# REDSTAR GOLD CORP.

**(AN EXPLORATION STAGE COMPANY)**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016 AND 2015**

**STATED IN CANADIAN FUNDS**

# Table of Contents


Management's Responsibility .................... i

Independent Auditors' Report .................... ii

Consolidated Statement of Financial Position .................... 1

Consolidated Statement of Comprehensive Loss .................... 2

Consolidated Statement of Changes in Equity .................... 3

Consolidated Statement of Cash Flows .................... 4

Notes to the Consolidated Financial Statements

1) Nature of operations and going concern .................... 5

2) Basis of preparation – statement of compliance .................... 6

3) Summary of significant accounting policies .................... 6

4) Critical accounting estimates and judgments .................... 12

5) Change in accounting policy .................... 14

6) Recently adopted accounting standards .................... 15

7) Accounting standards issued but not yet effective .................... 15

8) Financial instruments and risk management .................... 16

9) Marketable securities .................... 18

10) Exploration and evaluation assets .................... 19

11) Intangible assets .................... 25

12) Equipment .................... 25

13) Capital management .................... 26

14) Share capital .................... 26

15) Related party transactions .................... 30

16) Segmented disclosure .................... 30

17) Income Taxes .................... 31

18) Subsequent events .................... 32

## MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Redstar Gold Corp:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information presented. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Audit Committee has the responsibility of meeting with management, and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of the Company's external auditors.

We draw attention to Note 1 in the consolidated financial statements which indicates the existence of a material uncertainty that may cast substantial doubt on the Company's ability to continue as a going concern.

29 July 2016

| | |
|---|---|
| "Peter Ball" | "Grant T. Smith" |
| Peter Ball, President and CEO | Grant T. Smith, CFO |

**Independent Auditors' Report**

To the Board of Directors and Shareholders of Redstar Gold Corp.:

We have audited the accompanying consolidated financial statements of Redstar Gold Corp., which comprise the consolidated statement of financial position as at March 31, 2016 and March 31, 2015, and the consolidated statements of loss and other comprehensive loss, changes in equity 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, as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of 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, the consolidated financial statements present fairly, in all material respects, the financial position of Redstar Gold Corp. and its subsidiary as at March 31, 2016, March 31, 2015 and their financial performance and their 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 1 to these consolidated financial statements, which states that Redstar Gold Corp. incurred significant losses from operations, negative cash flows from operating activities and has an accumulated deficit. These matters, along with other matters as described in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the ability of Redstar Gold Corp. to continue as a going concern. Management's plans in regard to these matters are also described in Note 1.

MNP LLP

July 29, 2016
Vancouver, Canada

Chartered Professional Accountants

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | As at 31 March 2016 | 31 March 2015 (Restated - See Note 5) |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | | **$ 101,892** | $ 1,311,090 |
| Marketable securities | (9) | **30,232** | 54,787 |
| Amounts receivable | | **7,052** | 7,223 |
| Prepaid amounts and advances | | **19,767** | 25,391 |
| | | **158,943** | 1,398,491 |
| **Non-current Assets** | | | |
| Deposit | | **7,428** | 7,428 |
| Reclamation bond | (10) | **19,914** | - |
| Exploration and evaluation assets | (10) | **3,845,717** | 3,813,988 |
| Intangible assets | (11) | **7,253** | 10,361 |
| Equipment | (12) | **11,582** | 16,703 |
| | | **3,891,894** | 3,848,480 |
| | | **$ 4,050,837** | $ 5,246,971 |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Accounts payable and accrued liabilities | | **$ 158,909** | $ 139,845 |
| Due to related parties | (15) | **91,650** | 37,477 |
| | | **250,559** | 177,322 |
| **EQUITY *(STATEMENT 3)*** | | | |
| Share capital | | **23,174,062** | 22,467,382 |
| Contributed surplus - warrants | | **1,257,299** | 1,257,299 |
| Contributed surplus - options | | **2,847,096** | 2,602,054 |
| Accumulated other comprehensive income | | **(3,347)** | (108,336) |
| Deficit | | **(23,474,832)** | (21,148,750) |
| | | **3,800,278** | 5,069,649 |
| | | **$ 4,050,837** | $ 5,246,971 |

| | | | |
|---|---|---|---|
| Nature of operations and going concern | (1) | Capital management | (12) |
| Basis of preparation - statement of compliance | (2) | Segmented disclosure | (16) |

The consolidated financial statements were approved by the Board of Directors on 29 July 2016 and were signed on its behalf by:

"Peter Ball" — Peter Ball, Director

"Robert McLeod" — Robert McLeod, Director



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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

| | Note | | Year Ended 31 March 2016 | | Year Ended 31 March 2015 (Restated - See Note 5) |
|---|---|---|---|---|---|
| **CONTINUING OPERATIONS** | | | | | |
| **EXPENSE** | | | | | |
| **Exploration and evaluation** | | | | | |
| Resource property expense | (10) | $ | **1,280,578** | $ | 745,791 |
| **General and Administrative** | | | | | |
| Consulting | | | **262,855** | | 273,659 |
| Share-based payments | (14) | | **245,042** | | 76,469 |
| Investor relations | | | **192,114** | | 155,945 |
| Audit and legal | | | **92,857** | | 115,544 |
| Insurance | | | **33,300** | | 35,629 |
| Travel and promotion | | | **51,157** | | 106,230 |
| Rent | | | **24,000** | | 57,400 |
| Contract wages | | | **16,463** | | 62,466 |
| Regulatory fees | | | **12,754** | | 35,046 |
| Office operations | | | **15,957** | | 39,615 |
| Transfer agent | | | **9,344** | | 6,863 |
| Amortization | | | **8,230** | | 6,972 |
| | | | **2,244,651** | | 1,781,354 |
| **Other (Income) Expense** | | | | | |
| (Gain) loss on foreign exchange | | | **(47,482)** | | 30,531 |
| Write down of marketable securities | | | **129,544** | | - |
| Interest (income) | | | **(630)** | | (17,317) |
| | | | **81,432** | | 13,214 |
| **Loss Before Income Tax** | | | | | |
| Deferred income tax | | | **-** | | (1,539) |
| **Net Loss for the year** | | | **2,326,083** | | 1,729,305 |
| **Other Comprehensive Income** | | | | | |
| Unrealized (gain) loss on available-for-sale securities | | | **(104,989)** | | 30,794 |
| **Comprehensive Loss for the Year** | | $ | **2,221,094** | $ | 1,760,099 |
| **Basic and Diluted Loss per Common Share** | | $ | **(0.01)** | $ | (0.01) |
| **Weighted Average Number of Shares Outstanding** | | | **191,330,142** | | 171,890,513 |



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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Shares | Amount | Warrant | Options | Accumulated Other Comprehensive Income | Deficit | Shareholders' Equity |
|---|---|---|---|---|---|---|---|
| **BALANCE 01 APRIL 2014** | | | | | | | |
| (Restated - See Note 5) | 124,944,760 $ | 19,665,089 $ | 794,985 $ | 2,525,585 $ | (77,542)$ | (19,419,445)$ | 3,488,672 |
| Shares issued for mineral properties | 750,000 | 30,000 | - | - | - | - | 30,000 |
| Unit issuance costs | - | (9,314) | - | - | - | - | (9,314) |
| Issued for cash, net of issuance costs | 55,133,333 | 2,781,607 | 462,314 | - | - | - | 3,243,921 |
| Share based payments | - | - | - | 76,469 | - | - | 76,469 |
| Unrealized loss on marketable securities | - | - | - | - | (30,794) | - | (30,794) |
| Net loss for the year | - | - | - | - | - | (1,729,305) | (1,729,304) |
| **BALANCE 31 MARCH 2015** | | | | | | | |
| (Restated - See Note 5) | 180,828,093 $ | 22,467,382 $ | 1,257,299 $ | 2,602,054 $ | (108,336)$ | (21,148,750)$ | 5,069,649 |
| **BALANCE 01 APRIL 2015** | **180,828,093 $** | **22,467,382 $** | **1,257,299 $** | **2,602,054 $** | **(108,336)$** | **(21,148,750)$** | **5,069,649** |
| Issued for cash | **18,750,000** | **750,000** | **-** | **-** | **-** | **-** | **750,000** |
| Unit issuance costs | **-** | **(43,320)** | **-** | **-** | **-** | **-** | **(43,320)** |
| Share-based payments | **-** | **-** | **-** | **245,042** | **-** | **-** | **245,042** |
| Unrealized loss on marketable securities | **-** | **-** | **-** | **-** | **104,989** | **-** | **104,989** |
| Net loss for the year | **-** | **-** | **-** | **-** | **-** | **(2,326,083)** | **(2,326,083)** |
| **BALANCE 31 MARCH 2016** | **199,578,093 $** | **23,174,062 $** | **1,257,299 $** | **2,847,096 $** | **(3,347)$** | **(23,474,832)$** | **3,800,278** |



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

## CONSOLIDATED STATEMENT OF CASH FLOWS

| | | Year Ended 31 March 2016 | Year Ended 31 March 2015 (Restated - See Note 5) |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| **Loss for the Year** | | $ **(2,326,083)** | $ (1,729,305) |
| **Items not Affecting Cash** | | | |
| Amortization | | **8,230** | 6,972 |
| Share-based payments | | **245,042** | 76,469 |
| Write down of marketable securities | | **129,544** | - |
| Deferred income tax | | **-** | (1,539) |
| Gain on exploration and evaluation assets | (10) | **-** | (22,500) |
| | | **(1,943,267)** | (1,669,903) |
| **Net Change in Non-cash Working Capital** | | | |
| Amounts receivable | | **171** | 155 |
| Prepaid amounts and advances | | **5,624** | 33,167 |
| Accounts payable and accrued liabilities | | **59,410** | 33,996 |
| Due to related parties | | **13,827** | (67,769) |
| | | **79,032** | (451) |
| | | **(1,864,235)** | (1,670,354) |
| **INVESTING ACTIVITIES** | | | |
| Acquisition of exploration assets | | **(51,643)** | (272,375) |
| Acquisition of intangible assets | (11) | **-** | (10,986) |
| | | **(51,643)** | (283,361) |
| **FINANCING ACTIVITIES** | | | |
| Issuance of units, net of issuance costs | | **706,680** | 3,234,607 |
| **Net Increase (decrease) in Cash and Cash Equivalents** | | **(1,209,198)** | 1,280,892 |
| Cash position – beginning of year | | **1,311,090** | 30,198 |
| **Cash Position – End of Year** | | $ **101,892** | $ 1,311,090 |
| **Schedule of Non-cash Investing and Financing Transactions** | | | |
| Transfer of reclamation bond | | $ **19,914** | $ - |
| Shares issued for resource properties | | $ **-** | $ 30,000 |



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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1) Nature of operations and going concern

Redstar Gold Corp. (the "Company" or "Redstar") is engaged in the acquisition, exploration, and development of mineral properties in North America. The Company is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office is Suite 1710, 1177 West Hastings Street, Vancouver, BC, V6E 2L3.

These consolidated financial statements (the "Financial Statements") have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

There are several adverse conditions that may cast significant doubt upon the soundness of this assumption. The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of exploration and evaluation expenditures is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties.

Consistent with other companies in the sector of mineral exploration, the Company has incurred operating losses since inception, has limited sources of revenue, is unable to self-finance operations and has significant cash requirements to meet its overhead and maintain its mineral interests.

For the Company to continue to operate as a going concern it must continue to obtain additional financing to maintain operations; although the Company has been successful in the past at raising funds, there can be no assurance that this will continue in the future.

If the going concern assumption were not appropriate for these Financial Statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

| Rounded to 000's | | **31 March 2016** | | 31 March 2015 (Restated – See Note 5) |
|---|---|---|---|---|
| Working capital surplus (deficit) | **$** | **(92,000)** | $ | 1,221,000 |
| Accumulated (deficit) | **$** | **(23,475,000)** | $ | (21,149,000) |

## 2) Basis of preparation – statement of compliance

These Financial Statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and related IFRS Interpretations Committee ("IFRICs") as issued by the International Accounting Standards Board ("IASB").

These Financial Statements were authorised for issue by the Board of Directors on 29 July 2016 and have been prepared under the historical cost convention, except for certain financial instruments, as set out in the summary of significant accounting policies (note 3).

The preparation of the Financial Statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

## 3) Summary of significant accounting policies

### a) Basis of presentation

These Financial Statements incorporate the financial statements of the Company and the entities controlled by the Company, which consist of:

- Redstar Gold USA Inc. ("Redstar USA"), which was incorporated in the State of Nevada, owned 100% by the Company.
- Redstar Gold (Alaska) Inc. ("Redstar Alaska"), which was incorporated in the State of Alaska, owned 100% by the Company.

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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share of changes in equity since the date of acquisition.

### b) Foreign currency translation

These Financial Statements are presented in Canadian dollars, which is the functional and presentation currency of the parent. Each entity determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The parent and its subsidiaries use the Canadian dollar as their functional currency.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the end of reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analyzed between translation differences and other changes in the carrying amount of the security. Translation differences are recognized in the income statement and other changes in carrying amount are recognized in equity.

Translation differences on non-monetary financial assets, such as investments in equity securities, classified as available-for-sale are reported as part of the fair value gain or loss and are included in equity.

### c) Measurement uncertainty

The preparation of these Financial Statements, in conformity with IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period.

Significant areas that require estimates as the basis for determining the stated amounts include assumptions related to the valuation of exploration and evaluation assets, the useful life of equipment and intangible assets, share-based payment valuation and the deferred tax asset not recognized in these Financial Statements.

Depreciation and depletion of property, plant and equipment are dependent upon estimates of useful lives and reserve estimates, both of which are determined with the exercise of judgment. The assessment of any impairment of property, plant and equipment is dependent upon estimates of recoverable amount that take into account factors such as reserves, economic and market conditions and the useful lives of assets. Provisions for environmental rehabilitations are recognized in the period in which they arise and are stated as the fair value of estimated future costs.

The Company bases its estimates and assumptions on current facts, historical experience, and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. These estimates require extensive judgment about the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws and regulations and remediation practices. The actual results experienced by the Company may differ materially and adversely from the Company’s estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

### d) Comprehensive income

Comprehensive income is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net profit such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to self-sustaining operations. The Company's comprehensive income, components of other comprehensive income, and cumulative translation adjustments are presented in the Consolidated Statement of Comprehensive Loss and the Consolidated Statement of Changes in Equity.

### e) Cash and cash equivalents

The Company considers cash to include amounts held in banks and highly liquid investments with maturities at a point of purchase of three months or less.

### f) Marketable securities

The Company has classified all of its marketable securities as available-for-sale, thus securities are recorded at fair market value and any associated unrealized gain or loss, net of tax, are included as a separate component of shareholders' equity.

### g) Exploration and evaluation assets

The Company is currently in the exploration stage with all of its mineral interests. Exploration and evaluation costs include the costs of acquiring licenses, costs incurred to explore and evaluate properties, and the fair value, upon acquisition, of mineral properties acquired in a business combination.

Exploration and evaluation expenditures are expensed in the period they are incurred except for expenditures associated with the acquisition of exploration and evaluation assets through a business combination or an asset acquisition. Significant property acquisition costs are capitalized only to the extent that such costs can be directly attributed to an area of interest where it is considered likely to be recoverable by future exploitation or sale. Development costs relating to specific properties are capitalized once management has made a development decision.

At each reporting date, the Company determines whether impairment indicators exist based on the Company's ability to raise financing and significant changes in an individual property's work program. The Company examines for indicators of impairment, such as the right or financial ability to perform work on a mineral property, future plans for exploration on a property, and management's intent to advance or not advance a property.

From time to time, the Company may acquire or dispose of mineral interests pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded in the period that the payments are made or received. The Company does not accrue costs to maintain mineral interests in good standing.

Restoration provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of property, plant and equipment when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates is capitalized along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred. The cost of ongoing current programs to prevent and control pollution is charged against profit and loss as incurred.

The Company has determined that it has no restoration obligation as at 31 March 2016.

### h) Share-based payments

The Company has a stock option plan that is described in note 13. Share-based payments to employees are measured at the fair value of the instruments issued and are amortized over the vesting periods using a graded attribution approach. Share-based payments to non-employees are measured at the fair value of the goods or services received or at the fair value of the equity instruments issued (if it is determined the fair value of the goods or services cannot be reliably measured), and are recorded at the date the goods or services are received. If and when the stock options or warrants are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model ("BkS"), and is recognized during the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Forfeitures of stock options are accounted for as incurred.

### i) Warrants

Warrants are classified as equity as they are derivatives over the Company's own equity that will be settled only by the Company exchanging a fixed amount of cash for a fixed number of the Company's own equity instruments.

When shares and warrants are issued at the same time, the proceeds are allocated first to warrants issued, according to their fair value using the Black-Scholes pricing model, and the residual value being allocated to shares. The Company does not measure the impact of modification to the terms of warrants previously issued.

### j) Share capital

Share capital issued for non-monetary consideration is recorded at an amount based on the quoted market value of the Company's shares at the time of issuance.

### k) Basic loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The effect of potential issuances of shares from the exercise of outstanding options and warrants would be anti-dilutive for the years presented and accordingly, basic and diluted losses per share are the same.

### l) Intangible assets

Intangible assets are stated, in the consolidated statements of financial position, at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged so as to write off the cost of the asset over their estimated useful lives as follows:

| | |
|---|---|
| Computer software | 1-3 years |

### m) Equipment

Equipment is depreciated using the declining balance method based on estimated useful lives. Land is not depreciated.

Where an item of equipment is comprised of major components with different useful lives, the components are accounted for as separate items of equipment.

Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Directly attributable expenses incurred for major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision.

Financing costs directly associated with the construction or acquisition of qualifying assets are capitalized at interest rates relating to loans specifically raised for that purpose, or at the average borrowing rate where the general pool of group borrowings is utilized. Capitalization of borrowing costs ceases when the asset is substantially complete.

The depreciation method, useful life and residual values are assessed annually.

<u>Subsequent costs</u>

The cost of replacing part of an item within equipment is recognized when the cost is incurred if it is probable that the future economic benefits will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized as an expense as incurred.

<u>Impairment</u>

The Company's tangible and intangible assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. 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. 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.

Reversal of impairment

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

Depreciation is charged so as to write off the cost of the asset using the declining balance method over the estimated useful lives as follows:

| | |
|---|---|
| Computer equipment | 30% |
| Office equipment | 20% |

## n) Financial instruments

All financial instruments must be recognized, initially, at fair value on the statement of financial position. The Company has classified each financial instrument into the following categories: "held-to-maturity", "loans and receivables," "available-for-sale", and "other financial liabilities". Subsequent measurement of the financial instruments is based on their respective classification. Unrealized gains and losses on available-for-sale instruments are recorded in equity. The other categories of financial instruments are recognized at amortized cost using the effective interest method. The Company had made the following classifications:

| Financial Asset or Liability | Category | Measurement Method |
|---|---|---|
| Cash and cash equivalents | Loans and receivables | Amortized cost |
| Marketable securities | Available-for-sale | Fair value |
| Amounts receivable | Loans and receivables | Amortized cost |
| Reclamation bond | Loans and receivables | Amortized cost |
| Accounts payable and accrued liabilities | Other financial liabilities | Amortized cost |
| Due to related parties | Other financial liabilities | Amortized cost |

## o) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

### p) Impairment

Non-monetary assets are tested for impairment when events or changes in circumstance indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units "CGUs"). The recoverable amount is the higher of an asset's fair value costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

### q) Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous materials and other matters. The Company may also be held liable should environmental problems be discovered that were caused by the former owners and operators of its properties and properties in which it has previously had an interest.

The Company conducts its mineral exploration activities in accordance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in a material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance is increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential of production on the properties may be diminished or negated.

## 4) Critical accounting estimates and judgments

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the Financial Statements.

### a) Key sources of estimation uncertainty

Useful life of equipment and intangible assets

The Company reviews the estimated lives of its equipment and intangible assets at the end of each reporting period. There were no material changes in the lives of equipment or intangible assets for the year ended 31 March 2016 and the year ended 31 March 2015.

Share-based payments

Management assesses the fair value of stock options granted in accordance with the accounting policy stated in note 3. The fair value of stock options granted is measured using BkS, which was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's stock options have characteristics significantly different from those of traded options, and changes in the highly subjective input assumptions can materially affect the calculated values. The fair value of stock options granted using the BkS do not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

Impairment

Judgment is involved in assessing whether there is any indication that an asset or cash generating unit may be impaired. This assessment is made based on the analysis of, amongst other factors, changes in the market or business environment, events that have transpired that have impacted the asset or cash generating unit, and information from internal reporting.

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

Decommissioning provision

The value of decommissioning liabilities depends on estimates of current risk-free interest rates, future restoration and reclamation expenditures and the timing of those expenditures.

## b) Key sources of judgement uncertainty

Determination of functional currency

In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, management determined that the functional currency of the Company and its wholly owned subsidiaries is the Canadian dollar.

Going concern evaluation

As discussed on note 1, these Financial Statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these Financial Statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at 31 March 2016.

Exploration and evaluation assets

The carrying value of the Company's exploration and evaluation assets is reviewed by management quarterly, or whenever events or circumstances indicate that its carrying amount may not be recovered. Management considers certain impairment indicators such as market capitalization of the Company, metal price changes, plans for the properties and the results of exploration to date.

## 5) Change in accounting policy

During the year ended 31 March 2016, the Company changed its accounting policy for exploration and evaluation costs. In prior years, the Company capitalized acquisition costs of mineral properties and deferred exploration and evaluation expenditures directly related to specific mineral properties, net of recoveries received. Under the new policy, property exploration costs incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development are charged to operations as incurred. Exploration costs also include exploration license and maintenance fees which are paid on a yearly basis. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves. Management believes that this treatment provides a more accurate depiction of the asset base of the Company prior to establishing the economic feasibility of its resource base.

The Company has accounted for this change in accounting policy on a retrospective basis with a restatement of the opening deficit balance and the exploration and evaluation asset for the prior period presented as if the new accounting policy had always been applied. The impact of this change is as follows:

| | 31 March 2015 As previously reported | Restatement | 31 March 2015 As restated |
|---|---|---|---|
| **CONSOLIDATED STATEMENT OF FINANCIAL POSITION** | | | |
| Exploration and evaluation assets | 8,016,119 | (4,202,131) | 3,813,988 |
| **CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS** | | | |
| Exploration expenditures | - | 745,791 | 745,791 |
| Gain on exploration and evaluation assets | (63,725) | 63,725 | - |
| Net loss for the year | 919,789 | 809,516 | 1,729,305 |
| Comprehensive loss for the year | 950,583 | 809,516 | 1,760,099 |
| **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** | | | |
| Deficit – beginning of year | 16,026,830 | 3,392,615 | 19,419,445 |
| Deficit – end of year | 16,946,619 | 4,202,131 | 21,148,750 |
| **CONSOLIDATED STATEMENT OF CASH FLOWS** | | | |
| Loss for the year | 919,789 | 809,516 | 1,729,305 |
| Exploration asset expenditures | (768,292) | 768,292 | - |
| Gain on exploration and evaluation assets | (63,725) | 41,225 | (22,500) |

## 6) Recently adopted accounting standards

### a) IFRS 7, Non-current assets held for sale and discontinued operations (amended standard)

In September 2014, the IASB issued amendments to IFRS 7, *Financial* Instruments: Disclosures (IFRS 7). The amendments in IFRS 7 are to be applied retrospectively, with earlier application permitted. The amendments to IFRS 7 clarify the disclosure required for any continuing involvement in a transferred asset that has been derecognized. The amendments also provide guidance on disclosures regarding the offsetting of financial assets and financial liabilities in interim financial reports. The amendment is effective for annual periods beginning on or after 1 January 2015. Adoption of the standard had no material impact on these Financial Statements.

### b) IAS 24, Related party transactions

IAs 24 was amended to revise the definition of related party to include an entity that provides key management personnel services to the reporting entity or its parent and to clarify the related party disclosure requirements. This amendment is effective for fiscal years beginning on or after 1 July 2014. Adoption of the standard had no material impact on these Financial Statements.

## 7) Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company is currently assessing the impact, if any, that these standards might have on its Financial Statements.

### a) IFRS 9, Financial Instruments

In July 2014, the IASB issued IFRS 9, *Financial Instruments* (IFRS 9). IFRS 9 replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: 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 or liability. It also introduces additional changes relating to financial liabilities and aligns hedge accounting more closely with risk management. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption of the new standard permitted. The Company does not intend to early adopt IFRS 9. The extent of the impact of adoption of IFRS 9 has not yet been determined.

### b) IFRS 10, Consolidated financial statements (amended standard)

In September 2014, the IASB issued amendments to IFRS 10, *Consolidated Financial Statements* and IAS 28, Investments in Associates and Joint Ventures. The amendments provide clarification on the recognition of gains or losses upon the sale or contribution of assets between an investor and its associate or joint venture. This amendment is effective for fiscal years beginning on or after 1 January 2016.

### c) IFRS 11, Joint arrangements (amended standard)

In May 2014, the IASB issued amendments to IFRS 11, *Joint Arrangements* (IFRS 11). The amendments in IFRS 11 are to be applied prospectively. The amendments clarify the accounting for the acquisition of interests in joint operations and require the acquirer to apply the principles of business combinations accounting in IFRS 3, *Business Combinations.* This amendment is effective for fiscal years beginning on or after 1 January 2016.

### d) IFRS 16, Leases

IFRS 16 - Leases will replace IAS 17 Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019, but earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial adoption of IFRS 16. The Company is assessing the impact of this new standard, if any, on the financial statements.

### e) IAS 34, Interim financial reporting (amended standard)

In September 2014, the IASB issued amendments to IAS 34, Interim Financial Reporting (IAS 34). The amendments to IAS 34 are to be applied retrospectively, with earlier application permitted. The amendments provide additional guidance on interim disclosures and whether they are provided in the interim financial statements or incorporated by cross-reference between the interim financial statements and other financial disclosures. This amendment is effective for fiscal years beginning on or after 1 January 2016.

### f) IAS 38, Intangible assets (amended standard)

Amendments to IAS 38 provide clarification of acceptable methods of depreciation and amortization. The amendments were issued in May 2014 and apply to annual reporting periods beginning on or after 1 January 2016, with early adoption permitted. The Company continues to assess this new standard, but does not expect it to have a significant impact.

## 8) Financial instruments and risk management

### a) Financial instrument classification and measurement

Financial instruments of the Company carried on the Consolidated Statement of Financial Position are carried at amortized cost with the exception of marketable securities, which are carried at fair value. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at 31 March 2016 and 31 March 2015.

The fair value of the Company's marketable securities are quoted in active markets. The Company classifies the fair value of these transactions according to the following hierarchy.

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company's marketable securities have been assessed on the fair value hierarchy described above and classified as Level 1.

### b) Fair values of financial assets and liabilities

The Company's financial instruments include cash and cash equivalents, marketable securities, amounts receivable, reclamation bond, accounts payable and accrued liabilities, and due to related parties. As at 31 March 2016 and 31 March 2015, the carrying value of cash and cash equivalents is fair value. Marketable securities are marked to fair value at each financial statement reporting date. Amounts receivable, reclamation bond, accounts payable and accrued liabilities, and due to related parties approximate their fair value due to their short-term nature.

### c) Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is not exposed to significant market risk.

### d) 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's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with major banks in Canada and the United States; accordingly, the Company believes it not exposed to significant credit risk.

### e) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

### f) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. To manage this risk the Company maintains only the minimum amount of foreign cash required to fund its on-going general and exploration expenditures. The Company is not exposed to significant foreign currency risk, as a 5% shift in foreign exchange rates would result in an impact of approximately $1,000. At 31 March 2016, the Company held currency totalling the following:

| Canadian (Dollars) | US (Dollars) |
|---|---|
| $86,549 | $11,828 |

### g) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at 31 March 2016, the Company had a cash balance of $101,892 to settle current liabilities of $250,559.

## 9) Marketable securities

| 31 March 2015 | Shares | | Cost | | Accumulated Unrealized Gain (Loss) | | Total |
|---|---|---|---|---|---|---|---|
| Palisades Ventures Inc. [(i)] | 5,555 | $ | 30,000 | $ | (29,500) | $ | 500 |
| Confederation Minerals Ltd. | 650,000 | | 56,250 | | (27,000) | | 29,250 |
| True Grit Resources Ltd. | 540,000 | | 70,400 | | (48,800) | | 21,600 |
| Brocade Metals Corp. | 320,000 | | 4 | | - | | 4 |
| American Potash Corp. [(ii)] | 57,219 | | 5,722 | | (2,289) | | 3,433 |
| | | $ | 162,376 | $ | (107,589) | $ | 54,787 |

| 31 March 2016 | Shares | | Cost | | Accumulated Unrealized (Loss) | | Total |
|---|---|---|---|---|---|---|---|
| Palisades Ventures Inc. [(i)(iii)] | **5,555** | **$** | **30,000** | **$** | **-** | **$** | **306** |
| Confederation Minerals Ltd. | **650,000** | | **56,250** | | **-** | | **29,250** |
| True Grit Resources Ltd. | **540,000** | | **70,400** | | **-** | | **100** |
| Brocade Metals Corp. | **320,000** | | **4** | | **-** | | **4** |
| American Potash Corp. [(ii)] | **57,219** | | **5,722** | | **-** | | **572** |
| | | **$** | **162,376** | **$** | **-** | **$** | **30,232** |

(i) Formerly, Uranium Standard Resources Ltd.

(ii) Formerly, Magna Resources Ltd.

(iii) On 27 November 2015, Palisades Ventures Inc. consolidated its shares on a basis of two existing shares for one new share. Units have been retrospectively restated to reflect the consolidation.

For the year ended 31 March 2016, the Company has impaired $129,544 of marketable securities and recorded in profit and loss due to prolonged significant decrease in fair value. As at year-end, the Company has $nil of unrealized loss on marketable securities recorded in accumulated other comprehensive income.

In March 2015, Confederation Minerals Ltd. exercised its final option for a 70% interest in the Newman Todd property by issuing 500,000 shares to Redstar, which were trading at $0.045 per share, and Redstar retains a 30% interest in the Newman Todd Property.

## 10) Exploration and evaluation assets

The Company has interests in mineral properties for the year ended 31 March 2016 and the year ended 31 March 2015 are detailed as follows:

| PROPERTY ACQUISITION COSTS | 31 March 2015 | Acquisition costs | 31 March 2016 |
|---|---|---|---|
| **Alaska** | | | |
| Unga/Popof | $ 3,702,150 | **$ 31,729** | $ 3,733,879 |
| **Nevada** | | | |
| **Seven Devils** | 117,847 | - | 117,847 |
| Nevada General | 21,801 | - | 21,801 |
| Long Island | 17,866 | - | 17,866 |
| Root Spring | (60,162) | - | (60,162) |
| Baker Spring | (7,237) | - | (7,237) |
| Gold Cloud | 7,545 | - | 7,545 |
| Painted Hills | 32,701 | - | 32,701 |
| Oasis | 704 | - | 704 |
| Richmond Summit | (37,278) | - | (37,278) |
| Larus | 20,943 | - | 20,943 |
| Cooks Creek | (34,308) | - | (34,308) |
| Queens | 2,110 | - | 2,110 |
| | 82,532 | - | 82,532 |
| **Canada** | | | |
| Newman Todd | 29,306 | - | 29,306 |
| **Total** | $ 3,813,988 | **$ 31,729** | $ 3,845,717 |

| EXPLORATION EXPENDITURES | Alaska | Nevada | Canada | Total |
|---|---|---|---|---|
| Geological | 481,755 | - | - | 481,755 |
| Assaying | 81,346 | - | - | 81,346 |
| Equipment rental | 76,450 | - | - | 76,450 |
| Travel and accommodation | 54,287 | 2,083 | - | 56,370 |
| Supplies and materials | 34,107 | - | - | 34,107 |
| Land tenure | 26,417 | 2,245 | - | 28,662 |
| Geophysical | 7,622 | - | 6,000 | 13,622 |
| Maps and reports | 1,877 | - | - | 1,877 |
| Recoveries | - | (5,898) | (22,500) | (28,398) |
| **Year ended 31 March 2015** | $ 763,861 | $ (1,570) | $ (16,500) | $ 745,791 |
| Geological | **441,817** | **775** | **-** | **442,593** |
| Drilling | **393,475** | **-** | **-** | **393,475** |
| Supplies and materials | **143,466** | **-** | **-** | **143,466** |
| Travel and accommodation | **93,017** | **-** | **-** | **93,017** |
| Equipment rental | **61,640** | **-** | **-** | **61,640** |
| Land tenure | **-** | **56,528** | **-** | **56,528** |
| Assaying | **37,891** | **-** | **-** | **37,891** |
| Maps and reports | **6,498** | **-** | **-** | **6,498** |
| Recoveries | **-** | **(13,585)** | **-** | **(13,584)** |
| Admin and camp | **59,054** | **-** | **-** | **59,054** |
| **Year ended 31 March 2016** | **$ 1,236,859** | **$ 43,718** | **$ -** | **$ 1,280,578** |

| PROPERTY BY REGION | **31 March 2016** | 31 March 2015 |
|---|---|---|
| **Alaska** | | |
| Unga/Popof | **$ 1,236,859** | $ 763,861 |
| **Nevada** | | |
| Seven Devils | **11,736** | 845 |
| Nevada General | **6,561** | (22,318) |
| Long Island | **5,869** | - |
| Root Spring | **5,657** | 19,215 |
| Baker Spring | **4,783** | 268 |
| Gold Cloud | **4,349** | - |
| Painted Hills | **3,044** | 172 |
| Oasis | **2,177** | 124 |
| Richmond Summit | **2,177** | 124 |
| Larus | **1,525** | - |
| Cooks Creek | **(5,033)** | - |
| Queens | **874** | - |
| **Canada** | | |
| Newman Todd | **-** | (16,500) |
| | **$ 1,280,578** | $ 745,791 |

## a) Alaska Properties, USA

Unga Project

On 19 May 2011, the Company entered into an option agreement with NGAS Production Co. ("NGAS"), a subsidiary of Magnum Hunter Resources Corp. ("Magnum"), to acquire, subject to underlying advance royalty payments of US$2,000 per month to a maximum of US$450,000, a 100% interest in the Unga Project, in consideration for making the following payments:

| | | Cash ($US) | | Shares ($US) [(i)] |
|---|---|---|---|---|
| 19 May 2011 | $ | 100,000 [(ii)] | $ | - |
| 30 June 2011 | | - | | 250,000 [(iii)] |
| 15 July 2011 | | 500,000 [(ii)] | | - |
| 01 January 2012 | | 200,000 [(ii)] | | 250,000 [(iii)] |
| | $ | 800,000 | $ | 500,000 |

(i) The Company must issue in common shares the equivalent dollar-value as stated above.
(ii) Paid
(iii) Issued

In addition, at the option of NGAS, a final option payment of US$1,500,000 in cash (US$1,000,000 on or before 1 September 2012 and US$500,000 on or before 1 September 2013) or the number of common shares of the Company equivalent to US$1,500,000 on or before 1 October 2012.

On 31 August 2012, NGAS elected to be paid US$1,000,000 in cash on 1 September 2012 (paid) and US$500,000 in cash on or before 1 September 2013 (collectively, the "Payments"). With respect to the US$1,000,000 due 1 September 2012, NGAS granted the Company an extension of 180 days from and after 1 September 2012 to make the US$1,000,000 payment due to NGAS, in consideration for making cash payment to NGAS of US$100,000 on signing of the extension agreement (paid), and issuing in the aggregate 875,000 shares in stages, as to 125,000 shares on the TSX approval of the extension agreement (issued), and 125,000 shares each on the 30th, 60th, 90th, 120th, 150th and 180th days after 1 September 2012 (all issued).

In respect of the US$1,000,000 originally due on 1 September 2012 and subsequently extended to February 28, 2013, NGAS granted the Company a second extension of 180 days to 1 September 2013, to make the US$1,000,000 payment due to NGAS, in consideration for making cash payment to NGAS of US$100,000 on signing of the extension agreement (paid) and share issuances to NGAS of 125,000 shares on the TSX approval of the extension agreement (issued), and additional staged share issuances to NGAS until such time as the Payments are made (625,000 shares issued). All commitments having been met, the Company now owns 100% of the Unga Property.

On 18 February 2014, the Company signed a Letter of Intent ("LOI") with Full Metal Minerals Ltd ("FMM"), to take an assignment of FMM's interest in its agreement with The Aleut Corporation ("TAC"), which agreement is subject to force majeure due to the inability of FMM to finalize the last Underlying Agreement. Under the terms of the LOI, the Company may acquire a 100% undivided interest in the property, upon issuance of 4,000,000 shares and payment of a total of US$50,000 (US$10,000 paid) to FMM, subject to regulatory approval, completion of a definitive agreement including the consent of TAC to the assignment, and satisfying the Underlying Agreements. The LOI supersedes all other agreements with FMM in respect of the property.

On 8 September 2014, the Company announced that, together with FMM and TAC, it has signed an Assignment and Novation Agreement in respect to the Popof Property, which replaces the LOI signed on 18 February 2014, whereby all rights and interests held previously by FMM are assigned to Redstar. Pursuant to the Agreement, Redstar is required to perform the following:

| | Cash ($CAD) | Cash ($US) | Shares issued to Full Metal | Exploration expenditure on the Property ($US) |
|---|---|---|---|---|
| On signing of the agreement (i) | $ 125,000 (ii) | $ 50,000(ii) | 750,000(ii) | $ - |
| 1 January 2015 | - | 55,000(ii) | - | 400,000 (iii) |
| 1 January 2016 | - | 60,000(ii) | - | 500,000 (iii) |
| 1 January 2017 | - | 60,000 | - | 500,000 |
| 1 January 2018 | - | - | - | 1,000,000 |
| 1 January 2019 | - | - | - | 1,000,000 |
| | $ 125,000 | $ 225,000 | 750,000 | $ 3,400,000 |

(i) 8 September 2014
(ii) Paid or issued
(iii) Incurred

**b) Nevada Properties, USA**

AngloGold-Ashanti Agreements

On 9 March 2005, the Company entered into a Data Base Purchase and Buy Back Agreement with AngloGold-Ashanti North America Inc. (“AngloGold”) whereby the Company acquired the right to a 100% ownership of an exploration and geological database covering Nevada, Utah, Idaho and California ("Great Basin Database"), in consideration for the issuance of shares and making certain expenditures within the Great Basin. The agreement was subject to AngloGold retaining the right to back into projects for a 60% interest by making certain additional expenditures on specified properties. On 8 May 2008, the Company completed the purchase of the database, eliminating AngloGold’s back-in option on various properties, and the agreement was terminated. Pursuant to a subsequent agreement, the back-in rights on properties acquired prior to May, 2008 (Eagle Basin, Richmond Summit, Cooks Creek, Root Spring and Oasis) were converted to royalties of 1% to 2%, depending on the price of gold.

Nevada Properties and AngloGold royalty

| Properties | Staked Claims (#) | AngloGold Royalty (%) |
|---|---|---|
| Baker | 22 | - |
| Cooks Creek | 66 | 1-2 |
| Gold Cloud | 20 | - |
| Larus | 7 | - |
| Long Island | 27 | - |
| Oasis | 10 | 1-2 |
| Painted Hills | 14 | - |
| Queens | 4 | - |
| Richmond Summit | 10 | 1-2 |
| Root Springs | 61 | 1-2 |
| Seven Devils | 54 | - |

24 January 2014 Agreement – Nevada Projects

On 24 January 2014, the Company entered into an option-to-purchase agreement with True Grit Resources Ltd ("True Grit"), pursuant to which True Grit can acquire 100% of the Company's assets in Nevada, comprised of 10 of the projects (the "Projects") in Nevada (including the Cooks Creek Property, and excluding the Root Spring Property as well as the AngloGold-Ashanti database (the "Database") owned by the Company, in consideration for making the following staged cash payments and share issuances, and incurring in stages the following exploration expenditures:

| | | Cash | Shares | | Exploration Expenditures on Projects |
|---|---|---|---|---|---|
| Within five business days of the effective date (i) | $ | 50,000 (ii) | 500,000 (ii) | $ | - |
| On or before 20 February 2015 | | 50,000 | 500,000 | | 250,000 |
| On or before 20 February 2016 | | 50,000 | 500,000 | | 250,000 |
| On or before 20 February 2017 | | 50,000 | 1,000,000 | | 250,000 |
| | $ | 200,000 | 2,500,000 | $ | 750,000 |

(i) Effective date: 20 February 2014

(ii) Received

The Agreement also provides for additional cash and shares to be received on completion of any bankable feasibility in connection with the Projects, as well as a net smelter royalty ranging from 1% to 2.5%, of which True Grit can purchase 50% for $1,000,000 for a period of up to two years after the commencement of commercial production. The Agreement supersedes the prior option agreement in respect of the Cooks Creek Property. On 21 December 2015, True Grit agreed to the termination of the Agreement. In connection with the termination, True Grit also transferred to Redstar ownership of the reclamation bond on the Cooks Creek Property in the amount of US$15,353 (CAD $19,914).

24 February 2014 Agreement – Digital Copy of Database

On 24 February 2014, the Company entered into a purchase agreement with Renaissance Gold Inc., to sell a digital copy of the Database, in consideration for $60,000 (received).

Root Spring Property – Option Agreement

On 6 June 2011, the Company entered into an option agreement, subsequently amended in October, 2012 and November, 2013 (the "Amending Agreement"), with Brocade Metals Corp. ("Brocade"), whereby Brocade has the option to earn a 70% interest in the property in consideration for the following:

| | | Cash | Shares | | Exploration Expenditures on Projects |
|---|---|---|---|---|---|
| On signing of the agreement | $ | 20,000 (i) | 100,000 (i) | $ | - |
| On or before 31 December 2011 | | 30,000 (i) | 100,000 (i) | | 100,000 (ii) |
| On or before 31 December 2012 | | 30,000 (i) | 60,000 (i) | | 400,000 (ii) |
| On execution of Amending Agreement | | 5,000 (i) | - | | - |
| On or before 31 December 2013 | | - | 60,000 (i) | | - |
| On or before 31 December 2014 | | 38,333 | 60,000 | | 500,000 |
| On or before 31 December 2015 | | 38,333 | 60,000 | | 750,000 |
| On or before 31 December 2016 | | 38,333 | 60,000 | | 1,250,000 |
| | $ | 199,999 | 500,000 | $ | 3,000,000 |

(i) Received

(ii) Incurred

During the year ended 31 March 2015, the Company was advised by Brocade that it was terminating the Option Agreement on the Root Springs Property.

### c) Newman Todd Property, Red Lake District, Ontario, Canada

In 2007, the Company acquired a 100% interest in the Newman Todd area properties ("Todd Properties") (comprised of several properties) by issuing 700,000 common shares to the vendor. The mineral claims are subject to a 1% net smelter return ("NSR") royalty provided that the total NSR royalties payable on any claims within the property does not exceed 2.75%. Should a mine be placed into production, the Company is required to issue common shares with a value in the aggregate of $1,000,000. Should production exceed 250,000 ounces of gold, the Company is required to issue additional common shares with a value of $1,000,000.

On 19 November 2010, the Company entered into an option agreement with Confederation Minerals Ltd. ("Confederation") whereby Confederation could earn up to a 70% undivided interest in the Company's 100% owned Todd Properties in Red Lake, Ontario.

Under the terms of the agreement, Confederation could earn an initial 50% interest in the project by funding $5,000,000 in exploration and development work, issuing shares of Confederation and making payments to the Company as follows:

| | Cash | Shares | Exploration Expenditures on Projects |
|---|---|---|---|
| 19 November 2010 | $ 50,000 (i) | 100,000 (i) | $ - |
| 19 November 2011 | 50,000 (i) | 100,000 (i) | 2,000,000 (ii) |
| 19 November 2012 | 75,000 (i) | 150,000 (i) | 1,500,000 (ii) |
| 19 November 2013 | 75,000 (i) | 150,000 (i) | 1,500,000 (ii) |
| | $ 250,000 | 500,000 | $ 5,000,000 |

(i) Received

(ii) Incurred

Having earned an initial 50% interest in the project, Confederation could earn an additional 20% interest by providing a Preliminary Assessment of the property, at Confederation's cost, and issuing 500,000 shares of Confederation to the Company. In addition, to maintain the second option in good standing, Confederation would make minimum annual expenditures of $250,000 commencing on the third anniversary and until the earlier of (a) the full exercise of the second option, and (b) the expiry of the second option.

On 24 March 2015, Confederation earned their additional 20% interest in the project by providing a Preliminary Assessment and issuing 500,000 shares to the Company.

On 14 April 2011, the Company acquired, under joint acquisition with Confederation, a 50% interest in 18 mineral claims adjacent to the Todd Properties ("Adjacent Property"). Of the 50% interest acquired by the parties from the vendor, Confederation acquired an undivided 35% interest in the Adjacent Property (being 70% of vendor's interest) and the Company acquired an undivided 15% interest in the Adjacent Property (being 30% of the vendor's interest) for the sum of $70,000. The remaining 50% interest in the claims is held by Rubicon Minerals Corporation.

## 11) Intangible assets

| | | Computer Software |
|---|---|---|
| **COST OR DEEMED COST** | | |
| **Balance at 31 March 2014** | $ | - |
| Additions | | 10,986 |
| **Balance at 31 March 2015** | $ | 10,986 |
| Additions | | **-** |
| **Balance at 31 March 2016** | **$** | **10,986** |
| **ACCUMULATED DEPRECIATION** | | |
| **Balance at 31 March 2015** | $ | 625 |
| Depreciation for the year | | **3,108** |
| **Balance at 31 March 2016** | **$** | **3,733** |
| **CARRYING AMOUNTS** | | |
| At 31 March 2015 | $ | 10,361 |
| At 31 March 2016 | **$** | **7,253** |

## 12) Equipment

| | | Computers | | Equipment | | Vehicles | | Total |
|---|---|---|---|---|---|---|---|---|
| **COST OR DEEMED COST** | | | | | | | | |
| **Balance at 31 March 2014** | **$** | **77,911** | **$** | **27,016** | **$** | **29,100** | **$** | **134,027** |
| Additions for the year | | - | | - | | - | | - |
| **Balance at 31 March 2015** | **$** | **77,911** | **$** | **27,016** | **$** | **29,100** | **$** | **134,027** |
| Additions for the year | | - | | - | | - | | - |
| **Balance at 31 March 2016** | **$** | **77,911** | **$** | **27,016** | **$** | **29,100** | **$** | **134,027** |
| **ACCUMULATED DEPRECIATION** | | | | | | | | |
| **Balance at 01 April 2014** | $ | 66,840 | $ | 21,336 | $ | 22,801 | $ | 110,977 |
| Depreciation for the year | | 3,321 | | 1,136 | | 1,890 | | 6,347 |
| **Balance at 31 March 2015** | $ | 70,161 | $ | 22,472 | $ | 24,691 | $ | 117,324 |
| Depreciation for the year | | **2,325** | | **908** | | **1,888** | | **5,122** |
| **Balance at 31 March 2016** | **$** | **72,486** | **$** | **23,380** | **$** | **26,579** | **$** | **122,446** |
| **CARRYING AMOUNTS** | | | | | | | | |
| At 31 March 2015 | $ | 7,750 | $ | 4,544 | $ | 4,409 | $ | 16,703 |
| At 31 March 2016 | **$** | **5,425** | **$** | **3,636** | **$** | **2,521** | **$** | **11,582** |

## 13) Capital management

The Company's capital consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing, selling assets, and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

## 14) Share capital

### a) Authorized

Unlimited common shares without par value.

### b) Issued or allotted and fully paid:

<u>During the year ended 31 March 2016:</u>

On 9 September 2015, the Company closed a non-brokered private placement and issued 18,750,000 common shares at a value of $0.04 per share, raising gross proceeds of $750,000. The Company recorded $43,320 of share issuance cost.

<u>During the year ended 31 March 2015:</u>

On 20 November 2014, the Company issued 750,000 common shares at a value of $0.04 for a total value of $30,000. The common shares were issued pursuant to the terms of the Assignment and Novation Agreement dated 8 September 2014 with the Aleut Corporation, details of which are disclosed in Note 9.

The Company closed, on 27 May 2014, a non-brokered private placement of 55,133,333 units (the "Units") at a price of $0.06 per unit for gross proceeds of approximately $3.31 million. Each Unit consisted of one common share and two transferable one-half common share purchase warrants (Warrants A and Warrants B). Each whole Warrant A can be exercised into one common share of the Company at a price of $0.09 per share until 27 May 2015. This expiry date of the Series A Warrants was subsequently extended to 27 August 2015. Each whole Warrant B can be exercised into one common share of the Company at a price of $0.12 per share until 27 January 2017. If 18 months after closing the Company's common shares trade at a 33.3 percent premium to the warrant exercise price for 10 consecutive trading days, then the Company can force warrant holders to exercise their Warrants B into common shares of the Company. In connection with the private placement, the Company has paid finder's fees in the amount of $64,080 to finders who introduced subscribers to the placement.

### c) Stock options

The Company has a 10% stock option plan for its directors, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date of grant. The maximum term of the options is 5 years.

On 4 May 2015, Redstar announced that it has granted an aggregate of 2,700,000 incentive stock options to officers, directors, and consultants of the Company. 500,000 of these options are exercisable at $0.09 per share for a period of two years from the date of grant with one quarter of the options vesting immediately, one quarter vesting after six months, one quarter vesting after nine months and one quarter vesting after twelve months. The remaining 2,200,000 options are exercisable at $0.06 per share for a period of five years from the date of grant with all options vesting immediately.

On 4 May 2015 and 27 May 2015, the Company cancelled 4,705,000 and 880,000 incentive stock options, respectively.

On 28 October 2015, 100,000 options expired unexercised.

On 25 January, 2016, the Company appointed Mr. Peter A. Ball as President and CEO. The Company has agreed to grant to Mr. Peter 2,500,000 options to acquire common shares of the Company for a period of five years at an exercise price of $0.05 per share.

On March 2, 2016, the Company granted an aggregate of 5,400,000 incentive stock options to officers, directors and consultants of the Company. 5,200,000 of these Options are exercisable at $0.05 per share for a period of five years from the date of grant, with all Options vesting immediately. The remaining 200,000 Options are exercisable at $0.05 per share for a period of two years from the date of grant with all Options vesting immediately.

Stock option activity during the year is summarized as follows:

| STOCK OPTION ACTIVITY | 31 March 2016 | Weighted Average Exercise Price | 31 March 2015 | Weighted Average Exercise Price |
|---|---|---|---|---|
| **Balance – Beginning of Year** | **9,150,000** | **$ 0.16** | 7,335,000 | $ 0.28 |
| Granted | **10,600,000** | **0.05** | 3,800,000 | 0.06 |
| Expired | **(575,000)** | **0.20** | (505,000) | 0.15 |
| Cancelled | **(5,585,000)** | **0.19** | (1,480,000) | 0.32 |
| **Balance – End of Year** | **13,590,000** | **$ 0.06** | 9,150,000 | $ 0.16 |

Stock-based compensation for the options that vested during the year is as follows:

| | 31 March 2016 |
|---|---|
| Number of options vested | **11,212,500** |
| Compensation recognized | **$ 245,042** |

| | 31 March 2016 | 31 March 2015 |
|---|---|---|
| The outstanding options have a weighted-average exercise price of: | **$ 0.06** | $ 0.16 |
| The weighted average remaining life of the outstanding options is: | **4.14** | 2.78 |

As at 31 March 2016 and 31 March 2015 the Company had the following stock options outstanding:

| Expiry date | Exercise Price | 31 March 2016 Outstanding | 31 March 2016 Exercisable | 31 March 2015 Outstanding |
|---|---|---|---|---|
| 28 October 2015 | **0.18** | **-** | **-** | 860,000 |
| 23 February 2016 | **0.30** | **-** | **-** | 100,000 |
| 07 September 2016 | **0.50** | **-** | **-** | 500,000 |
| 18 May 2017 | **0.29** | **200,000** | **200,000** | 1,675,000 |
| 26 July 2017 | **0.20** | **400,000** | **400,000** | 400,000 |
| 30 September 2018 | **0.10** | **540,000** | **540,000** | 940,000 |
| 05 June 2015 | **0.20** | **-** | **-** | 475,000 |
| 05 December 2016 | **0.10** | **-** | **-** | 400,000 |
| 30 April 2019 | **0.06** | **450,000** | **450,000** | 450,000 |
| 10 September 2019 | **0.06** | **1,000,000** | **1,000,000** | 1,750,000 |
| 29 October 2019 | **0.06** | **400,000** | **300,000** | 1,600,000 |
| 04 May 2017 | **0.09** | **500,000** | **337,500** | - |
| 04 May 2020 | **0.06** | **2,200,000** | **2,200,000** | - |
| 25 January 2021 | **0.05** | **2,500,000** | **2,500,000** | - |
| 21 March 2021 | **0.05** | **5,200,000** | **5,200,000** | - |
| 02 March 2018 | **0.05** | **200,000** | **200,000** | - |
| | | **13,590,000** | **13,327,500** | 9,150,000 |

## d) Share-based payments

For the year ended 31 March 2016 and the year ended 31 March 2015, the Company issued stock options to its directors, officers, employees, and consultants and recognized stock-based compensation as follows:

| | 31 March 2016 | 31 March 2015 |
|---|---|---|
| **Total Options Granted** | **10,600,000** | 3,800,000 |
| Weighted average exercise price | **$ 0.05** | $ 0.06 |
| Estimated fair value of compensation | **$ 223,268** | $ 76,469 |
| Estimated fair value per option | **$ 0.02** | $ 0.01 |

The fair value of the stock-based compensation of options to be recognized in the accounts has been estimated using the Black-Scholes Model with the following weighted-average assumptions:

| | 31 March 2016 | 31 March 2015 |
|---|---|---|
| Risk free interest rate | **0.60%** | 1.05% |
| Expected dividend yield | **0.00%** | 0.00% |
| Expected stock price volatility | **65-78%** | 70% |
| Expected option life in years | **2.0-3.5** | 3.5 |
| Expected maturity rate | **70-100 %** | 70-100% |

The Black-Scholes Option Pricing Model was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the highly subjective input assumptions can materially affect the calculated values, management believes that the accepted Black-Scholes model does not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

### e) Warrants

On 13 October 2015, the Company extended the expiration date of 39,383,363 warrants issued on 21 August 2013 from 21 October 2015 to 21 October 2016. The exercise price will remain $0.10.

On 12 May 2015, the Company extended the expiration date of the 27,566,666 warrants issued on 27 May 2014 from 27 May 2015 to 27 August 2015. The exercise price will remain $0.09.

| WARRANT ACTIVITY | 31 March 2016 | Weighted Average Exercise Price | 31 March 2015 | Weighted Average Exercise Price |
|---|---|---|---|---|
| **Balance – Beginning of Year** | **94,515,696** | **$ 0.11** | 42,065,193 | $ 0.08 |
| Issued | **-** | **-** | 55,133,333 | 0.11 |
| Expired | **(27,566,666)** | **0.09** | (2,681,830) | 0.25 |
| **Balance – End of Year** | **66,950,030** | **$ 0.11** | 94,516,696 | $ 0.11 |

The weighted-average remaining life of the options is 0.67 years.

| Date of Issuance | Date of Expiry | Exercise Price | 31 March 2016 Outstanding | 31 March 2015 Outstanding |
|---|---|---|---|---|
| 21 August 2013 | 21 October 2015 | **$ 0.10** | **39,383,363** | 39,383,363 |
| 27 May 2014 | 27 August 2015 | **$ 0.09** | **-** | 27,566,666 |
| 27 May 2014 | 27 January 2017 | **$ 0.12** | **27,566,667** | 27,566,667 |
| | | | **66,950,030** | 94,516,696 |

## 15) Related party transactions

### RELATED PARTY DISCLOSURE

| Name and Principal Position | Fiscal Period(i) | | Remuneration or Fees(ii) | | Amounts Payable |
|---|---|---|---|---|---|
| Ariston Capital Corp., a company controlled | **2016** | **$** | **30,000** | **$** | **12,350** |
| by the CEO – consulting fees | 2015 | $ | - | $ | - |
| Clearline, a company of which the CFO is a director | **2016** | **$** | **85,000** | **$** | **23,521** |
| CFO – consulting fees | 2015 | $ | 15,000 | $ | 3,000 |
| Director and Chairman of the Board | **2016** | **$** | **50,000** | **$** | **40,494** |
| | 2015 | $ | 50,000 | $ | 4,167 |
| Highwood Advisory, a company controlled | **2016** | **$** | **67,600** | **$** | **15,283** |
| by the former CEO – consulting fees | 2015 | $ | 49,575 | $ | 6,300 |
| Acrehouse, a company controlled by a former CEO | **2016** | **$** | - | **$** | - |
| and president – consulting fees | 2015 | $ | 85,833 | $ | 11,375 |

(i) For the years ended 31 March 2016 and 31 March 2015.

(ii) Remuneration or fees were paid or accrued to the related party.

The above transactions are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to related parties are unsecured, non-interest bearing and have no fixed term of repayment.

## 16) Segmented disclosure

| Rounded to 000's | | Canada | | United States | | Total |
|---|---|---|---|---|---|---|
| **31 March 2016** | | | | | | |
| Current assets | **$** | **154,000** | **$** | **5,000** | **$** | **159,000** |
| **Non-current Assets** | | | | | | |
| Non-current deposit | | **7,000** | | **-** | | **7,000** |
| Reclamation bond | | **-** | | **20,000** | | **20,000** |
| Exploration and evaluation assets | | **29,000** | | **3,816,000** | | **3,846,000** |
| Intangible assets | | **7,000** | | **-** | | **7,000** |
| Equipment | | **9,000** | | **3,000** | | **12,000** |
| **Liabilities** | | | | | | |
| Current liabilities | | **251,000** | | **-** | | **251,000** |
| **31 March 2015** | | | | | | |
| Current assets | $ | 1,393,000 | $ | 5,000 | $ | 1,398,000 |
| **Non-current Assets** | | | | | | |
| Non-current deposit | | 7,000 | | - | | 7,000 |
| Exploration and evaluation assets | | 29,000 | | 3,785,000 | | 3,814,000 |
| Intangible assets | | 10,000 | | - | | 10,000 |
| Equipment | | 12,000 | | 5,000 | | 17,000 |
| **Liabilities** | | | | | | |
| Current liabilities | | 177,000 | | - | | 177,000 |

## 17) Income Taxes

The following table reconciles the expected income taxes (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of loss and comprehensive loss for the years ended 31 March 2016 and 2015

| | **31 March 2016** | 31 March 2015 (Restated) |
|---|---|---|
| Canadian (loss) before income taxes | **$ (2,221,088)** | $ (1,760,099) |
| Canadian statutory tax rates | **26.00%** | 26.00% |
| Expected income tax (recovery) | **(577,483)** | (457,626) |
| Non-deductible items | **(37,694)** | (18,391) |
| Change in estimates | **100,345** | (3,094,906) |
| Change in tax rates | **-** | - |
| Functional currency adjustments | **(111,718)** | (391,111) |
| Foreign tax rate differences | **(105,037)** | (69,119) |
| Change in deferred tax asset not recognized | **731,587** | 4,031,153 |
| Total income tax expense (recovery) | **$ -** | $ - |

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred tax assets (liabilities) at 31 March 2016 and 2015 are comprised of the following:

| | **31 March 2016** | 31 March 2015 (Restated) |
|---|---|---|
| **Deferred tax assets - Canada** | | |
| Non-capital loss carryforwards | **$ 1,777,437** | $ 1,482,526 |
| Exploration and evaluation assets | **1,340,042** | 1,341,602 |
| Property and equipment | **9,452** | 14,246 |
| Financial instrument | **34,356** | 27,973 |
| Investment credit | **143,971** | 143,972 |
| | **3,305,258** | 3,010,319 |
| Deferred tax asset not recognized | **(3,305,258)** | (3,010,319) |
| Net deferred tax asset | **$ -** | $ - |
| **Deferred tax assets - US** | | |
| Net operating loss carry forwards | **$ 2,969,392** | $ 2,577,735 |
| Property and equipment | **(1,155)** | (956) |
| Mineral property | **2,552,916** | 2,507,726 |
| | **5,521,153** | 5,084,505 |
| Deferred tax asset not recognized | **(5,521,153)** | (5,084,505) |
| Net deferred tax asset | **$ -** | $ - |

The Company has non-capital loss carry forwards of approximately $6,836,295 which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

| **Year of Expiry** | Taxable Loss |
|---|---|
| 2026 | 354,237 |
| 2027 | 352,138 |
| 2028 | 675,557 |
| 2029 | 447,735 |
| 2030 | 113,279 |
| 2031 | 219,706 |
| 2032 | 730,366 |
| 2033 | 918,870 |
| 2034 | 1,019,524 |
| 2035 | 957,897 |
| 2036 | 1,046,986 |
| **Total** | $ 6,836,295 |

The Company has non-capital loss carry forwards of approximately $9,766,507 which may be carried forward to apply against future year income tax for US income tax purposes.

| **Year of Expiry** | Taxable Loss |
|---|---|
| 2029 | $ 137,808 |
| 2030 | 609,356 |
| 2031 | 1,093,925 |
| 2032 | 1,311,871 |
| 2033 | 1,394,106 |
| 2034 | 2,854,528 |
| 2035 | 1,031,960 |
| 2036 | 1,332,953 |
| **Total** | $ 9,766,507 |

## 18) Subsequent events

On 29 April 2016, the Company announced that it closed a non-brokered private placement of 19,085,200 units at a price of $0.06 per unit to raise gross proceeds of $1,145,112. Each unit consists of one common share and one warrant. Each whole warrant can be exercised into one common share of the Company at an exercise price of $0.14 for a period of three years from closing. Proceeds will be used to advance Unga Gold Project in Alaska and for general corporate purposes. The Company has agreed to pay finders' fees equal to 6% in cash.