ELY GOLD & MINERALS INC.
(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

THREE AND SIX MONTHS ENDED JUNE 30, 2016 AND 2015

Notice to Reader

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Canadian Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

ELY GOLD & MINERALS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

As at	Notes	June 30, 2016	December 31, 2015
ASSETS			
Current			
Cash and cash equivalents		$ 3,661,665	$ 4,998,718
Marketable securities	6	83,546	81,159
Receivables	7	36,856	26,387
Prepaid expenses	13	44,534	108,868
		3,826,601	5,215,132
Non-Current			
Reclamation bond		60,662	60,662
Exploration and evaluation assets	9	2,374,382	1,009,244
		$ 6,261,645	$ 6,285,038
LIABILITIES			
Current			
Accounts payable and accrued liabilities	10 & 13	$ 35,257	$ 38,009
		35,257	38,009
Note payable	11	524,423	-
		559,680	38,009
EQUITY			
Share capital	12	25,229,869	25,229,869
Share-based payment reserve	12	950,370	897,362
Deficit		(20,478,274)	(19,880,202)
		5,701,965	6,247,029
		$ 6,261,645	$ 6,285,038

Approved and authorized by the Board:

"Ronald Husband"	Director	*"Stephen Kenwood"*	Director
Ronald Husband		Stephen Kenwood	

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

ELY GOLD & MINERALS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

		Three months ended June 30,		Six months ended June 30,	
	Notes	2016	2015	2016	2015
EXPENSES					
Consulting fees	13	$ 221,999	$ 211,672	$ 305,066	$ 416,558
Insurance		5,931	3,444	13,253	7,095
Office and administration		28,614	9,758	38,476	20,417
Professional fees		17,905	113,512	77,087	133,759
Rent		3,000	3,000	6,000	7,600
Share-based payments	12 & 13	-	-	18,025	-
Transfer agent and filing fees		9,929	12,499	13,394	15,131
Travel and promotion		8,142	4,635	15,928	9,852
		(295,520)	(358,520)	(487,229)	(610,412)
OTHER INCOME (EXPENSE)					
Interest expense	11 & 13	(4,154)	(42,465)	(4,154)	(81,596)
Interest income		46	92	92	145
Other income	9c	17,293	-	17,293	-
Change in value of deferred compensation	13	-	28,371	-	(126,820)
Change in fair value of marketable securities	6	2,387	(19,495)	(2,387)	(34,030)
Loss on disposal of marketable securities	6	-	(883)	-	(1,183)
(Loss) gain on foreign exchange		108,202	(8,866)	(198,967)	34,660
		123,774	(43,246)	(188,123)	(208,824)
Loss and comprehensive loss for the period		$ (171,746)	$ (401,766)	$ (675,352)	$ (819,236)
Basic and diluted loss per share		$ (0.00)	$ 0.00	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding		64,580,475	80,312,749	64,580,475	80,312,749

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

ELY GOLD & MINERALS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

For the six months ended June 30,	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (675,352)	$ (819,236)
Items not affecting cash:		
Interest expense	4,154	81,596
Change in value of deferred compensation	-	126,820
Change in fair value of marketable securities	(2,387)	34,030
Loss on disposal of marketable securities	-	1,183
Share-based payments	18,025	-
Unrealized foreign exchange	4,909	(664,008)
Changes in non-cash working capital items:		
Receivables	(10,469)	(1,872)
Prepaid expenses	(86)	(1,492)
Accounts payable and accrued liabilities	(2,752)	535,663
Deferred compensation	-	397,832
Net cash used in operating activities	(663,958)	(309,484)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditures, net of recoveries	(673,095)	(8,361)
Proceeds on disposal of marketable securities	-	58,210
Net cash used in investing activities	(673,095)	49,849
Change in cash and cash equivalents for the period	(1,337,053)	(259,635)
Cash and cash equivalents, beginning of period	4,998,718	578,198
Cash and cash equivalents, end of period	$ 3,661,665	$ 318,563
Cash and cash equivalents consists of:		
Cash	$ 3,636,665	$ 293,563
Term deposit	25,000	25,000
	$ 3,661,665	$ 318,563

Supplemental disclosure with respect to cash flows (Note 14)

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

ELY GOLD & MINERALS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)
(Unaudited)

	Note	Number of shares	Share capital	Share-based payment reserve	Deficit	Total
Balance, December 31, 2014		80,312,749	$ 25,229,869	$ 2,710,071	$ (28,159,317)	$ (219,377)
Expired warrants		-	-	(1,278,228)	1,278,228	-
Net loss for the period		-	-	-	(819,236)	(819,236)
Balance, June 30, 2015		80,312,749	$ 25,229,869	$ 1,431,843	$ (27,700,325)	$ (1,038,613)
Shares returned to treasury	8	(15,732,274)	-	-	-	-
Share-based payments		-	-	29,994	-	29,994
Expired options		-	-	(564,475)	564,475	-
Net gain for the period		-	-	-	7,255,648	7,255,648
Balance, December 31, 2015		64,580,475	$ 25,229,869	$ 897,362	$ (19,880,202)	$ 6,247,029
Share-based payments		-	-	18,025	-	18,025
Warrants issued for mineral properties	9c	-	-	112,263	-	112,263
Expired options		-	-	(77,280)	77,280	-
Net loss for the period		-	-	-	(675,352)	(675,352)
Balance, June 30, 2016		64,580,475	$ 25,229,869	$ 950,370	$ (20,478,274)	$ 5,701,965

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

1. NATURE OF AND CONTINUANCE OF OPERATIONS

Ely Gold & Minerals Inc. (the "Company" or "Ely") was incorporated under the *Business Corporations Act* (Alberta) on May 10, 1996. The Company was continued into British Columbia in 2002 where it is now domiciled and governed by the *Business Corporations Act* (British Columbia). Since 2004 its principal business activity has been the acquisition, exploration and development of exploration and evaluation assets. The Company is listed on the TSX Venture Exchange ("TSX-V"), having the symbol ELY.

The Company's registered office is Suite 459 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2.

On August 25, 2015, the Company completed the sale of its investment in Mt. Hamilton LLC ("MH-LLC") (a Colorado limited liability company) and received cash proceeds of $7,977,600 (US$6,000,000) and returned 15,732,274 of the Company's common shares to the treasury. Refer to Note 8 for a description of the MH-LLC disposal transaction.

The recovery of the amounts comprising exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development, and upon future profitable production.

The Company incurred a net loss of $171,746 (2015 - $401,766) and $675,352 (2015 – $819,236) for the three and six months ended June 30, 2016, respectively. As at June 30, 2016, the Company had an accumulated deficit $20,478,274 (December 31, 2015 - $19,880,202) with working capital of $3,791,344 (December 31, 2015 - $5,177,123).

These condensed interim consolidated 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. A number of alternatives, including, but not limited to, selling an interest in one or more of its properties or completing a financing, are being evaluated with the objective of funding ongoing activities and obtaining additional working capital. 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.

These condensed interim consolidated financial statements were approved by the Board of Directors for issue on August 29, 2016.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed interim consolidated financial statements have been prepared by management in accordance with IAS 34 - Interim Financial Reporting ("IAS 34") using accounting principles consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The significant accounting policies applied in preparing these condensed interim consolidated financial statements are consistent with the accounting policies as disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2015.

These condensed interim consolidated financial statements do not include all of the required disclosures for annual consolidated financial statements. Accordingly, they should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2015 and the notes thereto.

2. BASIS OF PREPARATION (cont'd…)

Basis of consolidation and presentation

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as available-for-sale and derivative financial liabilities, which are stated at their fair values. All dollar amounts presented are in Canadian dollars, the Company's functional currency, unless otherwise specified.

These condensed interim consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiaries. 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 condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, DHI Minerals Ltd. ("DHI") (a Canadian corporation), DHI Minerals (US) Ltd. ("DHI US") (a Nevada corporation), Voyageur Gold Inc. ("Voyageur") (a Canadian corporation) and Nevada Select Royalty, Inc. ("Nevada Select"), (a Nevada corporation incorporated on February 26, 2016). The Company's 20% equity interest in MH-LLC was owned through DHI US. All significant intercompany transactions and balances have been eliminated. On August 25, 2015, the Company disposed of its interest in MH-LLC and ceased to equity account its investment in MH-LLC at that date. Refer to Note 8.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Company.

Use of estimates and judgments

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and the reported revenues and expenses during the period. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Critical accounting estimates

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

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Share-based payments

The fair value of share-based payments is subject to the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in certain assumptions. As the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices and expected forfeiture rate, changes in subjective input assumptions can materially affect the fair value estimate.

2. BASIS OF PREPARATION (cont'd…)

Use of estimates and judgments (cont'd…)

Critical accounting estimates (cont'd…)

Impairment of mineral properties

Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral properties.

In respect of costs incurred for its mineral properties, management has determined that exploratory drilling, evaluation and related costs incurred, which have been capitalized, continue to be appropriately recorded on the consolidated statement of financial position at its carrying value. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including geologic and metallurgic information, economic assessment/studies, accessible facilities and existing permits.

3. SIGNIFICANT ACCOUNTING POLICIES

Changes in accounting standards not yet adopted

The Company has reviewed new and revised accounting pronouncements that have been issued, but are not yet effective. The Company has not early-adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

1) IFRS 9 *Financial Instruments* (2014)

This is a finalized version of IFRS 9, which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement.* The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a "fair value through other comprehensive income" category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.
- Impairment. The 2014 version of IFRS 9 introduces an "expected credit loss" model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- Derecognition. The requirements for the de-recognition of financial assets and liabilities are carried forward from IAS 39.

Applicable to the Company's annual period beginning on January 1, 2018.

(Expressed in Canadian Dollars)

3. FINANCIAL INSTRUMENTS

The Company classifies its cash and cash equivalents as FVTPL; marketable securities, as available-for-sale; and accounts payable and accrued liabilities and deferred compensation, as other financial liabilities.

The carrying values of cash and cash equivalents, and marketable securities have been based on quoted market prices, a Level 1 measurement according to the fair value hierarchy. The carrying value of deferred compensation is based on inputs, other than quoted prices, for which there is observable market data; a Level 2 measurement according to the fair value hierarchy. The carrying value of accounts payable and accrued liabilities approximates fair value, due to the short term to maturity of these financial instruments.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

(a) Credit risk

Credit risk refers to the potential that a counterparty to a financial instrument will fail to discharge its contractual obligations. The Company manages credit risk, in respect of cash and cash equivalents, by placing its cash balances at a major Canadian financial institution.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents, as all amounts are held at major Canadian financial institutions, and with respect to other receivables, as it is due from only one party. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	June 30, 2016	December 31, 2015
Cash and cash equivalents	$ 3,661,665	$ 4,998,718

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At June 30, 2016, the Company has cash and cash equivalents of $3,661,665 (December 31, 2015 - $4,998,718), current liabilities of $35,257 (December 31, 2015 - $38,009) and working capital of $3,791,344 (December 31, 2015 - $5,177,123).

Accounts payable and accrued liabilities of $35,257 are due in the third quarter of fiscal 2016.

4. FINANCIAL INSTRUMENTS (cont'd…)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

Interest rate risk consists of three components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

(c) Fluctuations in the interest rates impact the value of cash equivalents. As at June 30, 2016, the impact of interest rates on the Company is not deemed significant. The Company's other liabilities are not exposed to interest rate risk, as they are carried at amortized cost.

(ii) Foreign currency risk

The Company incurs expenditures in Canada and the US. Foreign currency risk arises because the amount of the US dollar cash, intercompany balances and payables will vary in Canadian dollar terms due to changes in exchange rates.

As at June 30, 2016, the Company has not hedged its exposure to currency fluctuations.

At June 30, 2016 and December 31, 2015, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars:

		June 30, 2016		December 31, 2015
Cash and cash equivalents	US$	2,796,178	US$	3,351,757
Accounts payable and accrued liabilities		(1,123)		(2,218)
Note payable		(400,000)		-
Net	US$	2,395,055	US$	3,349,539
Canadian dollar equivalent		$ 3,115,727		$ 4,635,762

Based on the above net exposures as at June 30, 2016, a 5% (December 31, 2015 - 5%) change in the Canadian/US exchange rate would impact the Company's gain (loss) and comprehensive gain (loss) by approximately $156,000 (December 31, 2015 - $232,000).

(Expressed in Canadian Dollars)

4. FINANCIAL INSTRUMENTS (cont'd…)

(c) Market risk (cont'd…)

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant price risk on its marketable securities.

(iv) Fair value hierarchy

The following tables summarize the Company's financial instruments under the fair value hierarchy, as at June 30, 2016 and December 31, 2015:

June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
FVTPL				
Cash and cash equivalents	$3,661,665	$ -	$ -	$3,661,665
Available-for-sale				
Marketable securities	$ 83,546	$ -	$ -	$ 83,546

December 31, 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
FVTPL				
Cash and cash equivalents	$4,998,718	$ -	$ -	$ 4,998,718
Available-for-sale				
Marketable securities	$ 81,159	$ -	$ -	$ 81,159

5. CAPITAL MANAGEMENT

The Company is an exploration stage company and this involves a high degree of risk. The Company has not determined whether its exploration and evaluation assets contain economically recoverable reserves of ore and currently has not earned any revenues from its exploration and evaluation assets, and therefore, does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of share capital and debt. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company defines its capital as equity (deficiency). Capital requirements are driven by the Company's exploration activities on its exploration and evaluation assets. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget on all exploration projects and overhead to manage costs, commitments and exploration activities.

The Company has in the past invested its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns of unused capital.

There have been no changes to the Company's approach to capital management during the six months ended June 30, 2016.

(Expressed in Canadian Dollars)

6. MARKETABLE SECURITIES

The Company's marketable securities comprise the following common shares. The fair value of the marketable securities has been determined directly by reference to published price quotations in an active market.

	June 30, 2016		December 31, 2015	
	Cost	Fair Value	Cost	Fair Value
Solitario Royalty & Exploration Corp 119,352 (December 31, 2015 – 119,352) common shares	$ 144,454	$ 83,546	$ 144,454	$ 81,159

During the three and six months ended June 30, 2016, the Company did not dispose of any shares of Solitario Royalty & Exploration Corp. ("Solitario").

During the three months ended June 30, 2015, the Company disposed 3,606 common shares of Solitario for gross proceeds of $3,965, realizing a loss of $883.

During the six months ended June 30, 2015, the Company disposed 55,648 common shares of Solitario for gross proceeds of $58,210, realizing a loss of $1,183.

During the year ended December 31, 2015, the Company disposed of 57,648 common shares of Solitario for gross proceeds of $59,738, realizing a loss of $1,790.

For year ended December 31, 2015, a loss of $46,224 was recognized in net loss as a change in fair value of marketable securities. For the three and six months ended June 30, 2016, a loss of $2,387 and a gain of $2,387 was recognized in net loss as a change in fair value of marketable securities, respectively.

7. RECEIVABLES

The Company's receivables are as follows:

	June 30, 2016	December 31, 2015
Sales taxes receivable	$ 36,856	$ 26,387

8. DISPOSAL OF INVESTMENT IN MT. HAMILTON LLC

On June 10, 2015, Ely, DHI US and Solitario (together, the "Sellers") entered into a definitive agreement (the "Agreement") to sell their combined interests in the Mt. Hamilton gold project ("Mt. Hamilton Project") to Waterton Nevada Splitter, LLC, a wholly owned subsidiary of Waterton Precious Metals Fund II Cayman, LP (collectively, "Waterton"), for total cash proceeds of US$30 million (the "Transaction"). Solitario sold its 80% interest in MH-LLC, a limited liability company, which holds 100% of the Mt. Hamilton Project assets, and DHI US sold its 20% interest in MH-LLC. As a result, on closing Solitario received cash proceeds of US$24 million and DHI US received cash proceeds of US$6 million.

Concurrent with the signing of the Agreement, the Sellers entered into an arm's-length agreement (the "Consent Agreement") pursuant to which Solitario agreed to surrender 15,732,274 Ely shares to the Company for cancellation in exchange for:

(Expressed in Canadian Dollars)

8. DISPOSAL OF INVESTMENT IN MT. HAMILTON LLC (cont'd…)

(i) the Company and DHI US consenting to Solitario pledging its interest as security for any refinancing required by Solitario to any third party loans;

(ii) Ely and DHI US waiving Solitario's obligation to fund the exercise of the Royalty Reduction Options and the Bonding Obligations; and

(iii) DHI US repaying loans made to DHI US by Solitario pursuant to the MH-LLC Operating Agreement to fund DHI US' Joint Venture obligations to MH-LLC, amounting to $240,887 (US$191,150).

Maxit Capital LP ("Maxit") acted as financial advisor to the Company in connection with the Transaction. The Company paid Maxit a $200,000 fee for Maxit's services, including delivery of the Fairness Opinion and services in connection with the completion of the Transaction.

On August 25, 2015, the Transaction closed and subsequently the Consent Agreement closed on August 27, 2015.

Upon closing of the Transaction the Company received cash proceeds of $7,977,600 (US$6,000,000). On closing of the Consent Agreement, the Company received from Solitario 15,732,274 of its common shares, which were returned to treasury.

For the year ended December 31, 2015, the Company recorded a gain of $7,411,682 on the disposal of its investment in MH-LLC, calculated as follows:

	$
Proceeds received	7,977,600
Carrying value of investment in MH-LLC as at August 25, 2015	(13,339)
Less equity share of previously unrecognized losses	(227,548)
Less Maxit fees	(200,000)
Less Transaction costs	(125,031)
Gain on disposition of MH-LLC interest	7,411,682

Summary of financial information for MH-LLC:

As at	June 30, 2016 $US	December 31, 2015 $US
Current assets	-	-
Non-current assets	-	-
Current liabilities	-	-
Non-current liabilities	-	-

	For the three months ended June 30,		For the six months ended June 30,	
	2016 $US	2015 $US	2016 $US	2015 $US
Net loss	-	6,233	-	10,233
Comprehensive loss	-	6,233	-	10,233

(Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS

	Green Springs (a)	Cox Claims (b)	Nevada Select Properties (c)	Total
Balance, December 31, 2014	$ 621,838	$ 26,133	$ -	$ 647,971
Acquisition costs	33,190	36,434	-	69,624
Exploration and evaluation costs	291,649	-	-	291,649
Balance, December 31, 2015	946,677	62,567	-	1,009,244
Acquisition costs	-	7,051	1,285,583	1,292,634
Exploration and evaluation costs	47,297	-	25,207	72,504
Balance, June 30, 2016	$ 993,974	$ 69,618	$ 1,310,790	$ 2,374,382

(a) Green Springs

On February 4, 2013, the Company acquired the Green Springs property in White Pine County, Nevada, for US$300,000 (paid) and $50,000 (paid) cash. The Green Springs property is subject to a 2% net smelter return ("NSR") royalty.

On July 7, 2014, the Company entered into an exploration and Option Agreement (the "Option Agreement") with Eurasian Minerals Inc. ("Eurasian") for the Cathedral Well gold project ("Cathedral Well Project"), which surrounds the Company's Green Springs claims. Pursuant to the Option Agreement, the Company can earn a 100% interest in the Cathedral Well Project by paying Eurasian a total of $100,000 as follows:

- US$25,000 upon signing (paid)
- US$25,000 on the first anniversary (paid)
- US$25,000 on the second anniversary
- US$25,000 on the third anniversary.

Eurasian will retain a 2.5% NSR royalty, inclusive of an underlying 0.5% NSR royalty. In addition, after earning the 100% interest in the Cathedral Well Project, the Company will pay Eurasian annual advance royalties equal to 20 ounces of gold each year beginning in year four of the Option Agreement. After completion of a feasibility study of the Cathedral Well Project and/or the adjacent Company properties, the annual payment will increase to 35 ounces of gold each year thereafter until commencement of commercial production from either, or both, of the Cathedral Well Project and the adjacent Company properties. The Company may purchase 0.5% of the Eurasian NSR royalty by paying Eurasian 500 ounces of gold within 60 days after commencement of commercial production from either, or both, of the Cathedral Well Project and the adjacent Company properties. However, Eurasian will not retain any royalty on the Company's existing Green Springs project.

(b) Cox Claims

On January 16, 2013, the Company acquired a mining lease and a purchase option on mining claims contiguous to the Green Springs property, known as the Cox Claims. The lease on the Cox Claims has a term of 10 years with escalating advance royalty payments and a purchase option to acquire 100% of the property. The advance royalty payments are payable as follows on each anniversary of the agreement:

9. EXPLORATION AND EVALUATION ASSETS (cont'd…)

(b) Cox Claims (cont'd…)

- Upon signing, US$7,500 (paid in 2013)
- January 16, 2014, US$10,000 (paid in 2013)
- January 16, 2015, US$12,000 (paid in 2014)
- January 16, 2016, US$15,000 (paid in 2015)
- January 16, 2017, US$15,000
- January 16, 2018, US$15,000
- January 16, 2019, US$20,000
- January 16, 2020 and on each subsequent anniversary, US $25,000.

The Company has the option to purchase the claims for an amount equal to US$200,000 less the aggregate of the annual advance royalty payments made prior to the date of exercising the purchase option. Upon exercise of the purchase option, title to the Cox Claims will be taken subject to annual advance royalty payments of US$25,000 until commencement of commercial production, after which a 2% NSR will be payable, after recovery of the aggregate advance royalties. The Company has the option to buy-down 1% of the NSR for US$500,000.

In connection with the acquisition of the Cox Claims, the Company entered into an Agency Agreement with Urawest Energy LLC ("Urawest") to compensate Urawest for its involvement in the acquisition of the Cox Claims. Under the terms of the Agency Agreement, the Company will make total aggregate payments of US$47,500 to Urawest, payable in annual instalments over the 10 year term of the Cox Claims lease:

- Upon signing, US$2,500 (paid in 2013)
- January 16, 2014, US$2,500 (paid in 2014)
- January 16, 2015, US$2,500 (paid in 2015)
- January 16, 2016 (paid in 2016) to January 16, 2023, US$5,000 each year.

In the event the Company exercises the purchase option to acquire 100% of the Cox Claims, any unpaid fees to Urawest as at the date of exercise shall be paid in full. Upon commencement of commercial production from the Cox Claims, the Company shall pay Urawest a 0.25% NSR.

(c) Nevada Select Properties

On May 4, 2016, the Company, through the Company's wholly owned subsidiary, Nevada Select, completed the acquisition of thirty one mineral properties (the "Nevada Select Properties") in Nevada and the western United States from Nevada Eagle LLC ("Nevada Eagle"). Under the terms of the agreement, the Company will pay Nevada Eagle a total purchase price of US$895,600. The purchase price will be paid as US$445,600 (paid) in cash on closing and an additional US$400,000 on the second anniversary, together with 5% interest. The remaining US$50,000 (paid) was previously advanced to Nevada Eagle for staking of mineral properties. The Company has also issued 3,000,000 share purchase warrants to Nevada Eagle. Each share purchase warrant is exercisable to purchase one common share of the Company for $0.07 for a period of two years from the date of closing. The fair value of the share purchase warrants, $112,263, has been included in acquisition costs along with associated closing costs of $19,429. During the three and six months ended June 30, 2016 the Company received option income of $17,293 and $17,293, respectively, on certain properties that are currently under option.

(Expressed in Canadian Dollars)

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities comprise the following:

	June 30 , 2016	December 31, 2015
Trade payables	$ 15,007	$ 7,209
Accrued liabilities	15,000	30,800
Due to related parties	5,250	-
Total	$ 35,257	$ 38,009

11. NOTE PAYABLE

On May 4, 2016, the Company issued a US$400,000 promissory note (the "Note") in connection with the acquisition of the Nevada Select Properties (Note 9(c)). The Note accrues interest accrues at 5% per annum, compounding every three months from the date of issuance and is due on May 4, 2018 with early settlement permitted without penalty.

As at June 30, 2016, the fair value of the Note is $524,423, which includes $4,154 in accrued interest.

12. 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.

(b) Issued share capital

On August 25, 2015, as part of the Consent Agreement (refer to Note 8), the Company returned 15,732,274 of its common shares to treasury reducing the issued and outstanding share capital to 64,580,475 common shares.

During the six months ended June 30, 2016 and the year ended December 31, 2015, the Company did not issue common shares.

(c) Stock options

The Company has an incentive stock option plan (the "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. In addition, the aggregate number of shares reserved for issuance to any one person shall not exceed 5% of the issued and outstanding shares (2% if the participant is a consultant). Under the Plan, the exercise price of each option may not be less than the market price of the Company's share capital as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 10 years and vesting periods are determined by the Board of Directors.

(Expressed in Canadian Dollars)

12. SHARE CAPITAL AND RESERVES (cont'd...)

(c) Stock options (cont'd...)

As at June 30, 2016 and December 31, 2015, the Company had outstanding stock options enabling the holders to acquire further common shares as follows:

Expiry Date	Exercise Price	June 30, 2016	December 31, 2015
January 5, 2016	$0.25	-	300,000
October 16, 2016	$0.06 - $0.14	1,175,000	1,175,000
February 26, 2017	$ 0.12	400,000	400,000
July 24, 2017	$ 0.14	200,000	200,000
January 5, 2021 *	$ 0.06	500,000	500,000
September 22, 2021 **	$ 0.06	850,000	850,000
January 30, 2023	$ 0.14	325,000	325,000
January 28, 2024	$ 0.12	700,000	700,000
November 27, 2024	$ 0.06	650,000	650,000
March 11, 2026	$ 0.09	250,000	-
Total outstanding and exercisable		5,050,000	5,100,000

* On November 18, 2015, the exercise price of these options was re-priced from $0.25 to $0.06 per share and the expiry date extended from January 5, 2016 to January 5, 2021, which resulted in additional share-based payments expense of $21,494.

** On November 18, 2015, the exercise price of these options was re-priced from $0.20 to $0.06 per share, which resulted in additional share-based payments expense of $8,500.

The weighted average remaining contractual life for the outstanding options at June 30, 2016 is 4.53 (December 31, 2015 - 4.48) years.

(Expressed in Canadian Dollars)

12. SHARE CAPITAL AND RESERVES (cont'd...)

(c) Stock options (cont'd...)

Stock option transactions are summarized as follows:

			June 30, 2016			December 31, 2015
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Balance, beginning of period	5,100,000	$	0.10	7,850,000	$	0.16
Granted	250,000	$	0.09	-	$	-
Expired	(300,000)	$	0.25	(2,750,000)	$	0.20
Options exercisable, end of period	5,050,000	$	0.09	5,100,000	$	0.10

On March 11, 2016, the Company granted incentive stock options to a director of the Company entitling them to purchase 250,000 common shares at a price of $0.09 per share for a period of 10 years vesting 100% on the grant date and expiring March 11, 2026. The fair value of these options was calculated at $18,025 using the Black-Scholes option pricing model.

During the three and six months ended June 30, 2016, the Company recorded a total share-based payment expense of $nil (2015 - $nil) and $18,025 (2015 - $nil), respectively.

During the six months ended June 30, 2016, 300,000 options expired unexercised and the relating fair value of $77,280 was transferred from share-based payment reserve to deficit.

During the year ended December 31, 2015, 2,750,000 options expired unexercised and the relating fair value of $564,475 was transferred from share-based payment reserve to deficit.

(d) Warrants

As at June 30, 2016 and December 31, 2015, the following share purchase warrants were outstanding:

Expiry Date	Exercise Price	June 30, 2016	December 31, 2015
May 4, 2018	$ 0.07	3,000,000	

On May 4, 2016, the Company issued 3,000,000 share purchase warrants to acquire the Neveda Select Properties. Each share purchase warrant is exercisable to purchase one common share of the Company for $0.07 for a period of two years from the date of closing. The fair value of $112,263 is included as acquisition costs in exploration and evaluation assets (Note 9(c)).

On February 28, 2015, 4,000,000 warrants expired unexercised and the relating fair value of $1,278,228 was transferred from share-based payment reserve to deficit.

(Expressed in Canadian Dollars)

12. SHARE CAPITAL AND RESERVES (cont'd...)

(d) Warrants (cont'd…)

Share purchase warrant transactions are summarized as follows:

	June 30, 2016			December 31, 2015		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Balance, beginning of period	-	$	-	4,000,000	$	0.32
Expired	-	$	-	(4,000,000)	$	0.32
Issued	3,000,000	$	0.07	-	$	-
Balance, end of period	3,000,000	$	0.07	-	$	-

The fair value of stock options and warrants are estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	June 30, 2016		December 31, 2015	
	Options	Warrants	Optio	Warrants
Risk-free interest rate	1.36%	0.58%	N/A	N/A
Expected dividend yield	N/A	N/A	N/A	N/A
Expected stock price volatility	104.18%	102.6%	N/A	N/A
Expected life in years	10	2	N/A	N/A
Weighted average fair value	$0.07	$0.04	N/A	N/A

The Company has estimated the forfeiture rate to be 0.00%. Expected volatility was determined based on the historical movements in the closing price of the Company's common shares for a length of time equivalent to the expected life of each option and warrant.

(Expressed in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS

Key management comprises directors and executive officers. The Company did not pay post-employment benefits and long-term benefits to key management. The following compensation was paid to key management:

	For the three months ended June 30, 2016	For the three months ended June 30, 2015	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Short-term employment benefits	$ 76,632	$ 110,259	$ 155,797	$ 215,849
Other long-term employment benefits	-	-	-	175,772
Share-based payments	-	-	18,025	-
Total	$ 76,632	$ 110,259	$ 173,822	$ 391,621

As at June 30, 2016, $5,250 (December 31, 2015 - $nil) is owing to directors and officers of the Company for consulting fees, which is included in accounts payable and accrued liabilities. A prepaid advance of $15,156 (December 31, 2015 - $21,096) was made to an officer and director of the Company.

On September 10, 2015, the Company paid $1,692,032 to settle the deferred compensation liability. Upon settlement, the Company recognized a $558,090 gain on the settlement of the deferred compensation liability and subsequently terminated the deferred compensation plan.

During the three months ended June 30, 2015, the Company recognized in net loss:

- an decrease in the value of the deferred compensation liability of $28,371; and
- an interest expense of $42,465.

During the six months ended June 30, 2015, the Company recognized in profit or loss:

- an increase in the value of the deferred compensation liability of $126,820; and
- an interest expense of $81,596.

All other amounts due to related parties are payable on demand. Interest is not charged on outstanding balances.

The Company entered into termination clause agreements with three of the Company's officers and directors, whereby the officers and directors are entitled to a cumulative amount of $319,296 in the event they are terminated without cause, or $837,888 in the event there is a change of control.

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the six months ended June 30, 2016 and 2015 there were no significant non-cash operating, investing and financing transactions.

15. SEGMENT INFORMATION

The Company has one reportable operating segment, the acquisition and exploration of resource properties in one geographic location: the United States.

As at	June 30, 2016	December 31, 2015
Non-current assets		
United States	$ 2,435,044	$ 1,069,906

16. EVENTS AFTER THE REPORTING PERIOD

(a) On August 12, 2016, the Company, through its wholly owned subsidiary, Nevada Select, executed a purchase agreement (the “Royalty Interest Agreement”) for certain royalty interests from Golden Predator US Holdings Corp. (“Golden Predator”) and Resource Re Ltd. (“RRL”). Golden Predator and RRL are wholly owned subsidiaries of Till Capital Ltd. (“Till”). RLL owns a 2% NSR on the Uduk Lake property in British Columbia. Nevada royalties owned by Golden Predator include a 3% gross production royalty (“GPR”) on the Bolo property, a 0.5% GPR on the Wood property and a 2% NSR on the Mina Gold property. Nevada Select currently owns 100% of the claims covered by the Mina Gold royalty. Terms of the Agreement include:

- Purchase by the Company of RLL’s Uduk Lake (2% NSR) royalty interest;
- Purchase by the Company of Golden Predator’s Atlanta (3% NSR), Bolo (3% GPR) and Wood (0.5% GPR) royalty interests;
- Termination by the Company, and Golden Predator of the Mina Gold (2% NSR);
- As total consideration, the Company will pay US$75,000 to Till (Paid - US$56,250).

(b) On August 15, 2016, the Company, through its wholly owned subsidiary, Nevada Select, executed a purchase agreement for the sale (“Sale Agreement”) of its 100% owned Mina Gold property for US$1,000,000 to Gold Resource Corporation (“Gold Resource”). The Mina Gold property consists of 48 claims and was acquired as part of the Nevada Select Properties (Note 9(c)). The terms of the Sale Agreement are as follows:

- US$150,000 cash as a one-time advance royalty payment;
- US$850,000 in Gold Resource restricted stock. The Company will receive 130,000 shares in Gold Resource with a fair value of US$6.53 at the time of entering into the transaction.
- The Company will retain the following NSR’s:
    - a 3% NSR on five patented claims;
    - a 2% NSR on thirty-nine unpatented claims, staked by Nevada Select;
    - a 1.5% NSR on four unpatented claims, purchased by Nevada Select with existing 0.5% NSR;
    - a 2% NSR on additional unpatented claims staked by Gold Resource within a one-mile area of interest;
    - Gold Resource has the option to buy-down 1% of the NSR on the patented claims for US$1,000,000.
    - Gold Resource has the option to buy-down 0.5% of the NSR on all unpatented claims for US$500,000.

(c) On August 18, 2016, the Company granted incentive stock options to directors, officers and consultants of the Company entitling them to purchase 1,350,000 common shares at a price of $0.09 per share for a period of 10 years vesting 100% on the date of grant and expiring August 18, 2026.

(d) On August 26, 2016, the Company announced a proposed non-brokered private placement to issue up to 10,000,000 units (“Units”) for total gross proceeds of $1,400,000. Each Unit will be comprised of one common share and one-half of one share purchase warrant. One whole warrant will entitle the holder to purchase one common share for a period of two years at a price of $0.20 per share. The Company may, in appropriate circumstances, pay a finder’s fee comprising cash and/or securities in connection with the offering. The offering is subject to TSX-V acceptance.