NuLegacy Gold

CORPORATION

Condensed Interim Consolidated Financial Statements

For the three months ended June 30, 2015 and 2014
(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	June 30, 2015	March 31, 2015
		$	$
Assets			
Current assets			
Cash and cash equivalents		2,958,046	1,497,559
Receivables		12,375	14,016
Prepaid expenses	8	117,209	101,495
Available for sale financial assets	3	1,561,965	1,565,060
		4,649,595	3,178,130
Non-current assets			
Deposits	4	230,848	230,848
Equipment	5	14,378	14,766
Exploration and evaluation assets	6	5,262,199	4,633,110
		10,157,020	**8,056,854**
Liabilities and Shareholders' Equity			
Current liabilities			
Trade and other payables	7,8	199,759	59,520
Shareholders' Equity			
Share capital	9	16,488,147	14,567,407
Warrants reserve	9	4,062,217	3,734,030
Share options reserve	9	2,561,732	2,271,354
Revaluation reserve	3	(1,714,149)	(1,646,238)
Accumulated deficit		(11,440,686)	(10,929,219)
		9,957,261	7,997,334
		10,157,020	**8,056,854**

Corporate Information and Going Concern (Note 1)

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)

	Note	Three months ended June 30, 2015	2014
		$	**$**
Operating expenses			
Consulting	8	**53,477**	47,358
Depreciation	5	**2,786**	1,224
Insurance		**6,322**	7,243
Investor relations	8	**82,195**	92,959
Office	8	**47,874**	29,850
Professional fees	8	**41,731**	25,410
Regulatory and transfer agent		**9,706**	19,019
Rent		**7,382**	3,332
Share based payments	8,9	**290,378**	110,168
Travel and accommodation		**12,003**	2,967
		553,854	339,530
Other items			
Foreign exchange gain (loss)		**41,856**	(44,590)
Interest and other income		**531**	58
Loss on held for trading investment		**-**	(980)
		42,387	(45,512)
Net loss for the period		**(511,467)**	(385,042)
Other comprehensive loss			
Net change in fair value of available for sale financial assets	3	**(67,911)**	(379,361)
Comprehensive loss for the period		**(579,378)**	(764,403)
Basic and diluted loss per share	9		
Net loss for the period		**(0.00)**	(0.00)
Comprehensive loss for the period		**(0.00)**	(0.01)
Weighted average common shares outstanding		**147,320,883**	113,103,879

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)

	Three months ended June 30,	
	2015	2014
	$	$
Operating activities		
Net loss for the period	**(511,467)**	(385,042)
Items not affecting cash and cash equivalents		
Depreciation	**2,786**	1,224
Share based payments	**290,378**	110,168
Unrealized foreign exchange loss (gain)	**(64,816)**	25,325
Changes in non-cash working capital		
Receivables	**1,641**	1,584
Prepaid expenses and deposits	**(15,714)**	17,895
Trade and other payables	**(11,793)**	(53,976)
Total cash outflows from operating activities	**(308,985)**	(282,822)
Financing activities		
Proceeds from issuance of common shares	**2,286,075**	-
Share issuance costs	**(46,741)**	-
Proceeds from exercise of warrants	**10,800**	-
Total cash inflows from financing activities	**2,250,134**	-
Investing activities		
Purchase of equipment	**(2,398)**	(3,791)
Exploration and evaluation asset expenditures	**(478,264)**	(339,604)
Total cash outflows from investing activities	**(480,662)**	(343,395)
Net change in cash and cash equivalents	**1,460,487**	(626,217)
Cash and cash equivalents, beginning of period	**1,497,559**	1,026,920
Cash and cash equivalents, end of period	**2,958,046**	400,703
Other non-cash items		
Change in fair market value of available for sale financial assets	**67,911**	379,361
Warrants issued in private placement	**329,937**	-
Warrants issued as finders' fee	**5,943**	-
Share issue costs in trade and other payables	**1,207**	-
Exploration and evaluation assets in trade and other payables	**162,270**	40,892
Reclassification of reserve to share capital on exercise of warrants	**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, 2014		113,103,879	11,062,042	3,734,030	1,889,156	(574,308)	(9,603,961)	6,506,959
Share based payments	9	-	-	-	110,168	-	-	110,168
Comprehensive loss for the period		-	-	-	-	(379,361)	(385,042)	(764,403)
Balance, June 30, 2014		113,103,879	11,062,042	3,734,030	1,999,324	(953,669)	(9,989,003)	5,852,724
Shares issued, private placement	9	28,250,000	3,531,250	-	-	-	-	3,531,250
Shares issuance costs	9	-	(35,885)	-	-	-	-	(35,885)
Shares issued, acquisition of exploration and evaluation assets	5	100,000	10,000	-	-	-	-	10,000
Share based payments	9	-	-	-	272,030	-	-	272,030
Comprehensive loss for the period		-	-	-	-	(692,569)	(940,216)	(1,632,785)
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	9	-	(53,891)	5,943	-	-	-	(47,948)
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	-	-	-	290,378	-	-	290,378
Comprehensive loss for the period		-	-	-	-	(67,911)	(511,467)	(579,378)
Balance, June 30, 2015		**159,850,479**	**16,488,147**	**4,062,217**	**2,561,732**	**(1,714,149)**	**(11,440,686)**	**9,957,261**

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 355 Burrard Street, Suite 1000, Vancouver, British Columbia, Canada, V6C 2G8.

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 condensed interim 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 August 31, 2015.

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 unaudited 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, 2015, with the exception of certain amendments to accounting standards issued by the IASB, which were applicable from April 1, 2015. 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 consolidated financial statements for the year ended March 31, 2015.

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.

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 three months ended June 30, 2015 and have not been applied in preparing these condensed interim consolidated financial statements. The Company is currently considering the possible effects of the new and revised standards which will be effective to the Company's consolidated financial statements for the year ending March 31, 2017 or later:

- IFRS 9 – Financial Instruments: Applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is tentatively 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)

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 June 30, 2015 is $1,561,965 (March 31, 2015 – $1,565,060). During the three months ended June 30, 2015, the Company recorded a revaluation reserve loss on the investment of $67,911 (June 30, 2014 - $379,361) and an unrealized foreign exchange gain of $64,816 (June 30, 2014 – foreign exchange loss of $23,991).

The Company intends to liquidate the GRIT common shares and use the net proceeds from the future sale to fund further exploration delineation of its Iceberg gold deposit in Nevada, USA and for general corporate purposes. There is a 3% finder's fee payable on the net proceeds from the future sale of the GRIT shares.

4. Deposits

	June 30, 2015	March 31, 2015
	$	$
Credit card collateral	25,875	25,875
Reclamation bonds	204,973	204,973
	230,848	**230,848**

5. Equipment

	Computers
	$
Cost	
As at March 31, 2014	29,982
Additions	19,891
As at March 31, 2015	49,873
Additions	2,398
As at June 30, 2015	**52,271**
Accumulated depreciation	
As at March 31, 2014	28,163
Charge for the year	6,944
As at March 31, 2015	35,107
Charge for the period	2,786
As at June 30, 2015	**37,893**
Net book value	
As at March 31, 2015	14,766
As at June 30, 2015	**14,378**

(Expressed in Canadian dollars – Unaudited)

6. Exploration and Evaluation Assets

	Red Hill Properties		
	Iceberg Property	Wilson Property	Total
	$	$	$
Balance March 31, 2014	1,940,864	776,451	2,717,315
Acquisition	-	39,320	39,320
Assays	121,161	-	121,161
Deposits	25,108	-	25,108
Drilling	889,732	-	889,732
Geological consulting	535,932	2,006	537,938
Miscellaneous	28,606	383	28,989
Property maintenance	144,215	87,398	231,613
Travel	41,512	422	41,934
Total Additions	1,786,266	129,529	1,915,795
Balance March 31, 2015	3,727,130	905,980	4,633,110
Assays	57,535	-	57,535
Deposits	(25,108)	-	(25,108)
Drilling	419,996	-	419,996
Geological consulting	155,831	347	156,178
Miscellaneous	4,790	178	4,968
Property maintenance	-	64	64
Travel	15,456	-	15,456
Total Additions	628,500	589	629,089
Balance June 30, 2015	**4,355,630**	**906,569**	**5,262,199**

Eureka County, Nevada

Iceberg Property

On September 16, 2010, 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. On August 23, 2012, the parties signed an Amended Agreement amending some of the requirements to be upheld by the Company. Under the Amended Agreement, in order to exercise the option, the Company must incur a minimum of US$5,000,000 in exploration or development expenditures on the Iceberg Property (inclusive of maintenance fees) as follows:

Expenditure deadline	Expenditure commitment (US$)	Total cumulative expenditure (US$)
December 31, 2011	375,000 (spent)	375,000
December 31, 2012	875,000 (spent)	1,250,000
December 31, 2013	625,000 (spent)	1,875,000
December 31, 2014	1,125,000 (spent)	3,000,000
December 31, 2015	2,000,000	5,000,000

(Expressed in Canadian dollars – Unaudited)

6. Exploration and Evaluation Assets (continued)

Iceberg Property (continued)
If the Company completes the required US$5,000,000 in expenditures and earns a 70% undivided interest in the property, Barrick will have a one-time option, exercisable within 90 days, to back into a 70% interest in the property. To complete the back in, Barrick must expend US$15,000,000 over 5 years on the exploration and development of the property at a rate of at least US$1,500,000 per year. If completed, the Company's remaining 30% interest in the property will be carried by Barrick until the commencement of commercial production on the property.

Upon completion of the Company's exploration expenditures of US$5,000,000, the Company and Barrick shall form a joint venture for further exploration of the property. If Barrick does not elect to exercise the back in right or fails to complete the requirements, the Company will hold a 70% interest and Barrick will hold a 30% interest in the joint venture. If Barrick exercises the back in right and completes the requirements, the Company will hold a 30% interest and Barrick will hold a 70% interest in the joint venture.

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, 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 annual advance royalty payments of US$25,000 (paid for the first four years) and issue 100,000 common shares (issued for the first four years) to Idaho in each of the first five years of the Lease. Annual cash payments will then increase to US$50,000 for year six and every year thereafter. In addition, the Company has incurred a total of US$750,000 in exploration on the property as follows:

Expenditure deadline	Expenditure commitment (US$)	Aggregate amount (US$)
August 31, 2011	250,000 (spent)	250,000
December 31, 2012	500,000 (spent)	750,000

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

	June 30, 2015	March 31, 2015
	$	$
Trade payables and accruals	190,514	35,665
Related party payables	9,245	23,855
	199,759	**59,520**

(Expressed in Canadian dollars – Unaudited)

8. Related Party Transactions

During the three months ended June 30, 2015, 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 $15,218 (June 30, 2014 - $10,596) and share issuance costs of $15,330 (June 30, 2014 - $nil) to a company controlled by an officer of the Company. As at June 30, 2015, $3,600 (March 31, 2015 - $16,355) was included in trade and other payables to this company for accrued professional fees.

As at June 30, 2015, advances of $39,513 (March 31, 2015 - $39,739), on account of future expenses was included in prepaid expenses to a director and companies controlled by directors and officers of the Company.

As at June 30, 2015, $5,645 (March 31, 2015 - $7,500) was included in trade and other payables for accrued directors fees owing to the independent directors 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:

	Three months ended June 30,	
	2015	2014
	$	$
Consulting	**43,145**	34,040
Exploration and evaluation assets	**40,721**	34,985
Investor relations	**37,500**	33,320
Office	**7,967**	6,947
Professional fees	**9,750**	7,500
Share based payments	**207,902**	72,439
	346,985	189,231

(Expressed in Canadian dollars – Unaudited)

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, 2014	113,103,879	11,844,572	782,530	11,062,042
Private placement (iv)	28,250,000	3,531,250	35,885	3,495,365
Exploration and evaluation assets (iii)	100,000	10,000	-	10,000
Balance, March 31, 2015	141,453,879	15,385,822	818,415	14,567,407
Private placement (ii)	18,288,600	1,956,138	53,891	1,902,247
Exercise of warrants (i)	108,000	18,493	-	18,493
Balance, June 30, 2015	**159,850,479**	**17,360,453**	**872,306**	**16,488,147**

i. 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.

ii. 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 totaled $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. In addition, the Company also incurred share issue costs of $28,330. 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 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.

iii. On January 26, 2015, the Company issued 100,000 common shares at $0.10 per share in connection with the Wilson Property option agreement for a value of $10,000.

iv. On August 19, 2014, the Company completed a non-brokered private placement, selling a total of 28,250,000 shares at a price of $0.125 per share for net proceeds of $3,495,365, net of share issue costs of $35,885.

(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, 2014	31,471,562	0.20
Expired	(7,444,432)	0.38
Balance, March 31, 2015	24,027,130	0.17
Granted[1]	9,301,240	0.15
Expired	(10,309,750)	0.20
Exercised	(108,000)	0.10
Balance, June 30, 2015	**22,910,620**	**0.17**

[1] Each warrant entitles the holder to purchase one additional common share at $0.15 in the first 12 months and $0.20 in the last 12 months (subject to an acceleration clause).

The following share purchase warrants were outstanding as at June 30, 2015:

Expiry date		Number of warrants	Exercise price ($)	Remaining contractual life (years)
December 9, 2015		250,000	0.25	0.44
November 12, 2016	1	7,234,380	0.20	1.37
November 25, 2016	1	3,675,000	0.20	1.41
December 10, 2016	1	2,450,000	0.20	1.45
June 2, 2017	2	9,144,300	0.15	1.93
June 2, 2017	2	156,940	0.15	1.93
		22,910,620		

[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.

Stock Options

The Company had a fixed stock-based compensation plan (the "Plan") providing for the grant of stock options to purchase a maximum of 11,500,000 common shares to eligible recipients. In January 2014, the Company amended the Plan to increase the total number of stock options to 15,500,000. In January 2015, the Company further amended the Plan to increase the total number of stock options to 25,000,000.

During three months ended June 30, 2015:

The Company granted 4,675,000 stock options at a price of $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 90 days and 25% every six months thereafter. The fair value attributable to these stock options was $529,910 using the Black Scholes option pricing model of which $250,052 was expensed in the period

(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:

	Three months ended June 30,	
	2015	**2014**
Risk-free interest rate	0.73%	-
Expected life	5.0	-
Annualized volatility	117.94%	-
Dividend rate	-	-
Grant date fair value	$ 0.113	$ -

A summary of the stock options activities is as follows:

	Number of shares	Weighted average exercise price ($)
Balance, March 31, 2014	13,725,000	0.20
Granted	1,750,000	0.15
Expired	(150,000)	0.20
Forfeited	(400,000)	0.18
Balance, March 31, 2015	14,925,000	0.23
Granted	4,675,000	0.15
Balance, June 30, 2015	**19,600,000**	**0.20**

(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 June 30, 2015:

Expiry date	Options outstanding	Options exercisable	Exercise price ($)	Remaining contractual life (years)
December 9, 2015	4,200,000	4,200,000	0.25	0.44
January 6, 2016	250,000	250,000	0.32	0.52
March 1, 2016	50,000	50,000	0.30	0.67
June 23, 2016	500,000	500,000	0.25	0.98
September 1, 2016	75,000	75,000	0.16	1.18
October 1, 2016	250,000	250,000	0.20	1.26
November 14, 2016	25,000	25,000	0.20	1.38
December 9, 2016	100,000	100,000	0.20	1.45
January 1, 2017	100,000	100,000	0.20	1.51
February 6, 2017	150,000	150,000	0.25	1.61
July 18, 2017	300,000	300,000	0.15	2.05
October 15, 2017	250,000	250,000	0.15	2.30
November 5, 2017	75,000	75,000	0.15	2.35
March 5, 2018	2,350,000	2,350,000	0.20	2.68
July 3, 2018	500,000	500,000	0.15	3.01
September 15, 2018	400,000	320,000	0.15	3.21
February 3, 2019	2,700,000	2,025,000	0.15	3.60
March 24, 2019	900,000	540,000	0.15	3.73
September 15, 2019	1,200,000	600,000	0.15	4.21
September 29, 2019	250,000	62,500	0.15	4.24
October 3, 2019	250,000	93,750	0.15	4.26
October 14, 2019	50,000	12,500	0.15	4.29
April 2, 2020	4,600,000	1,150,000	0.15	4.76
April 2, 2020	75,000	-	0.15	4.76
	19,600,000	**13,978,750**		

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.

	June 30, 2015	March 31, 2015
Non-current assets	$	$
Canada	39,283	39,201
United States	5,468,142	4,839,523
	5,507,425	**4,878,724**

(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**	**June 30, 2015 ($)**	**March 31, 2015 ($)**
Cash and cash equivalents	Fair value through profit or loss	2,958,046	1,497,559
GRIT common shares	Available for sale	1,561,965	1,565,060
		4,520,011	**3,062,619**

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 June 30, 2015:

	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	2,958,046	-	-	2,958,046
GRIT common shares	1,561,965	-	-	1,561,965
	4,520,011	-	-	4,520,011

The following table summarizes the classification of the Company's financial instruments within the fair value hierarchy at March 31, 2015:

	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	1,497,559	-	-	1,497,559
GRIT common shares	1,565,060	-	-	1,565,060
	3,062,619	-	-	3,062,619

There were no transfers between levels of the fair value hierarchy during the period.

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 June 30, 2015:		
GRIT common shares	1,561,965	1,714,149
As at March 31, 2015:		
GRIT common shares	1,565,060	1,646,238

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. The Company's receivables primarily consist of sales tax recoverable due from the Federal Government of Canada. 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 activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates for the Canadian and United States dollar. As at June 30, 2015, the Company has cash denominated in US dollars of $2,119,287 (March 31, 2015 - $1,079,169) and trade and other payables in US dollars of $114,303 (March 31, 2015 - $11,697). Each 1% change in the Canadian dollar versus the US dollar will result in a gain/loss of approximately USD $20,050 (March 31, 2015 – USD $10,675).

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 June 30, 2015, the Company has an available for sale investment denominated in British Pounds of £796,352 (March 31, 2015 - £830,976). Each 1% change in the Canadian dollar versus the British Pound will result in a gain/loss of approximately £7,634 (March 31, 2015 - £8,310).

(v) 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 June 30, 2015, the Company owned 1,731,200 (March 31, 2015 – 1,731,200) GRIT common shares with each common share valued at £0.46 or $0.90 (March 31, 2015 - £0.48 or $0.90). Each £0.01 change in the value per common share will result in a gain/loss of approximately £17,312 or $33,956 (March 31, 2015 - £17,312 or $32,605).

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 $9,957,261 (March 31, 2015 - $7,997,334). 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 three months ended June 30, 2015.