



STRIKEPOINT GOLD INC.

Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2016

(Unaudited)

These unaudited condensed consolidated interim financial statements of Strikepoint Gold Inc. for the six months ended June 30, 2016 have been prepared by management and approved by the Board of Directors. These unaudited condensed consolidated interim financial statements have not been reviewed by the Company's external auditors.

STRIKEPOINT GOLD INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT

(Unaudited)

(Expressed in Canadian dollars)

	June 30, 2016	December 31, 2015
ASSETS		(Audited)
Current		
Cash and cash equivalents	\$ 1,112,325	\$ 146,441
Receivables	15,118	40,067
Prepaid expenses and deposits	6,554	1,554
	1,133,997	188,062
Equipment (Note 3)	5,336	6,156
	\$ 1,139,333	\$ 194,218
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 10,324	\$ 15,002
Shareholders' equity		
Share capital (Note 8)	19,560,016	18,175,564
Reserves (Note 8)	5,371,507	5,232,501
Deficit	(23,802,514)	(23,228,849)
	1,129,009	179,216
	\$ 1,139,333	\$ 194,218

Nature of operations and going concern (Note 1)**On behalf of the Board:**

"Shawn Khunkhun" Director
Shawn Khunkhun

"Ian Harris" Director
Ian Harris

See accompanying notes to these condensed consolidated interim financial statements

STRIKEPOINT GOLD INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited)

(Expressed in Canadian dollars)

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
EXPENSES				
Administration fees	\$ 4,500	\$ -	\$ 9,000	\$ -
Amortization (Note 3)	465	468	820	936
Consulting	-	15,600	-	15,600
Exploration costs (Notes 4)	35,765	8,643	54,440	16,741
Management fees	30,000	46,500	60,000	78,500
Office	4,974	17,127	8,267	22,237
Option payments (Notes 5)	-	-	26,500	49,000
Professional fees	16,674	5,781	21,174	10,532
Rent	9,000	5,400	18,000	10,800
Shareholder communications	17,296	28,915	32,296	34,256
Share-based payments (Note 9)	321,608	534,059	321,608	552,294
Transfer agent and filing fees	4,377	20,271	19,254	29,117
Travel and related costs	-	336	3,238	2,375
Loss from operations	(444,659)	(683,100)	(574,597)	(822,388)
OTHER ITEM				
Interest income	932	-	932	-
Loss and comprehensive loss for the period	\$ (443,727)	\$ (683,100)	\$ (573,665)	\$ (822,388)
Loss per common share (basic and diluted)	\$ (0.02)	\$ (0.05)	\$ (0.03)	\$ (0.06)
Weighted average number of common shares outstanding (basic and diluted)	21,658,617	13,621,586	17,982,628	13,481,856

See accompanying notes to these condensed consolidated interim financial statements.

STRIKEPOINT GOLD INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30,
(Unaudited)
(Expressed in Canadian dollars)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (573,665)	\$ (822,388)
Items not affecting cash:		
Amortization	820	936
Share-based payments	321,608	552,294
Option payments by issuance of common shares	1,500	24,000
Change in non-cash working capital items:		
(Increase) decrease in receivables	24,949	(10,012)
Increase in prepaid expenses and deposits	(5,000)	(20,500)
Decrease in accounts payable and accrued liabilities	<u>(4,678)</u>	<u>(7,979)</u>
Net cash used in operating activities	<u>(234,466)</u>	<u>(283,649)</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of equipment	<u>-</u>	<u>(1,339)</u>
Net cash used in investing activity	<u>-</u>	<u>(1,339)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement, net	1,014,150	-
Proceeds from exercise of stock options	<u>186,200</u>	<u>405,000</u>
Net cash provided by financing activities	<u>1,200,350</u>	<u>405,000</u>
Increase in cash and cash equivalents during the period	965,884	120,012
Cash and cash equivalents, beginning of period	<u>146,441</u>	<u>365,216</u>
Cash and cash equivalents, end of period	<u>\$ 1,112,325</u>	<u>\$ 485,228</u>
Cash and cash equivalents consist of:		
Cash	\$ 262,325	\$ 485,228
Guaranteed Investment Certificate	850,000	-
	<u>\$ 1,112,325</u>	<u>\$ 485,228</u>

See accompanying notes to these condensed consolidated interim financial statements.

STRIKEPOINT GOLD INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(Expressed in Canadian dollars)

	<u>Share Capital</u>				
	Number	Amount	Reserves	Deficit	Total
Balance at December 31, 2014	13,292,683	\$ 17,512,490	\$ 4,877,281	\$ (22,033,935)	\$ 355,836
Shares issued for mineral property option payments	120,000	24,000	-	-	24,000
Stock options exercised	810,000	568,806	(163,806)	-	405,000
Share-based payments	-	-	552,294	-	552,294
Comprehensive loss for the period	-	-	-	(822,388)	(822,388)
Balance at June 30, 2015	14,222,683	\$ 18,105,296	\$ 5,265,769	\$ (22,856,323)	\$ 514,742
Balance at December 31, 2015	14,302,683	\$ 18,175,564	\$ 5,232,501	\$ (23,228,849)	\$ 179,216
Shares issued for mineral property option payments	10,000	1,500	-	-	1,500
Shares issued for private placement, net	10,200,000	1,014,150	-	-	1,014,150
Stock options exercised	980,000	368,802	(182,602)	-	186,200
Share-based payments	-	-	321,608	-	321,608
Comprehensive loss for the period	-	-	-	(573,665)	(573,665)
Balance at June 30, 2016	25,492,683	\$ 19,560,016	\$ 5,371,507	\$ (23,802,514)	\$ 1,129,009

During February 2016, the Company's common shares were consolidated on a basis of one post-consolidated common share for every ten pre-consolidated common shares. The numbers of the shares presented in these unaudited condensed consolidated interim financial statements have all been adjusted to reflect the impact of this share consolidation.

See accompanying notes to these condensed consolidated interim financial statements.

STRIKEPOINT GOLD INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited)

JUNE 30, 2016

1. NATURE OF OPERATIONS AND GOING CONCERN

StrikePoint Gold Inc. (the “Company”) is incorporated under the laws of the Province of Alberta and is listed on the TSX Venture Exchange under the symbol “SKP”. The Company is considered to be in the exploration stage with respect to its mineral properties. Based on the information available to date, the Company has not yet determined whether its mineral properties contain ore reserves.

The Company’s head office and principle address is 507-837 West Hastings Street, Vancouver, BC, V6C 3N6. The registered and records office is located at 777 Hornby Street, Suite 2080, Vancouver, BC, V6Z 1S4.

During February 2016, the Company’s common shares were consolidated on a basis of one post-consolidated common share for every ten pre-consolidated common shares. The numbers of the shares presented in these unaudited condensed consolidated interim financial statements have all been adjusted to reflect the impact of this share consolidation.

These unaudited condensed consolidated interim financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. Management believes the Company has sufficient working capital to meet its liabilities for the next twelve months.

These unaudited condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements were authorized for issue on August 26, 2016 by the directors of the Company.

Principles of consolidation

These unaudited condensed consolidated interim financial statements include the accounts of its wholly-owned inactive subsidiary, Braveheart Gold Inc. All intercompany accounts and transactions have been eliminated on consolidation.

Basis of preparation

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee.

STRIKEPOINT GOLD INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited)

JUNE 30, 2016

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)***Basis of preparation (cont'd)***

These unaudited condensed consolidated interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2015.

New and future accounting pronouncements

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

The Company has not early adopted these standards and is currently assessing the impact these standards will have on its financial statements.

3. EQUIPMENT

	Furniture & equipment
Cost	
Balance, December 31, 2014	\$ 78,644
Additions	<u>1,340</u>
Balance, December 31, 2015 and June 30, 2016	<u>\$ 79,984</u>
Accumulated amortization	
Balance, December 31, 2014	\$ 71,955
Amortization	<u>1,873</u>
Balance, December 31, 2015	73,828
Amortization	<u>820</u>
Balance, June 30, 2016	<u>\$ 74,648</u>
Carrying amounts	
As at December 31, 2015	\$ 6,156
As at June 30, 2016	<u>\$ 5,336</u>

STRIKEPOINT GOLD INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited)

JUNE 30, 2016

4. LOBSTICK OPTION AGREEMENT

On November 26, 2013, the Company entered into an option agreement with an unrelated individual (the "Optionor") whereby the Optionor granted the Company the option to acquire a 100% undivided right, title and interest in the optioned property (the "Lobstick Property") located in the Lobstick area near Lake of the Woods, Ontario.

In order to exercise the option, the Company must pay and issue to the Optionor:

- Payment of \$5,000 plus the issuance of 5,000 common shares of the Company on or before December 15, 2013 of which \$5,000 was paid on December 11, 2013 with the issue date for the common shares extended to January 21, 2014 (issued);
- Payment of \$5,000 plus the issuance of 5,000 common shares of the Company upon confirmation of plan and permit acceptance by the Ontario Ministry of Northern Development and Mines, paid and issued, respectively, on June 10, 2014;
- Payment of \$15,000 (paid) and the issuance of 10,000 common shares (issued) of the Company, on or before December 15, 2014;
- Payment of \$15,000 (paid) and the issuance of 10,000 common shares (issued) of the Company, on or before December 15, 2015;
- Payment of \$15,000 and the issuance of 10,000 common shares of the Company, on or before December 15, 2016; and
- Payment of \$15,000 and the issuance of 10,000 common shares of the Company, on or before December 15, 2017.

In addition, the Company must fulfill all work commitments relating the Lobstick Property comprised of \$12,000 per year by April 8 of each year. The Company may accelerate the cash payments, share issuances and work commitments at its discretion. The Company will be the operator of the Lobstick Property during the term of the option agreement.

During the six months ended June 30, 2016 and the year ended December 31, 2015, the Company incurred the following exploration expenditures on the Lobstick Property:

	June 30, 2016	December 31, 2015
Assaying	\$ 18,675	\$ -
Core cutting	-	6,580
Drilling	-	107,314
Field costs	-	3,677
Geological consulting	35,765	14,698
Transportation	-	6,186
Travel	-	550
	<u>\$ 54,440</u>	<u>\$ 139,005</u>

STRIKEPOINT GOLD INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited)

JUNE 30, 2016

4. LOBSTICK OPTION AGREEMENT (cont'd)

Following the exercise of the option, the Company must pay and issue to the Optionor:

- \$50,000 plus 100,000 common shares of the Company within 30 days of filing a technical report under National Instrument 43-101 demonstrating mineral resources on any part of the Lobstick Property;
- \$50,000 plus 100,000 common shares of the Company within 30 days of filing a positive, bankable feasibility study (as defined under National Instrument 43-101) with respect to any part of the Lobstick Property; and
- A 3% net smelter return royalty with respect to the Lobstick Property upon commencement of commercial production, for which the Company may repurchase two-thirds of the 3% net smelter return royalty from the Optionor for \$1,000,000 for each one-third repurchased.

5. BLACK RAVEN OPTION AGREEMENT

On February 19, 2015, the Company entered into an Assignment and Assumption Agreement (the "Assignment Agreement") with Entourage Metals Ltd. ("Entourage"), a Canadian public company, whereby Entourage has assigned to the Company all of its rights under an existing option agreement dated February 28, 2011, as amended on February 26, 2013 and as further amended on February 28, 2014 (the "Option Agreement"), to acquire a 100% interest in and to the Black Raven Property, located in NW Ontario. As consideration for the Assignment Agreement, the Company issued, on closing, 100,000 common shares to Entourage.

In order for the Company to earn an undivided 100% interest in the Black Raven Property, the Company will be required to:

- issue 10,000 common shares (issued) and pay \$25,000 (paid) to seven individuals (the "vendors") (the original optionors) on or before February 28, 2015;
- issue 10,000 common shares (issued) and pay \$25,000 (paid) to the vendors on or before February 28, 2016; and
- issue 50,000 common shares to Entourage within 15 business days following the completion and filing of a NI 43-101 compliant resource of at least 500,000 ounces Au or the equivalent in situ value of Cu, Pb, Zn, Ag or other precious metals.

During the year ended December 31, 2015 and the six months ended June 30, 2016, the Company incurred \$8,529 and \$Nil, respectively, of exploration expenditures on the Black Raven Property. The expenditures incurred during the year ended December 31, 2015 were comprised of \$3,685 for geological consulting fees, field costs of \$638, travel costs of \$1,206 and \$3,000 for core storage costs.

The Company will grant a 2.5% net smelter royalty to the vendors upon commencement of commercial production, for which the Company may repurchase 60% of the 2.5% net smelter return royalty from the vendors for \$1,500,000.

STRIKEPOINT GOLD INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited)

JUNE 30, 2016

6. ANGELINA OPTION AGREEMENT

On March 20, 2014, the Company entered into an option agreement with JOVG Global Mineral Enterprises (“JOVG”) on the Company’s 100% owned Angelina property, located in Rice Lake Belt, Manitoba. Pursuant to the terms of the option agreement, JOVG, a private company based in Winnipeg, Manitoba, had the option to earn a 50% undivided interest in the Angelina property by conducting a minimum of \$150,000 in exploration work on the property before February 15, 2015 (incurred); a further \$150,000 by February 15, 2016 and a further \$250,000 by each of February 15, 2017 and 2018. During the year ended December 31, 2015, JOVG returned the property to the Company. During the year ended December 31, 2015 and the six months ended June 30, 2016, the Company incurred \$5,682 and \$Nil, respectively, of exploration expenditures on the Angelina Property. The expenditures incurred during the year ended December 31, 2015 were comprised of \$5,560 for geological consulting fees and \$122 for travel.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2016	December 31, 2015
Accounts payable	\$ 10,324	\$ 1,002
Accrued liabilities	-	14,000
Total	\$ 10,324	\$ 15,002

8. SHARE CAPITAL AND RESERVES

a) Authorized share capital

As at June 30, 2016, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares, are fully paid.

b) During February 2016, the Company’s common shares were consolidated on a basis of one post-consolidated common share for every ten pre-consolidated common shares. The numbers of the shares presented in these unaudited condensed consolidated interim financial statements have all been adjusted to reflect the impact of this share consolidation.

c) Issued share capital

On February 2, 2015, the Company issued 10,000 common shares pursuant to the Lobstick option agreement described in Note 4, for which the market value on the date of issuance was \$0.20 per share.

On February 25, 2015, the Company issued 110,000 common shares pursuant to the Black Raven option agreement described in Note 5, for which the market value on the date of issuance was \$0.20 per share.

On June 5, 2015, the Company issued 500,000 common shares pursuant to the exercise of 500,000 stock options. The Company reclassified \$119,055 to share capital from contributed surplus on the exercise of the stock options.

On June 9, 2015, the Company issued 310,000 common shares pursuant to the exercise of 310,000 stock options. The Company reclassified \$44,751 to share capital from contributed surplus on the exercise of the stock options.

STRIKEPOINT GOLD INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited)

JUNE 30, 2016

8. SHARE CAPITAL AND RESERVES (cont'd)

c) Issued share capital (cont'd)

On November 6, 2015, the Company issued 70,000 common share pursuant to the exercise of 70,000 stock options. The Company reclassified \$33,268 to share capital from contributed surplus on the exercise of the stock options.

On December 7, 2015, the Company issued 10,000 common shares pursuant to the Lobstick option agreement described in Note 4, for which the market value on the date of issuance was \$0.20 per share.

On February 24, 2016, the Company issued 10,000 common shares pursuant to the Black Raven option agreement described in Note 5, for which the market value on the date of issuance was \$0.15 per share.

On April 27, 2016, the Company completed a non-brokered private placement, raising gross proceeds of \$1,020,000 through the issuance of 10,200,000 common shares at a price of \$0.10 per share. No finders' fees were paid in conjunction with this private placement.

On June 14, 2016, the Company issued 980,000 common shares for proceeds totaling \$186,200 in conjunction with the exercise of stock options.

d) Stock options

The Company has an incentive stock options plan in place under which it is authorized to grant options to directors and employees to acquire up to 10% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of five years and vesting periods are determined by the Board of Directors.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2014	655,000	\$ 0.76
Exercised	(880,000)	0.50
Cancelled	(125,000)	0.76
Forfeited	(100,000)	1.00
Granted	<u>1,690,000</u>	0.51
Balance, December 31, 2015	1,240,000	0.59
Forfeited	(1,240,000)	0.59
Granted	2,180,000	0.17
Exercised	<u>(980,000)</u>	0.19
Balance, June 30, 2016 (fully vested, expiring April 26, 2021)	<u>1,200,000</u>	<u>\$ 0.15</u>

STRIKEPOINT GOLD INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited)

JUNE 30, 2016

8. SHARE CAPITAL AND RESERVES (cont'd)

e) Share-based payments

During April 2016, the Company granted stock options to a director to acquire up to 1,200,000 common shares with a grant date fair value of \$0.12 per option resulting in share-based payments expense of \$139,006, using the Black-Scholes option pricing model.

During May 2016, the Company granted stock options to consultants to acquire up to 980,000 common shares with a grant date fair value of \$0.19 per option resulting in share-based payments expense of \$182,602, using the Black-Scholes option pricing model.

The Company applies the fair value method using the Black-Scholes option pricing model to account for stock options granted to directors, officers and consultants. The following assumptions were used to calculate the weighted average fair value of the stock options granted during the period:

	Six Months Ended June 30, 2016
Risk-free interest rate	0.73%
Expected life of options	5 years
Annualized volatility	192%
Dividend rate	0%
Forfeiture rate	0%

f) Warrants

No warrants were issued during the six months ended June 30, 2016 or during the year ended December 31, 2015.

As at June 30, 2016, the Company had no outstanding warrants.

9. RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2016, the Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$60,000 (2015 - \$34,500) to the CEO of the Company.
- b) Paid or accrued management fees of \$Nil (2015 - \$44,000) to two directors of the Company.
- c) Paid or accrued professional fees of \$12,500 (2015 - \$10,000) to a company controlled by the Corporate Secretary of the Company.
- d) Recorded share-based payment expense of \$139,006 (2015 - \$18,235) in conjunction with the granting of stock options to directors and officers of the Company.

Key management personnel compensation disclosed above (including senior officers and certain directors of the Company):

	June 30, 2016	June 30, 2015
Short-term benefits	\$ 60,000	\$ 78,500
Share-based payments	139,006	18,235

STRIKEPOINT GOLD INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited)

JUNE 30, 2016

10. FINANCIAL INSTRUMENTS AND RISK FACTORS*Fair value*

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments include cash, receivables, and accounts payable and accrued liabilities. The carrying value of these financial instruments approximates their fair value. Cash is measured based on Level 1 inputs of the fair value hierarchy.

The following is an analysis of the Company's financial assets measured at fair value as at June 30, 2016 and December 31, 2015:

	As at June 30, 2016		
	Level 1	Level 2	Level 3
Cash	\$ 1,112,325	\$ -	\$ -

	As at December 31, 2015		
	Level 1	Level 2	Level 3
Cash	\$ 146,441	\$ -	\$ -

Risk factors

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has cash balances but no interest-bearing debt. The bank account is held with a major Canadian bank. As all of the Company's cash is held by one bank, there is a concentration of credit risk with the bank. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company's secondary exposure to risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government sales taxes.

Currency Risk

Currency risk is the risk that arises from the change in price of one currency against another. The Company operates in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest Rate Risk

Interest rate risk is the risk due to variability of interest rates. The Company is exposed to interest rate risk on its bank account. The income earned on the bank account is subject to the movements in interest rates. The Company has cash balances and no-interest bearing debt, therefore, interest rate risk is nominal.

STRIKEPOINT GOLD INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited)

JUNE 30, 2016

10. FINANCIAL INSTRUMENTS AND RISK FACTORS (cont'd)*Liquidity Risk*

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash balances.

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions. Under current market conditions, both liquidity and funding risk have been assessed as high.

11. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its exploration and evaluation interests, acquire additional exploration and evaluation interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

12. SEGMENTED INFORMATION

The primary business of the Company is the acquisition and exploration of mineral properties in Canada.