

**NV GOLD CORPORATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED AUGUST 31, 2016 and 2015**  
**(Expressed in Canadian Dollars)**

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of  
NV Gold Corporation

We have audited the accompanying consolidated financial statements of NV Gold Corporation, which comprise the consolidated statements of financial position as at August 31, 2016 and 2015 and the consolidated statements of comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.



***Opinion***

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of NV Gold Corporation as at August 31, 2016 and 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

***Emphasis of Matter***

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about NV Gold Corporation's ability to continue as a going concern.

**“DAVIDSON & COMPANY LLP”**

Vancouver, Canada

Chartered Professional Accountants

December 13, 2016

**NV GOLD CORPORATION**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)  
AS AT AUGUST 31

	2016	2015
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 328,198	\$ 28,695
Accounts receivable	5,067	8,533
Prepaid expenses	<u>1,068</u>	<u>1,093</u>
	334,333	38,321
<b>Reclamation bonds</b> (Note 5)	45,116	48,545
<b>Exploration advances</b>	69,441	-
<b>Exploration and evaluation assets</b> (Note 6)	<u>39,485</u>	<u>625,065</u>
	<u>\$ 488,375</u>	<u>\$ 711,931</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)**

<b>Current</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 19,643	\$ 8,717
Due to related parties (Note 9)	<u>65,495</u>	<u>767,217</u>
	<u>85,138</u>	<u>775,934</u>
<b>Shareholders' equity (deficiency)</b>		
Share capital (Note 8)	6,236,430	6,094,177
Share subscriptions received (Note 8)	371,347	-
Share-based payments reserve (Note 8)	1,031,185	1,031,185
Deficit	<u>(7,235,725)</u>	<u>(7,189,365)</u>
	<u>403,237</u>	<u>(64,003)</u>
	<u>\$ 488,375</u>	<u>\$ 711,931</u>

**Nature of operations** (Note 1)

**Basis of presentation** (Note 2)

**Events subsequent to the reporting period** (Note 15)

**Approved on behalf of the Board**  
**on December 13, 2016**

*"John E. Watson"*

Director

*"Peter A. Ball"*

Director

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

**NV GOLD CORPORATION**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
(Expressed in Canadian Dollars)  
**YEARS ENDED AUGUST 31**

	2016	2015
<b>EXPENSES</b>		
Advertising and promotion	\$ 289	\$ 30,002
Bank charges and interest	2,173	2,067
Consulting	124,840	131,474
Office and general	5,771	15,330
Professional fees	125,150	91,312
Property investigation	17,318	1,391
Registration and filing	14,416	11,386
Shareholder costs	9,320	6,981
Share-based compensation (Note 8)	-	212,584
Transfer agent	6,801	5,058
Travel and related	1,938	45,159
Recovery of costs	-	(1,383)
<b>Loss before other items</b>	<u>(308,016)</u>	<u>(551,361)</u>
<b>OTHER ITEMS</b>		
Foreign exchange gain (loss)	24,435	(55,821)
Interest income	53	55
Gain on write-down of amounts due to related party (Note 9)	295,931	-
Write-down of exploration and evaluation assets (Note 6)	<u>(58,763)</u>	<u>(2,804,959)</u>
	<u>261,656</u>	<u>(2,860,725)</u>
<b>Loss and comprehensive loss for the year</b>	<u>\$ (46,360)</u>	<u>\$ (3,412,086)</u>
<b>Basic and diluted loss per common share (1)</b>	<u>\$ (0.00)</u>	<u>\$ (0.34)</u>
<b>Weighted average number of shares outstanding (1)</b>	<u>10,469,471</u>	<u>10,025,533</u>

(1) The basic and diluted earnings (loss) per common share and the weighted average number of shares outstanding have been adjusted to reflect the 1-new- for- 5-old share consolidation (Note 1).

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

**NV GOLD CORPORATION**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)**  
(Expressed in Canadian Dollars)

	Share Capital		Share	Share-based		Total
	No. of Shares	Amount	Subscriptions	Payments	Deficit	Shareholders'
	(1)		Received	Reserve		Equity (Deficiency)
<b>Balance, August 31, 2014</b>	<b>9,761,260</b>	<b>\$ 5,859,847</b>	<b>\$ -</b>	<b>\$ 622,942</b>	<b>\$ (3,777,279)</b>	<b>\$ 2,705,510</b>
Exercise of warrants	240,000	140,968	-	(20,968)	-	120,000
Shares issued for mineral property	140,000	101,500	-	-	-	101,500
Warrants issued for mineral property	-	-	-	205,765	-	205,765
Extension of warrants	-	-	-	10,862	-	10,862
Share issue costs	-	(8,138)	-	-	-	(8,138)
Share-based compensation	-	-	-	212,584	-	212,584
Loss for the year	-	-	-	-	(3,412,086)	(3,412,086)
<b>Balance, August 31, 2015</b>	<b>10,141,260</b>	<b>\$ 6,094,177</b>	<b>\$ -</b>	<b>\$ 1,031,185</b>	<b>\$ (7,189,365)</b>	<b>\$ (64,003)</b>
Shares issued for debt settlement	1,580,592	142,253	-	-	-	142,253
Share subscriptions received	-	-	371,347	-	-	371,347
Loss for the year	-	-	-	-	(46,360)	(46,360)
<b>Balance, August 31, 2016</b>	<b>11,721,852</b>	<b>\$ 6,236,430</b>	<b>\$ 371,347</b>	<b>\$ 1,031,185</b>	<b>\$ (7,235,725)</b>	<b>\$ 403,237</b>

(1) The number of shares outstanding has been adjusted to reflect the 1-new- for 5-old share consolidation (Note 1).

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

**NV GOLD CORPORATION**  
**COSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)  
**YEARS ENDED AUGUST 31**

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the year	\$ (46,360)	\$ (3,412,086)
Items not affecting cash		
Foreign exchange	37,506	(15,880)
Gain on write-down of related party debt	(295,931)	-
Interest accrued on promissory note payable to related party	313	-
Share-based compensation	-	212,584
Write-down of exploration and evaluation assets	58,763	2,804,959
Change in non-cash working capital items:		
Accounts receivable	3,466	(6,994)
Prepaid expenses	25	27,527
Accounts payable and accrued liabilities and due to related parties	<u>(261,404)</u>	<u>211,351</u>
Net cash used in operating activities	<u>(504,072)</u>	<u>(178,539)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Refund of reclamation bonds	3,430	73,612
Proceeds from the sale of mineral property	592,065	-
Mineral property acquisition	-	(262,615)
Exploration and evaluation assets	(103,851)	(415,907)
Exploration advances	<u>(59,416)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>432,228</u>	<u>(604,910)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Share subscriptions received	371,347	-
Proceeds from issuance of share capital	-	120,000
Share issue costs paid	-	(8,138)
Funds loaned from related parties	<u>-</u>	<u>230,266</u>
Net cash provided by financing activities	<u>371,347</u>	<u>342,128</u>
<b>Change in cash during the year</b>	<b>299,503</b>	<b>(441,321)</b>
<b>Cash, beginning of year</b>	<u><b>28,695</b></u>	<u><b>470,016</b></u>
<b>Cash, end of year</b>	<u><b>\$ 328,198</b></u>	<u><b>\$ 28,695</b></u>

**Supplemental disclosures with respect to cash flows (Note 12)**

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

**NV GOLD CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
AUGUST 31, 2016

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**1. NATURE OF OPERATIONS**

The Company was incorporated under the laws of the province of British Columbia on May 23, 2007. The Company is engaged in the identification, acquisition and exploration of mineral properties. The Company began trading on the TSX Venture Exchange (“TSX-V”) on November 26, 2009 under the trading symbol NVX.

The address of the Company’s corporate office is located at Suite 810 -609 Granville Street, Vancouver, British Columbia, Canada, V7Y 1G5. The registered office is located at 10<sup>th</sup> Floor, 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5.

Effective May 25, 2016, the Company’s common shares commenced trading on a 1-new-for-5-old consolidated basis. All common shares, share purchase warrants, stock options and per share amounts have been retroactively restated to conform with this presentation.

**2. BASIS OF PRESENTATION**

a) Statement of Compliance

The financial statements of the Company for the year ending August 31, 2016 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiaries.

c) Going Concern of Operations

The Company has not generated revenue from operations. The Company incurred a net loss of \$46,360 during the year ended August 31, 2016 and, as of that date the Company’s deficit was \$7,235,725. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

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	August 31, 2016	August 31, 2015
Working capital (deficiency)	\$ 249,195	\$ (737,613)
Deficit	(7,235,725)	(7,189,365)

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**NV GOLD CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
AUGUST 31, 2016

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**3. SIGNIFICANT ACCOUNTING POLICIES**

**Principles of consolidation**

These consolidated financial statements include the financial statements of the parent company, NV Gold Corporation, and its subsidiaries listed below:

	Jurisdiction	Nature of Operations	Equity Interest	
			2016	2015
NV Gold Corporation(USA) Inc. (“NV Gold USA”)	Nevada, USA	Exploration	100%	100%
SwissGold Exploration AG (“SwissGold”)	Switzerland	Exploration	100%	100%

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company balances and transactions have been eliminated upon consolidation.

**Financial instruments**

*Financial assets*

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

*Loans and receivables* - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

*Held-to-maturity investments* - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of comprehensive loss.

*Available-for-sale* - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

*Financial liabilities*

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

*Other financial liabilities:* This category includes amounts due to related parties and accounts payable and accrued liabilities, all of which are recognized at amortized cost.

The Company has classified its cash as fair value through profit or loss. The Company's accounts receivable are classified as loans and receivables. The Company's accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

**Exploration and evaluation assets**

*Pre-exploration costs*

Pre-exploration costs are expensed in the period in which they are incurred.

*Exploration and evaluation expenditures*

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as material used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mine under construction". Mineral property assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

At the end of each reporting period, the Company's exploration and evaluation assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Exploration and evaluation assets (cont'd...)**

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**Reclamation bonds**

Cash which is subject to contractual restrictions on use is classified separately as reclamation bonds.

**Income taxes**

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it is probable that a future tax asset will be recovered, it does not recognize the asset.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**Share-based payment transactions**

Where equity-settled share options are awarded to employees, the fair value of the options is measured on the date of grant using the Black-Scholes option pricing model and is charged to the statement of comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

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

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Share-based payment transactions (cont'd...)**

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

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

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

**Provisions**

*Rehabilitation provision*

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability-specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period which they occur. The Company had no rehabilitation obligations as at August 31, 2016 and August 31, 2015.

*Other provisions*

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Earning/Loss per share**

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

Diluted earnings per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options and common share purchase warrants, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of “in-the-money” stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period.

In periods that the Company reports a net loss, per share amounts are not presented on a diluted basis as the result would be anti-dilutive.

**Foreign currencies**

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for the Company and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of comprehensive loss.

**New Standards Not Yet Adopted**

The Company anticipates that the application of these standards, amendments and interpretations will not have a material impact on the results and financial position of the company.

**IFRS 9, “Financial Instruments”**, is part of the IASB’s wider project to replace IAS 39, “Financial Instruments: Recognition and Measurement”. IFRS 9 retains but simplifies the mixed measurement model and established two primary measurement categories for financial assets; amortized cost and fair value. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. The standard is effective for the Company on or after September 1, 2018. The Company will continue to evaluate and monitor the developments of this new standard.

**IFRS 15, “Revenue from Contracts with Customers”**, is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. IFRS 15 replaces IAS 11, “Construction Contracts”, and IAS 18, “Revenue” among others. It provides a single model in order to depict the transfer of promised goods or services to customers. The standard is effective for the Company on or after September 1, 2018. The Company will continue to evaluate and monitor the developments of this new standard.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**New Standards Not Yet Adopted (cont'd...)**

*IFRS 16, "Leases"*, is a new standard to set out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17, "Leases", and instead introduces a single lessee accounting model. It provides a single model in order to depict the transfer of promised goods or services to customers. The standard is effective for the Company on or after September 1, 2019. The Company will continue to evaluate and monitor the developments of this new standard.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

a) Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in profit or loss in the period the new information becomes available.

b) Title to mineral property interests

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

c) Share-based compensation

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are discussed in Note 8.

**NV GOLD CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
AUGUST 31, 2016

**5. RECLAMATION BONDS**

The Company's refundable reclamation bonds are comprised of the following:

	August 31, 2016	August 31, 2015
Afgan-Kobeh property	\$ 21,376	\$ 24,731
Rattlesnake Hills project	<u>23,740</u>	<u>23,814</u>
Total	<u>\$ 45,116</u>	<u>\$ 48,545</u>

**6. EXPLORATION AND EVALUATION ASSETS**

The following exploration and evaluation assets expenditures were incurred on the Company's mineral properties.

<b>For the year ended August 31, 2016</b>	Swiss Permits	Afgan- Kobeh Property	Total
Acquisition costs			
Balance, August 31, 2015	\$ 1	\$ 415,234	\$ 415,235
Additions	<u>-</u>	<u>-</u>	<u>-</u>
Total acquisition cost, August 31, 2016	<u>1</u>	<u>415,234</u>	<u>415,235</u>
Exploration costs			
Balance, August 31, 2015	<u>32,999</u>	<u>176,831</u>	<u>209,830</u>
Additions:			
Assays	1,122	-	1,122
Claim filing and registration	6,075	-	6,075
Field office expenses	-	-	-
Geological consulting	38,046	-	38,046
Land management	-	-	-
Maps and database management	1,201	-	1,201
Materials and supplies	864	-	864
Meals and lodging	6,339	-	6,339
Sample storage	810	-	810
Site access and preparation	-	-	-
Travel and transport	<u>10,791</u>	<u>-</u>	<u>10,791</u>
	<u>65,248</u>	<u>-</u>	<u>65,248</u>
Total exploration costs, August 31, 2016	<u>98,247</u>	<u>176,831</u>	<u>275,078</u>
Less: sale of exploration and evaluation assets	-	(592,065)	(592,065)
Less: write-off of exploration and evaluation assets	<u>(58,763)</u>	<u>-</u>	<u>(58,763)</u>
Total exploration and evaluation assets, August 31, 2016	<u>\$ 39,485</u>	<u>\$ -</u>	<u>\$ 39,485</u>

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**6. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

<b>For the year ended August 31, 2015</b>	Rattlesnake Hills Project	Swiss Permits	Afgan- Kobeh Property	Total
Acquisition costs				
Balance, August 31, 2014	\$ 884,293	\$ 1	\$ 415,234	\$ 1,299,528
Additions	569,880	-	-	569,880
Total acquisition cost, August 31, 2015	<u>1,454,173</u>	<u>1</u>	<u>415,234</u>	<u>1,869,408</u>
Exploration costs				
Balance, August 31, 2014	494,889	-	778,580	1,273,469
Additions:				
Assays	28,421	-	-	28,421
Claim filing and registration	1,643	23,429	22,589	47,661
Field office expenses	41,881	-	-	41,881
Geological consulting	75,322	8,086	5,173	88,581
Land management	3,978	-	2,474	6,452
Maps and database management	5,450	-	51	5,501
Materials and supplies	2,408	32	60	2,500
Meals and lodging	991	-	-	991
Sample storage	359	1,452	-	1,811
Site access and preparation	47,703	-	1,512	49,215
Travel and transport	14,085	-	48	14,133
	<u>222,241</u>	<u>32,999</u>	<u>31,907</u>	<u>287,147</u>
Total exploration costs, August 31, 2015	<u>717,130</u>	<u>32,999</u>	<u>810,487</u>	<u>1,560,616</u>
Less: write-off of exploration and evaluation assets	<u>(2,171,303)</u>	<u>-</u>	<u>(633,656)</u>	<u>(2,804,959)</u>
Total exploration and evaluation assets, August 31, 2015	<u>\$ -</u>	<u>\$ 33,000</u>	<u>\$ 592,065</u>	<u>\$ 625,065</u>

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and to the best of its knowledge title to all of its properties is in good standing.



**6. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

**Swiss Permits (Switzerland)**

The Company, through its Swiss subsidiary, SwissGold, was issued a five year exploration permit ("Permit") for gold and precious metals that covers an area of approximately 224km<sup>2</sup> within the Communes of Medel/Lucmagn, Disentis/Muster and Sumvitg in Canton Graubunden, southeastern Switzerland. The Permit is governed by the terms of an amended mining law that has been approved by the residents of the Communes. The Permit is renewable for two additional 5-year terms. Under the terms of the Permit, the Company must:

- a) pay an initial fee of Swiss Francs 4,500 (paid);
- b) pay an annual fee of Swiss Francs 4,500 (paid);
- c) incur exploration expenditures of Swiss Francs 120,000 before the end on 2015; and
- d) incur exploration expenditures of Swiss Francs 100,000 annually thereafter during the first term of the permit to maintain the Permit in good standing.

Excess expenditures may be carried forward to meet expenditure requirements in future years. Also, the Communes can issue a mining concession to the Company subject to: (i) completion of a satisfactory feasibility study; (ii) completion of an environmental impact study; and (iii) consent from each of the three municipal bodies in the Communes.

In early fiscal 2016, the Company wrote-down the Swiss Permits to \$1 due to the uncertainty of receiving relief from future work commitment obligations that the Company was seeking. As a result, \$58,763 in exploration and evaluation costs were charged to operations. However, on February 19, 2016, the Company received written confirmation from the Communes regarding future work commitment obligations. The Communes have agreed to provide the Company with relief from incurring exploration expenditures for 2016 and 2017. The Company will still incur approximately US\$10,000 in maintenance fees in each year during 2016 and 2017 to keep the Swiss Permits in good standing.

**Afgan-Kobeh Property (Nevada, USA)**

The Company held a 100% interest in the Afgan-Kobeh project located in Eureka County, Nevada. The Company acquired its interest in the project during fiscal 2012 by completing the terms of an option agreement entered into with Gold Standard Royalty (Nevada) Inc., ("Gold Standard") during fiscal 2010. Under the terms of the agreement, the Company paid US\$200,000 in cash and issued 120,000 common shares at a fair value of \$150,000 and 120,000 share purchase warrants at an exercise price of \$0.40 per share expiring June 14, 2012 (expired) with a fair value of \$62,374 using the Black-Scholes option pricing method with a volatility of 100%, risk-free interest rate of 1.81%, an estimated useful life of 2 years and 0% annual dividend rate. The property is subject to a 1% NSR.

As at August 31, 2015, the Company wrote-down the Afgan-Kobeh Property by \$633,656 to a carrying value of \$592,065 (US\$450,000).

**6. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

**Afgan-Kobeh Property (Nevada, USA) (cont'd...)**

On November 27, 2015, the Company entered into an agreement whereby it would sell the Afgan-Kobeh Property to the President and CEO of the Company for US\$304,626. The Company would use the proceeds of the sale to repay debts owed to the President and CEO of the Company. This agreement was subsequently terminated upon acceptance by the Company of a superior offer for the acquisition of Afgan-Kobeh Property.

On December 18, 2015, the Company entered into an agreement whereby it will sell the Afgan-Kobeh Property to McEwen Mining Inc. for US\$450,000.

The Company entered into an Asset Purchase and Sale and Debt Repayment Agreement (the "Agreement") with the Company's President and CEO on November 27, 2015 related to sale of the Afgan-Kobeh Property, the acquisition of the shares of SwissGold and the settlement of debt. The Agreement was subsequently terminated when the Company entered into an Asset Purchase and Sale Agreement (the "McEwen Agreement") on December 18, 2015 with McEwen Mining Inc. ("McEwen"), to sell the Afgan-Kobeh Property to McEwen for US\$450,000. Since the transaction represents a sale of substantially all of the Company's undertaking, the transaction was subject to shareholder approval by special resolution and regulatory approval.

The terms of the McEwen Agreement are as follows:

- i) McEwen's obligations are subject to McEwen receiving, by December 21, 2015 (received), an agreement (the "Support Agreement") from the Company's President and CEO and holder of 44.8% of its outstanding shares, under which the President and CEO agrees to vote his shares of the Company in favour of the special resolution to approve the transaction, which has been received by McEwen;
- ii) McEwen's obligations are subject to McEwen being satisfied, by December 21, 2015 (completed), with its title investigation in respect of the Afgan-Kobeh Property, and McEwen has advised that it is satisfied;
- iii) the Company will retain its reclamation bond and remain responsible for completing the reclamation of the Afgan-Kobeh Property required by that bond, but McEwen will be responsible for all other reclamation in respect of the Afgan-Kobeh Property; and
- iv) the Company has agreed to hold a shareholders meeting to approve the special resolution to approve the transaction on or before February 1, 2016 (completed).

A Special Committee of non-conflicted directors was formed to consider the Agreement and also considered the terms of the McEwen Agreement on behalf of the Company and determined it constituted a superior proposal and that the Company should enter into the McEwen Agreement and terminate the agreement with the President and CEO. McEwen is entirely at arm's length to the Company and the President and CEO. The Company terminated the agreement with the President and CEO entered into on November 27, 2015.

All the terms of the McEwen Agreement were satisfied and the Afgan-Kobeh Property was sold for US\$450,000. A portion of the proceeds from the sale were used to reimburse cash advances and promissory notes payable of US\$355,038 due to the President and CEO of the Company. The remaining balance of the proceeds will be used for general working capital purposes.

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**6. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

**Rattlesnake Hills (Wyoming, USA)**

On March 14, 2014, the Company entered into an option agreement (the "Agreement") with Evolving Gold Corp. ("EVG") under which the Company was granted an option to acquire a 100% interest in the Rattlesnake Hills Project ("Rattlesnake Hills" or the "Property"). Rattlesnake Hills is located in Natrona County, Wyoming, USA.

During fiscal 2015, the Company issued 140,000 common shares to EVG valued at \$101,500 in compensation for amending the terms of the agreement. A formal notice of termination of the option to purchase the Rattlesnake Hills Project was provided to EVG on March 6, 2015. The Company wrote-off \$2,171,303 in costs associated with the project and charged them to operations during the fiscal year ended August 31, 2015.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities for the Company are comprised of the following:

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	August 31, 2016	August 31, 2015
Accrued liabilities	\$ 7,604	\$ 7,500
Trade payables	<u>12,039</u>	<u>1,217</u>
Total	<u>\$ 19,643</u>	<u>\$ 8,717</u>

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**8. SHAREHOLDERS' EQUITY (DEFICIENCY)**

*Authorized:*

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

Effective May 25, 2016, the Company's common shares commenced trading on a 1-new-for-5-old consolidated basis. All common shares, share purchase warrants, stock options and per share amounts have been retroactively restated to conform with this presentation.

**During the year ended August 31, 2016, the Company issued:**

- a) 1,580,592 common shares to the President and CEO in settlement of \$142,253 in debt of the Company payable to him for past services and out of pocket expenses incurred on behalf of the Company

**During the year ended August 31, 2015, the Company issued:**

- i) 240,000 common shares for proceeds of \$120,000 from the exercise of warrants.
- ii) 140,000 common shares to EVG, valued at \$101,500 as consideration for acceptance of the amendments to original Rattlesnake Hills Property Agreement (Note 6).

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**8. SHAREHOLDERS' EQUITY (DEFICIENCY) (cont'd...)**

**Share subscriptions received**

As at August 31, 2016, the Company had received \$371,347 in subscription proceeds pursuant to a private placement announced on August 2, 2016. The private placement was completed subsequent to the year end. See Note 15.

**Stock options**

The Company adopted a stock option plan under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire common shares of the Company. The number of shares reserved for issuance under the plan shall not exceed 10% of the issued and outstanding common shares. The options can be granted for a maximum of 5 years and vest as determined by the board of directors. The exercise price of each option may not be less than the fair market value of the common shares.

All stock options disclosed have been adjusted to reflect the 1-new-for-5-old share consolidation (Note 1).

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, August 31, 2014	535,000	\$ 1.00
Granted	380,000	0.60
Expired/cancelled	<u>(160,000)</u>	(1.25)
Outstanding, August 31, 2015	754,000	0.75
Expired/cancelled	<u>(148,000)</u>	(0.50)
Outstanding, August 31, 2016	<u>606,000</u>	\$ 0.82
Exercisable, August 31, 2016	<u>606,000</u>	\$ 0.82

Stock options outstanding at August 31, 2016 are as follows:

Number Of Options	Exercise Price	Expiry Date
130,000	\$ 2.00	October 27, 2016 <sup>(1)</sup>
146,000	\$ 0.25	January 20, 2019
<u>330,000</u>	\$ 0.60	January 28, 2020
<u>606,000</u>		

(1) The stock options expired unexercised subsequent to the year ended August 31, 2016

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**8. SHAREHOLDERS' EQUITY (DEFICIENCY) (cont'd...)**

**Warrants**

All warrants disclosed have been adjusted to reflect the 1-new-for-5-old share consolidation (Note 1).

Warrants transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, August 31, 2014	2,843,663	\$ 0.75
Granted	200,000	0.50
Exercised	(240,000)	(0.50)
Expired/cancelled	<u>(77,500)</u>	(1.95)
Outstanding, August 31, 2015	2,726,133	0.70
Expired/cancelled	<u>(1,696,133)</u>	(0.66)
Outstanding, August 31, 2016	1,030,000	\$ 0.83
Exercisable, August 31, 2016	1,030,000	\$ 0.83

Warrants outstanding at August 31, 2016 are as follows:

Number of Warrants	Exercise Price	Expiry Date
670,000	\$ 1.00	April 28 2017 <sup>(A)</sup>
200,000	\$ 0.50	September 15, 2017
<u>160,000</u>	\$ 0.50	April 22, 2018
1,030,000		

(A) The warrants are subject to an accelerated exercise provision in the event the volume weighted average trading price exceeds \$1.50 for a period of 20 consecutive days.

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**8. SHAREHOLDERS' EQUITY (DEFICIENCY) (cont'd...)**

**Share-based compensation**

During the year ended August 31, 2016, the Company recognized \$Nil (2015 - \$212,584) in share-based compensation on stock options that vested during the current year. The Company granted Nil (2015 - 380,000) stock options valued at \$Nil (2015 - \$0.11). The fair value of share-based compensation was calculated using the Black-Scholes option-pricing model.

The following assumptions were used for the Black-Scholes valuation of stock options granted during the year:

	August 31, 2016	August 31, 2015
Risk-free interest rate	-	0.69%
Expected life of options	-	5 years
Annualized volatility	-	145.35%
Forfeiture rate	-	0.0%
Dividend rate	-	0.0%

**9. RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with related parties during the year ended August 31, 2016:

- i) Paid or accrued \$111,444 (2015 - \$101,636) in consulting fees to the President and CEO of the Company. Of these consulting fees, \$88,944 (2015 - \$71,636) were forgiven and recognized as a gain on write down of amounts due to related party as the result of the settlement of debt with the Company's President and CEO.

Paid or accrued \$Nil (2015 - \$2,809) in office and general costs to the President and CEO of the Company.

The Company issued 1,580,592 (2015 - Nil) common shares to the President and CEO valued at \$142,253 (2015 - \$Nil) in settlement of debt of the Company payable to him for past services. A remaining balance of \$295,931 (2015 - \$Nil) representing fees from the current period and for past services due was forgiven by the President and CEO.

- ii) Received US\$50,000 (Cdn\$67,998 ) (2015 - \$Nil) from the President and CEO of the Company by issuing two promissory notes payable at an interest rate of 5% per year. The principal balances and accrued interest of US\$397 (Cdn\$556) (2015 - \$Nil) were paid to the President and CEO.
- iii) Paid US\$355,038 (Cdn\$527,780) (2015 - \$Nil) to the President and CEO of the Company representing a repayment of cash advances and promissory notes payable.
- iv) Received \$Nil (2015 - \$230,266) in loans and advances from a director of the Company. The loans are interest-free and have no specific terms of repayment.
- v) Paid or accrued \$40,661 (2015 - \$Nil) in consulting fees which have been capitalized to exploration and evaluation assets to a company controlled by a director of the Company.
- vi) Paid or accrued \$4,500 (2015 - \$Nil) in consulting fees to directors of the Company.

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**9. RELATED PARTY TRANSACTIONS (cont'd...)**

vii) Paid or accrued \$103,860 (2015 - \$72,753) in professional fees and share issue costs to companies controlled by officers of the Company.

Included in due to related parties as of August 31, 2016 is \$65,495 (2015 - \$767,217) due to directors and companies controlled by officers. The amounts are non-interest bearing and unsecured.

**Key Management Compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

During the year ended August 31, 2016, Nil (2015-380,000) stock options out of a total of Nil (2015 - 380,000) (Note 8) were granted to directors and officers. The fair value of \$Nil (2015 - \$212,584) was recorded as share-based compensation.

Other than disclosed above, there was no other compensation paid to key management during the years ended August 31, 2016 and 2015.

**10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**Fair value**

IFRS 7 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2– inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at August 31, 2016, the Company's financial instruments are comprised of cash, accounts receivable, accounts payable and accrued liabilities and due to related parties. Cash is carried at fair value using a level 1 fair value measurement. The carrying value of accounts receivable, accounts payable and accrued liabilities and due to related parties approximate their fair values due to the relatively short periods to maturity of these financial instruments.

**10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**

**Financial risk factors**

The Company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk. Management, the Board of Directors and the Audit Committee monitor risk management activities and review the adequacy of such activities.

*Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Management believes that the credit risk concentration with respect to financial instruments included in cash is remote. The Company's receivables consist of GST recoverable from the Canadian Government.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at August 31, 2016, the Company had a cash balance of \$328,198 to settle current liabilities of \$85,138. All of the Company's financial liabilities are subject to normal trade terms.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, and commodity and equity prices. These fluctuations may be significant and the Company, as all other companies in its industry, has exposure to these risks.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to maintain cash in its banking institutions and does not believe interest rate risk to be significant.

(b) Price risk

The Company is not a producing entity so is not directly exposed to fluctuations in commodity prices. The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

(c) Foreign currency risk

The Company has two foreign subsidiaries whose operations are in the United States and Switzerland respectively, which exposes the Company to foreign exchange risk. The Company is subject to currency risk due to the fluctuations of exchange rates between the Canadian dollar, United States dollar and the Swiss Franc. The Company does not enter into derivative financial instruments to mitigate foreign exchange risk.



**11. CAPITAL MANAGEMENT**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital.

The Company is in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new sources of financing available and to manage its expenditures to reflect current financial resources in the interest of sustaining long term viability.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's capital management objectives, policies and processes have not been changed over the period presented. The Company is not subject to any externally imposed capital requirements.

**12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

Significant non-cash transactions during the year ended August 31, 2016 included:

- a) Exploration and evaluation assets of \$1,111 are accrued in accounts payable and accrued liabilities.
- b) Exploration advances of \$10,025 are included accrued in accounts payable and accrued liabilities
- c) Gain of \$295,931 on the forgiveness of debt due by the Company to the President and CEO of the Company.
- d) Issuance of 1,580,592 common shares valued at \$142,253 in settlement of debt due to the President and CEO of the Company.

Significant non-cash transactions during the year ended August 31, 2015 included:

- a) Exploration and Evaluation assets of \$713 are accrued in accounts payable and accrued liabilities;
- b) Issuance of 140,000 common shares valued at \$101,500 for amendments to the Rattlesnake Hills Property Agreement.
- c) Issuance of 200,000 warrants valued at \$205,765 for the acquisition of the Rattlesnake Hills Property.
- d) The allocation of \$20,968 from the exercise of 40,000 warrants during the year to share capital from share based payment reserve.
- e) Extended 40,000 warrants previously granted to EVG on the Rattlesnake Hills Property resulting in additional acquisition costs of \$10,862.

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**13. SEGMENTED INFORMATION**

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. The Company has mineral properties located geographically as follows:

Exploration and evaluation assets	August 31, 2016	August 31, 2015
United States of America	\$ -	\$ 592,065
Switzerland	39,485	33,000
Total	\$ 39,485	\$ 625,065

Reclamation bonds of \$45,116 (2015 - \$48,545) were held entirely in the United States of America.

**14. INCOME TAXES**

A reconciliation of income taxes at statutory rates is as follows:

	2016	2015
Income (loss) for the period before income tax	\$ (46,360)	\$ (3,412,086)
Expected income tax (recovery)	\$ (12,000)	\$ (887,000)
Change in statutory, foreign tax, foreign exchange rates and other	4,000	(566,000)
Permanent difference	(77,000)	55,000
Share issue cost	-	(2,000)
Change in unrecognized deductible temporary differences	85,000	1,400,000
Total income tax (recovery)	\$ -	\$ -

Significant components of deductible and taxable differences and unused tax losses that have not been included in the statement of financial position are as follows:

	2016	2015	Expiry Dates
Exploration and evaluation assets	\$ 2,104,000	\$ 5,514,000	No expiry date
Canadian eligible capital (CEC)	1,000	1,000	No expiry date
Share issue costs	22,000	33,000	2037 – 2039
Non-capital losses	3,340,000	3,145,000	2023 – 2036
Canada	3,026,000	2,760,000	2027 – 2036
USA	112,000	126,000	2029 – 2036
Switzerland	202,000	259,000	2023 – 2026

**15. EVENTS SUBSEQUENT TO THE REPORTING PERIOD**

Subsequent to the year ended August 31, 2016:

- a) On September 29, 2016 the Company completed its acquisition of the Nevada assets of Redstar Gold Corp. ("Redstar") according to the detailed terms of the agreement (the "Purchase Agreement") previously announced on September 2, 2016. These assets consist of a 100% interest in 11 exploration projects (the "Projects") in Nevada, 4 of which are subject to NSRs, as well as the AngloGold-Ashanti database (the "Database") purchased by Redstar in 2008.

The Company acquired the Database and the 11 Nevada projects by issuing to Redstar a total of 6,172,730 common shares of the company, including 172,730 shares to comply with the anti-dilution provision of the Purchase Agreement, resulting in Redstar owning 29.9% of the Company's outstanding common shares upon completion of the transaction. As part of the transaction, the Company appointed two directors from Redstar to its board of directors.

- b) On September 29, 2016 the Company completed a private placement financing of 2,750,000 units (the "Units") at \$0.20 per unit for gross proceeds of \$550,000. A cash finder's fee of \$2,250 was paid. Each unit consists of one share and one-half of one warrant exercisable at \$0.40 per share until September 29, 2018. The expiry date of each whole warrant is subject to acceleration such that, should the volume weighted average price of the common shares of the Company exceed \$0.60 for ten consecutive trading days, the Company may notify the holder in writing that the warrants will expire 20 trading days from receipt of such notice unless exercised by the holder before such date.
- c) On September 29, 2016 the Company granted 1,450,000 options to officers, directors and consultants under its stock option plan. Each option is exercisable into one common share at \$0.35 per share expiring September 29, 2021.
- d) On November 22, 2016 the Company completed a private placement financing of 2,723,000 units (the "Units") at \$0.30 per unit for gross proceeds of \$816,900. Each unit consists of one share and one-half of one warrant exercisable at \$0.60 per share until November 22, 2018. The expiry date of each whole warrant is subject to acceleration such that, should the volume weighted average price of the common shares of the Company exceed \$1.00 for ten consecutive trading days, the Company may notify the holder in writing that the warrants will expire 20 trading days from receipt of such notice unless exercised by the holder before such date.