributable to these stock options (using the Black Scholes option pricing model) was $31,034 of which $3,190 was expensed during the year.

(Expressed in Canadian dollars – Unaudited)

9. Share Capital and Reserves (continued)

Stock Options (continued)

The fair value of each option granted is estimated at the time of the grant using the Black-Scholes option pricing model with weighted average assumptions for grants as follows:

	Six months ended September 30,	
	2016	**2015**
Risk-free interest rate	0.66%	0.73%
Expected life	5.0	5.0
Annualized volatility	117.72%	117.94%
Dividend rate	-	-
Grant date fair value	$ 0.309	$ 0.113

A summary of the stock options activities is as follows:

	Number of shares	Weighted average exercise price ($)
Balance, March 31, 2015	14,925,000	0.20
Granted	8,300,000	0.15
Expired	(4,500,000)	0.25
Forfeited	(150,000)	0.18
Balance, March 31, 2016	18,575,000	0.16
Granted	4,085,000	0.33
Exercised	(650,000)	0.18
Expired	(525,000)	0.25
Forfeited	(250,000)	0.15
Balance, September 30, 2016	**21,235,000**	**0.19**

(Expressed in Canadian dollars – Unaudited)

9. Share Capital and Reserves (continued)

Stock Options (continued)

The following table summarizes information about the options outstanding and exercisable at September 30, 2016:

Expiry date	Options outstanding	Options exercisable	Exercise price ($)	Remaining contractual life (years)
**November 14, 2016	25,000	25,000	0.20	0.12
February 6, 2017	150,000	150,000	0.25	0.35
July 18, 2017	300,000	300,000	0.15	0.80
October 15, 2017	250,000	250,000	0.15	1.04
November 5, 2017	75,000	75,000	0.15	1.10
March 5, 2018	2,350,000	2,350,000	0.20	1.43
April 14, 2018	400,000	400,000	0.16	1.54
July 3, 2018	500,000	500,000	0.15	1.76
September 15, 2018	400,000	400,000	0.15	1.96
February 3, 2019	2,700,000	2,700,000	0.15	2.35
March 24, 2019	900,000	900,000	0.15	2.48
September 15, 2019	1,150,000	1,150,000	0.15	2.96
September 29, 2019	250,000	250,000	0.15	3.00
October 14, 2019	50,000	37,500	0.15	3.04
April 2, 2020	4,350,000	3,262,500	0.15	3.51
April 2, 2020	75,000	56,250	0.15	3.51
November 16, 2020	3,300,000	3,300,000	0.15	4.13
February 24, 2021	325,000	81,250	0.15	4.41
June 6, 2021	700,000	-	0.30	4.68
June 14, 2021	250,000	-	0.34	4.71
July 18, 2016	750,000	-	0.31	4.80
September 1, 2021	300,000	-	0.27	4.92
September 21, 2021	1,685,000	235,000	0.40	4.98
	21,235,000	**16,422,500**		

***Fully exercised subsequent to September 30, 2016 (Note 13d).*

The weighted average life of stock options outstanding at September 30, 2016 is 3.19 years.

Loss per share

The effect of dilutive securities including options and warrants has not been shown as the effect of all such securities is anti-dilutive.

10. Segmented Information

<u>Operating segment:</u>
The Company operated in one operating segment, which is mineral exploration in the United States.

<u>Geographic segments:</u>
The Company operates in two geographic segments: Canada and the United States.

	September 30, 2016	March 31, 2016
Non-current assets	$	$
Canada	85,497	54,714
United States	13,539,999	10,878,860
	13,625,496	**10,933,574**

(Expressed in Canadian dollars – Unaudited)

11. Financial Instruments and Risk Management

Fair values

The Company has the following financial instruments carried at fair value:

		Fair Value	
Financial Assets	**Financial instrument classification**	**September 30, 2016 ($)**	**March 31, 2016 ($)**
Cash and cash equivalents	Fair value through profit or loss	12,522,271	850,558
GRIT common shares	Available for sale	251,174	113,016
		12,773,445	**963,574**

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Other techniques for which all inputs have a significant effect on the recorded fair value that are not observable, either directly or indirectly.
Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

All financial instruments measured at fair value use level 1 valuation techniques in each period, being the closing bid price of the shares as quoted on a public exchange, or, where not quoted, as determined by the share of fair values of the underlying net assets of the investee.

The following table summarizes the classification of the Company's financial instruments within the fair value hierarchy at September 30, 2016:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	$	$	$	$
Cash and cash equivalents	12,522,271	-	-	12,522,271
GRIT common shares	251,174	-	-	251,174
	12,773,445	-	-	12,773,445

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

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	$	$	$	$
Cash and cash equivalents	850,558	-	-	850,558
GRIT common shares	113,016	-	-	113,016
	963,574	-	-	963,574

There were no transfers between levels of the fair value hierarchy during the six months ended September 30, 2016.

11. Financial Instruments and Risk Management (continued)

Fair value hierarchy (continued)

The aggregate fair value of investments with unrealized losses is:

	Fair Value	Unrealized Loss
	$	$
As at September 30, 2016:		
GRIT common shares	251,174	3,047,907
As at March 31, 2016:		
GRIT common shares	113,016	3,196,298

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

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 limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk
- Other price risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

(i) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company manages credit risk by placing cash with major Canadian financial institutions. Management believes that credit risk related to these amounts is nominal.

(ii) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to liquidity risk is to ensure that it always has sufficient cash and credit facilities to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Company's reputation. Management typically forecasts cash flows for a period of six to twelve months to identify financing requirements. These requirements are then addressed primarily through access to capital markets. All of the Company's financial liabilities mature within one year.

11. Financial Instruments and Risk Management (continued)

Financial Risk Management (continued)

(iii) Interest rate risk:

Interest rate risk is the risk of financial loss to the Company if market rates of interest were to change adversely. The Company's exposure to interest rate risk is not material.

(iv) Foreign currency risk:

Foreign currency risk is the risk that the future cash flows or fair value of the Company's financial instruments that are denominated in a currency that is not the Company's functional currency will fluctuate due to the change in foreign exchange rate.

The functional currency of the Company and its wholly owned subsidiary is the Canadian dollar. While the Company's parent is Canadian and its capital is raised in Canadian dollars, the Company conducts business outside of Canada. As such, it is subject to risk due to fluctuations in the exchange rates for the United States dollar and Euros. As at September 30, 2016, the Company has cash and cash equivalents denominated in US dollars of $8,745,408 (March 31, 2016 - $624,113), deposits in US dollars of $207,122 (March 31, 2016 - $189,737) and trade and other payables in US dollars of $297,608 (March 31, 2016 - $52,773). Each 1% change in the Canadian dollar versus the US dollar would result in a gain/loss of approximately USD $86,549 (March 31, 2016 – USD $7,611). The Company also had trade and other payables in Euros of €2,500 (March 31, 2016 - €14,450); however, each 1% change in the Canadian dollar versus the Euro would not be significant.

In addition, the Company holds an investment that is denominated in British Pounds (£). As such, it is subject to fluctuations in the exchange rates for the Canadian dollar and British Pounds. As at September 30, 2016, the Company has an available for sale investment denominated in British Pounds of £147,152 (March 31, 2016 - £60,592). Each 1% change in the Canadian dollar versus the British Pound will result in a gain/loss of approximately £1,472 (March 31, 2016 - £606).

(iv) Other price risk:

Other price risk is the risk that changes in market prices including commodity or equity prices will have an effect on future cash flows associated with financial instruments.

The equity price risk associated with the Company's current available for sale investment primarily relates to the change in the market prices of the investments in the portfolio. As at September 30, 2016, the Company owned 1,731,200 (March 31, 2016 – 1,731,200) GRIT common shares with each common share valued at £0.085 or $0.15 (March 31, 2016 - £0.035 or $0.07). Each £0.01 change in the value per common share will result in a gain/loss of approximately £17,312 or $29,550 (March 31, 2016 - £17,312 or $32,290).

12. Capital Disclosure and Management

The Company's capital management policy is to maintain a strong, but flexible capital structure that optimizes the cost of capital, creditor and market confidence while sustaining the future development of the business.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Company's capital structure includes shareholders' equity of $26,052,195 (March 31, 2016 - $11,892,019). In order to maintain or adjust the capital structure, the Company may from time to time issue shares, seek additional debt financing and adjust its capital spending to manage current and projected debt levels. The Company is not subject to externally imposed capital requirements other than as noted above.

There were no changes to the Company's approach to capital management during the six months ended September 30, 2016.

13. Subsequent Events

a. In October 2016, the Company closed the initial tranche of a private placement for 10,010,590 units at $0.45 per unit for gross proceeds of $4,504,766. Each unit consists of one common share and one full share purchase warrant, with each warrant entitling the holder to purchase one additional common share for a period, subject to acceleration, of 18 months at an exercise price of $0.65. In November 2016, the Company closed the final tranche of this private placement for 144,356 units at $0.45 per unit for gross proceeds of $64,960. Each unit consists of one common share and one full share purchase warrant, with each warrant entitling the holder to purchase one additional common share for a period, subject to acceleration, of 18 months at an exercise price of $0.65. Finders' fees totaling $7,595 cash and 16,871 finders' warrants is to be paid and issued in connection with this private placement. Each finder's warrant entitles the holder to purchase one common share of the Company at a price of $0.45 for a period of 18 months.

b. In October 2016, the Company granted 150,000 stock options at an exercise price of $0.40 per share exercisable for a period of five years to a consultant of the Company.

c. In November 2016, the Company granted a total of 3,710,000 stock options whereby (1) 2,960,000 stock options were granted at an exercise price of $0.325 per share exercisable for a period of five years to officers, directors and consultants of the Company and (2) 750,000 stock options were granted at an exercise price of $0.40 per share exercisable for a period of five years to a consultant of the Company.

d. In November 2016, the Company received $5,000 from the exercise of 25,000 stock options.

e. In October and November 2016, the Company received $1,505,876 from the exercise of 7,529,380 share purchase warrants.