Victoria
GOLD CORP

(an exploration and development stage company)

Consolidated Financial Statements

February 28, 2017 and February 29, 2016

(Expressed in Canadian Dollars)

June 19, 2017

Independent Auditor's Report

To the Shareholders of
Victoria Gold Corp.

We have audited the accompanying consolidated financial statements of Victoria Gold Corp. and its subsidiaries, which comprise the consolidated statements of financial position as at February 28, 2017 and February 29, 2016 and the consolidated statements of comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and the related notes, which comprise 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 (IFRS), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 audits 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 auditor's 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 Victoria Gold Corp. and its subsidiaries as at February 28, 2017 and February 29, 2016 and their financial performance and their cash flows for the years then ended in accordance with IFRS.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The accompanying consolidated financial statements and all other financial information included in this report are the responsibility of management. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Financial statements include certain amounts based on estimates and judgments. When alternative methods exist, management has chosen those it deems most appropriate in the circumstances to ensure that the consolidated financial statements are presented fairly, in all material respects.

Management maintains appropriate systems of internal control, consistent with reasonable cost, to give reasonable assurance that its assets are safeguarded, and the financial records are properly maintained.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Audit Committee, which is comprised of three Directors, all of whom are non-management and independent, meets with management to review the consolidated financial statements to satisfy itself that management is properly discharging its responsibilities to the Directors, who approve the consolidated financial statements.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial reporting standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) "John McConnell"
Director, President and CEO
June 19, 2017

(signed) "Marty Rendall"
CFO
June 19, 2017

Victoria Gold Corp.
Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Notes	February 28, 2017	February 29, 2016
Assets			
Current assets			
Cash and cash equivalents		$ 59,588,197	$ 13,942,137
Marketable securities and warrants	*5*	576,722	178,344
HST and other receivables		358,291	44,436
Prepaid expenses		213,433	142,171
		60,736,643	14,307,088
Non-current assets			
Restricted cash	*3m*	1,870,954	1,907,417
Property and equipment	*6*	3,258,545	3,282,615
Resource properties	*7*	123,373,522	113,715,508
Total assets		$ 189,239,664	$ 133,212,628
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities		$ 3,508,120	$ 4,144,085
Current portion of ARO	*8*	-	1,951,165
		3,508,120	6,095,250
Non-current liabilities			
Asset retirement obligations ("ARO")	*8*	1,104,821	963,945
Total liabilities		4,612,941	7,059,195
Shareholders' Equity			
Share capital	*10*	207,603,077	154,513,979
Contributed surplus		21,040,214	14,985,513
Accumulated other comprehensive loss		(2,623,512)	(2,686,430)
Accumulated deficit		(41,393,056)	(40,659,629)
Total shareholder's equity		184,626,723	126,153,433
Total liabilities and equity		$ 189,239,664	$ 133,212,628

See accompanying notes to the consolidated financial statements.

Authorized for issue by the Board of Directors on June 19th, 2017 and signed on its behalf. **"T. Sean Harvey"** Director **"Chris Hill"** Director

Victoria Gold Corp.
Consolidated Statements of Comprehensive Loss

(Expressed in Canadian Dollars)	Notes	For the year ended February 28, 2017	February 29, 2016
Operating expenses			
Salaries and benefits excluding share-based payments		$ 1,716,191	$ 1,071,491
Office and administrative		773,227	450,792
Share-based payments	*11*	664,592	700,905
Marketing		490,260	294,722
Legal and accounting		369,854	47,110
Consulting		463,879	52,794
Amortization		4,503	4,985
Foreign exchange (gain) loss		111,488	(547,288)
		4,593,994	2,075,511
Finance (income) costs			
Unwinding of present value discount: ARO		21,580	21,790
Interest and bank charges		6,266	6,642
Interest income		(385,580)	(76,835)
Change in fair value of marketable securities		(198,378)	(28,374)
		(556,112)	(76,777)
Loss before taxes		(4,037,882)	(1,998,734)
Current income taxes	*16*	1,248,304	(293,707)
Deferred tax provision	*16*	2,056,151	458,695
Net loss		(733,427)	(1,833,746)
Other Comprehensive income (loss)			
Items that may be reclassified subsequently to profit or loss			
Currency translation adjustment		62,918	(107,561)
Total items that may be reclassified subsequently to profit or loss		62,918	(107,561)
Total comprehensive loss for the year		$ (670,509)	$ (1,941,307)
Loss per share - basic and diluted	*9*	$ (0.002)	$ (0.005)
Weighted average number of shares			
Basic and diluted		457,485,684	344,799,527

See accompanying notes to the consolidated financial statements.

Victoria Gold Corp.

Consolidated Statement of Changes in Shareholder's Equity

(Expressed in Canadian Dollars)		Share capital		Contributed	Accumulated other	Accumulated	Total
	Notes	**Number of shares**	**Amount**	**surplus**	**comprehensive loss**	**deficit**	**equity**
Balance at March 1, 2015		340,073,973	$ 151,618,587	$ 13,971,128	$ (2,578,869)	$ (38,825,883)	$ 124,184,963
Transactions with owners:							
Proceeds from share issue		21,024,136	3,607,463				3,607,463
Share issuance costs			(253,376)				(253,376)
Share-based payments, expensed				700,905			700,905
Share-based payments, capitalized				313,480			313,480
Premium on flow-through shares			(458,695)				(458,695)
Total transactions with owners:		21,024,136	2,895,392	1,014,385	-	-	3,909,777
Net loss for the year						(1,833,746)	(1,833,746)
Other comprehensive income/(loss):							
Currency translation adjustment					(107,561)		(107,561)
Balance at February 29, 2016	*10*	361,098,109	$ 154,513,979	$ 14,985,513	$ (2,686,430)	$ (40,659,629)	$ 126,153,433
Balance at March 1, 2016		361,098,109	$ 154,513,979	$ 14,985,513	$ (2,686,430)	$ (40,659,629)	$ 126,153,433
Transactions with owners:							
Proceeds from share issue		134,050,471	60,345,749				60,345,749
Fair values assigned to warrants issued under private placement			(6,620,000)	6,620,000			-
Proceeds from stock options exercised		9,153,333	2,373,500				2,373,500
Fair values allocated upon exercise:							
Stock options			1,368,192	(1,368,192)			-
Share issuance costs			(2,322,192)	(57,292)			(2,379,484)
Share-based payments, expensed				664,592			664,592
Share-based payments, capitalized				195,593			195,593
Premium on flow-through shares			(2,056,151)				(2,056,151)
Total transactions with owners:		143,203,804	53,089,098	6,054,701	-	-	59,143,799
Net loss for the year						(733,427)	(733,427)
Other comprehensive income/(loss):							
Currency translation adjustment					62,918		62,918
Balance at February 28, 2017	*10*	504,301,913	$ 207,603,077	$ 21,040,214	$ (2,623,512)	$ (41,393,056)	$ 184,626,723

See accompanying notes to the consolidated financial statements.

Victoria Gold Corp.
Consolidated Statement of Cash Flows

(Expressed in Canadian Dollars)		For the year ended	
	Notes	**February 28, 2017**	**February 29, 2016**
Cash flows from operating activities			
Net loss for the year		$ (733,427)	$ (1,833,746)
Adjustments for:			
Share-based payments	*11*	664,592	700,905
Income taxes		(3,075,506)	(54,971)
Unwinding of present value discount: ARO	*8*	21,580	21,790
Change in fair value of marketable securities		(198,378)	(28,374)
Amortization		4,503	4,985
Net unrealized foreign exchange (gain) loss		347,215	(709,227)
		(2,969,421)	(1,898,638)
Working capital adjustments:			
(Increase) decrease in HST and other receivables		(313,855)	52,927
(Increase) decrease in marketable securities		(200,000)	(150)
(Increase) decrease in prepaid expenses		(18,211)	10,882
Increase (decrease) in accounts payables and accrued liabilities		508,417	(188,940)
		(23,649)	(125,281)
Net cash flows used in operating activities		(2,993,070)	(2,023,919)
Cash flows used in investing activities			
Resource properties	*7*	(11,061,621)	(3,366,561)
Cash received from disposition of securities and assets held for sale		-	1,124,932
Restricted cash		(236)	45,063
Purchase of property and equipment		(539,906)	(46,951)
Net cash flows used in investing activities		(11,601,763)	(2,243,517)
Cash flows from financing activities			
Shares issued for cash, net of issuance cost	*10*	57,966,265	3,354,087
Exercise of warrants and options		2,373,500	-
Net cash flows from financing activities		60,339,765	3,354,087
Foreign exchange gain (loss) on cash balances		(98,872)	103,909
Net increase (decrease) in cash and cash equivalents		45,646,060	(809,440)
Cash and cash equivalents, beginning of the year		13,942,137	14,751,577
Cash and cash equivalents, end of the year		$ 59,588,197	$ 13,942,137

See accompanying notes to the consolidated financial statements. Supplementary Cash Flow information is provided in Note 15.

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Victoria Gold Corp. ("Victoria" or "the Company"), a British Columbia company, was incorporated in accordance with the Business Corporations Act (British Columbia) on September 21, 1981. The Company's common shares are listed on the TSX-Venture Exchange (TSX-V).

The Company is engaged in the acquisition, evaluation, exploration and development of mineral properties. To date, the Company has not realized any revenues from its properties and is considered to be an exploration and development stage company. The Company's registered office is located at 80 Richmond St. West, Suite 303, Toronto, Ontario, M5H 2A4, Canada.

The recoverability of the amounts shown for resource properties and related deferred costs is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing and permits to complete the development, and upon future profitable production or proceeds from disposition of these assets.

These consolidated financial statements have been prepared using IFRS applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due for the foreseeable future. The Company's future is currently dependent upon its ability to successfully complete additional financing arrangements, secure all necessary permits, its ability to fulfil its planned exploration and development programs and upon future profitable production from, or the proceeds from the disposition of, its mineral properties. The Company periodically seeks financing to continue the exploration and development of its resource properties and to meet its future administrative requirements. Although the Company has been successful in raising funds to date, there can be no assurances that the steps management is taking, and will continue to take, will be successful in future reporting periods.

At February 28, 2017, Victoria Gold Corp. ("Victoria" or "the Company") had a working capital surplus of $57,228,523 (compared with a surplus of $8,211,838 at February 29, 2016), an accumulated deficit of $41,393,056 ($40,659,629 at February 29, 2016) and reported a net loss of $733,427 (2016 net loss - $1,833,746).

2. BASIS OF PRESENTATION

These consolidated financial statements include the accounts of Victoria and its wholly-owned subsidiaries including:

- Victoria Resources (U.S.) Inc., a Nevada corporation,
- Gateway Gold Corp., a British Columbia corporation,
- Gateway Gold (USA) Corp., a Nevada corporation,
- StrataGold Corporation, a British Columbia corporation,

Gateway Gold Corp. and Gateway Gold (USA) Corp. (together referred to as "Gateway") were acquired by the Company on December 18, 2008.

StrataGold Corporation ("StrataGold") was acquired by the Company on June 4, 2009.

These financial statements were approved by the Board of Directors for issue on June 19, 2017.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation and adoption of IFRS

The consolidated financial statements of the Company are prepared in accordance with IFRS, are presented in Canadian dollars and include the operating results of the Company's subsidiaries. The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in *Note 4*.

(b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except for the revaluation of certain financial instruments to fair value.

(c) Consolidation

Subsidiaries are entities over which the Company has the power, directly or indirectly, to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The Company has control when it has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date on which control ceases. Accounting policies of the subsidiaries are consistent with those of the Company. All inter-company balances and transactions have been eliminated.

(d) Share-based payments

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. The fair value is measured at grant date and each tranche is recognized on a graded basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense or capitalized is adjusted to reflect the actual number of share options that are expected to vest.

(e) Current and deferred taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized through earnings, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(f) Property and equipment

Property and equipment ("PPE") are carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive income or loss. Where an item of property and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

The Company provides for amortization of its property and equipment at the following annual rates:

Field and Automotive equipment	-from 20%-30% declining balance basis
Buildings and structures	-straight line over the useful life (ranging three to twelve years)
Leasehold improvements	-straight line over the term of the lease (five years)
Other assets	-from 20%-30% declining balance basis

Assets under construction are capitalized as a separate component of property and equipment. On completion, the cost of construction is transferred to the appropriate category. Assets under construction are not amortized. Amortization commences on the date when the assets are available for use.

(g) Resource properties and deferred exploration and evaluation costs

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired. Exploration and evaluation expenditures are capitalized as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are expensed in the loss for the year.

Capitalized costs, including certain operating expenses, are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.
Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds

the recoverable amount. Exploration and evaluation assets are reviewed for impairment at each cash-generating unit ("CGU") level. The Company defines CGU on a property by property basis.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property and equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial production, or alternatively, sale of the respective areas of interest.

(h) Flow-through shares

Under Canadian income tax legislation, the Company is permitted to issue flow-through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The Company has adopted a policy to (i) allocate the proceeds between the offering of the shares and the sale of tax benefits when the shares are offered and (ii) recognize an income tax provision upon filing of appropriate renunciation forms with the Canadian taxation authorities for qualifying expenditures previously incurred.

The allocation of the proceeds is made based on the difference between the quoted price of the shares and the amount the investor pays for the flow-through shares. A liability is recognized for the premium paid by the investors. The liability is reduced and the reduction of premium liability is recorded in other income upon filing of appropriate renunciation forms with the Canadian taxation authorities for qualifying expenditures previously incurred.

(i) Impairment of non-financial assets

At each financial position reporting date, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For the purposes of impairment testing, exploration and evaluation assets are allocated to CGU's to which the exploration activity relates. 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.

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

(j) Foreign currencies

Functional and presentational currency

All amounts in these financial statements are presented in Canadian Dollars unless otherwise stated.

The functional currency of the Company is the Canadian Dollar and the functional currency of the significant operating subsidiaries is either the Canadian Dollar or the US Dollar. The functional currency for the Company and its' subsidiaries is determined as the currency of the primary economic environment in which they operate.

Foreign currency translation

Transactions in currencies other than the functional currency are translated to the functional currency at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing at the statement of financial position date. Exchange gains and losses on settlement of transactions, and the translation of monetary assets and liabilities other than in functional currency are recorded in income.

Translation from functional to presentational currency

The results and financial position of all of the Company's subsidiaries that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

- Assets and liabilities are translated at the closing rate at the date of that statement of financial position.
- Income and expenses for each statement of comprehensive loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- All resulting exchange differences are recognized in other comprehensive income or loss and as a separate component of equity.

(k) Financial assets and liabilities

Financial assets held are cash and cash equivalents, restricted cash, marketable securities and accounts receivable. Financial liabilities are accounts payable and accrued liabilities.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase or sell the asset. These are classified into the following specified categories: available-for-sale ("AFS"), financial assets at fair value through profit and loss, loans and receivables or other liabilities. The classification depends on the nature and purpose of the financial assets or liabilities and is determined at the time of initial recognition. The AFS category included non-derivatives that are either designated in this AFS category or not classified in any of the other categories. Marketable securities held by the Company for trading in an active market are classified as being financial assets at fair value through profit and loss and are stated at fair value. Gains and losses arising from changes in fair value are recognized directly in loss.

Amounts receivable that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate. Other financial liabilities are measured at amortized cost.

The Company has classified its financial instruments as follows:

Cash and cash equivalents	-	Loans and receivables
Term deposits, restricted cash	-	Loans and receivables
Marketable securities and warrants	-	Financial assets at fair value through profit and loss
Other receivables	-	Loans and receivables
Accounts payable and accrued liabilities	-	Other financial liabilities

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Impairment of financial assets:

Financial assets other than those at fair value through profit and loss are assessed for indicators of impairment at each financial position reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

Objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. The Company does not have any derivative financial instruments or interest calculated using the effective interest method.

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash deposits in banks, certificates of deposit and short-term investments with remaining maturities of three months or less at time of acquisition.

(m) Restricted cash

Restricted cash includes reclamation bonds held by the Nevada Bureau of Land Management, Newmont Mining Corporation and a major bank in the United States. The cash will be returned to the Company upon successful completion of reclamation at the Company's properties in Nevada.

(n) Asset retirement obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising for the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying value of the asset, as soon as the obligation to incur such costs arises. Risk-free discount rates using pre-tax rates that reflect the time value of money are used to calculate the net present value. The Company records a provision for environmental rehabilitation in the financial statements when it is incurred and capitalizes this amount as an increase in the carrying amount of the related asset. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

(o) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(p) Expenses

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(q) Earnings (Loss) per share

Basic earnings/loss per common share is calculated by dividing the earnings/loss attributed to shareholders for the period by the weighted average number of common shares outstanding in the period.

(r) Segment reporting

A segment is a component of the Company that is distinguishable by economic activity (operating segment), and/or by its geographical location (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company reports separately three operating segments, corporate segment and mineral exploration and development in two geographical segments, Canada and the United States.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker which consists of review of total assets and net income/(loss). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

The accounting policies set out above have been applied consistently to all periods presented in these consolidated financial statements.

Accounting standards and interpretations issued but not yet effective

Unless otherwise noted, the following revised standards and amendments are effective for annual periods beginning on or after January 1, 2016 with earlier application permitted. Management has yet to assess the impact of these standards and amendments or determined whether it will early adopt them.

IFRS 9, “Financial Instruments” (“IFRS 9”)

In July 2014, the IASB issued IFRS 9, “Financial Instruments”, replacing IAS 39, “Financial Instruments: Recognition and Measurement” (“IAS 39”). IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company continues to monitor and assess IFRS 9’s full impact.

IFRS 16, “Leases” (“IFRS 16”)

In January 2016, the IASB issued IFRS 16 “Leases”, which establishes the principles that an entity should use to determine the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (‘lessee’) and the supplier (‘lessor’). IFRS 16 replaces the previous leases Standard, (“IAS 17”), Leases, and related Interpretations. IFRS 16 is effective from January 1, 2019 though a company can choose to apply IFRS 16 before that date but only in conjunction with IFRS 15 Revenue from Contracts with Customers. The Company is currently assessing the impact of this standard.

There are no other IFRS or IFRS Interpretation Committee (“IFRIC”) interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

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

Impairment of assets
Determining whether facts and circumstances indicate that the Company’s assets may be impaired and require the recognition of an impairment loss, or conversely whether a reversal of an impairment loss recognized in a prior period may be required, is a subjective process involving judgment and a number of estimates and interpretations.

When there are indications that an asset may be impaired, the Company is required to estimate the asset’s recoverable amount. Recoverable amount is the greater of value in use and fair value less costs of disposal.

In testing an individual asset or CGU for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the CGU. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change as new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ from amounts recognized in the Company’s financial statements, and significant adjustments to the carrying values of the Company’s assets and reported earnings may occur during subsequent accounting periods.

No impairment indicators of non-financial assets have been noted for the years ended February 28, 2017 and February 29, 2016.

Asset Retirement Obligation (ARO)
The determination of provisions for environmental rehabilitation and reclamation obligations arising from the Company’s evaluation and exploration activities requires the use of estimates and management judgment. Future reclamation costs in relation to changes in estimates are accrued based on management’s best estimate at the end of each period of the discounted cash costs expected to be incurred. Accounting for reclamation obligations requires management to make estimates of the future costs the Company will incur to complete the

(Expressed in Canadian Dollars)

reclamation work required to comply with existing laws and regulations. These estimates are dependent upon labor and materials costs, known environmental impacts, the effectiveness of rehabilitation measures, inflation rates, and pre-tax interest rates that reflect a current market assessment of time value for money and the risk specific to the obligation. The Company also estimates the timing of the outlays, which is subject to change depending on continued exploitation and newly discovered mineral resources.

Actual reclamation costs incurred may differ from those amounts estimated by management. Moreover, future changes to environmental laws and regulations could increase the extent of reclamation work required to be performed by the Company, therefore increasing future costs.

Stock-based compensation
Management is required to make certain estimates when determining the fair value of stock options awards and the number of awards that are expected to vest. These estimates affect the amount recognized as stock based payments in the consolidated statements of loss and comprehensive loss based on estimates of forfeiture, stock price volatility and expected lives of the underlying stock options.

Income taxes and recovery of deferred tax assets
The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. Management did not recognize deferred tax assets as future taxable profits are not expected until the Company reaches technical feasibility and commercial viability of the extraction of the mineral resources, the timing of which is uncertain as the Company is still in the exploration and evaluation stage.

5. MARKETABLE SECURITIES

	February 28, 2017	February 29, 2016
Current investments		
Opening balance	$ 178,344	$ 1,274,752
Additions	200,000	-
Disposals	-	(1,124,932)
Change in fair value	198,378	28,524
Financial assets at fair value through profit and loss	$ 576,722	$ 178,344

(Expressed in Canadian Dollars)

6. PROPERTY AND EQUIPMENT

	Other assets	Buildings/ structure	Field & automotive equipment	Leasehold improvements	Total
Cost					
March 1, 2015	$ 585,628	$ 6,063,280	$ 173,650	$ 309,529	$ 7,132,087
Additions	6,951	-	40,000	-	46,951
Disposals	-	-	-	(130,726)	(130,726)
February 29, 2016	592,579	6,063,280	213,650	178,803	7,048,312
Additions	52,460	367,060	17,505	102,881	539,906
Disposals	-	-	-	(178,803)	(178,803)
February 28, 2017	$ 645,039	$ 6,430,340	$ 231,155	$ 102,881	$ 7,409,415
Accumulated amortization					
March 1, 2015	$ 408,737	$ 2,625,915	$ 115,870	$ 182,671	$ 3,333,193
Charge	44,091	435,744	21,491	61,904	563,230
Disposals	-	-	-	(130,726)	(130,726)
February 29, 2016	452,828	3,061,659	137,361	113,849	3,765,697
Charge	43,518	423,816	26,548	70,094	563,976
Disposals	-	-	-	(178,803)	(178,803)
February 28, 2017	$ 496,346	$ 3,485,475	$ 163,909	$ 5,140	$ 4,150,870
Net book value					
March 1, 2015	$ 176,891	$ 3,437,365	$ 57,780	$ 126,858	$ 3,798,894
February 29, 2016	$ 139,751	$ 3,001,621	$ 76,289	$ 64,954	$ 3,282,615
February 28, 2017	$ 148,693	$ 2,944,865	$ 67,246	$ 97,741	$ 3,258,545

During the year ended February 28, 2017, the Company capitalized amortization related to resource properties of $559,473 ($558,245 – 2016).

(Expressed in Canadian Dollars)

7. RESOURCE PROPERTIES

	Santa Fe (Nevada)	Dublin Gulch (Yukon)	Other properties **	Total
Balance February 29, 2016	$ 7,251,971	$ 105,031,450	$ 1,432,087	$ 113,715,508
Acquisition	-	-	-	-
Salaries and benefits	92,827	996,725	-	1,089,552
Amortization	-	559,473	-	559,473
Office and administration	15,991	466,541	-	482,532
Land claims and royalties	67,802	97,005	84,218	249,025
Environmental and permitting	34,645	295,484	-	330,129
Government and community relations	-	300,461	-	300,461
Site operations	-	1,518,846	-	1,518,846
Engineering and design	-	1,808,343	-	1,808,343
Assaying	-	495,464	-	495,464
Drilling and indirects	-	1,805,981	-	1,805,981
Other exploration	-	1,666,087	83,400	1,749,487
Asset retirement obligation adjustment	(650,013)	67,460	-	(582,553)
Exploration and development costs for the year	(438,748)	10,077,870	167,618	9,806,740
Currency translation	(148,726)	-	-	(148,726)
Balance February 28, 2017	$ 6,664,497	$ 115,109,320	$ 1,599,705	$ 123,373,522

** Other properties include interests in Donjek, Aurex, CanAlask and Clear Creek in Yukon Territory.

As of February 28, 2017, of the $2.85M raised through the flow-through offering (*Note 10*), $0.9 million is remaining to be spent on qualifying expenditures.

As of February 28, 2017, of the $4.7M raised through the flow-through offering (*Note 10*), $4.7 million is remaining to be spent on qualifying expenditures.

(Expressed in Canadian Dollars)

	Santa Fe (Nevada)	Dublin Gulch (Yukon)	Other properties **	Total
Balance February 28, 2015	$ 6,311,124	$ 101,626,743	$ 1,349,199	$ 109,287,066
Acquisition	-	-	-	-
Salaries and benefits	91,007	1,186,641	-	1,277,648
Amortization	-	558,245	-	558,245
Office and administration	37,165	676,172	-	713,337
Land claims and royalties	67,018	18,299	73,250	158,567
Environmental and permitting	171,534	260,801	-	432,335
Government and community relations	-	381,128	-	381,128
Site operations	-	84,100	-	84,100
Engineering and design	-	72,424	-	72,424
Assaying	-	-	-	-
Drilling and indirects	-	-	-	-
Other exploration	-	219,785	9,638	229,423
Asset retirement obligation adjustment	(28,906)	(52,888)	-	(81,794)
Exploration and development costs for the period	337,818	3,404,707	82,888	3,825,413
Currency translation	603,029	-	-	603,029
Balance February 29, 2016	$ 7,251,971	$ 105,031,450	$ 1,432,087	$ 113,715,508

** Other properties include interests in Donjek, Aurex, CanAlask and Clear Creek in Yukon Territory and Island Mountain in Nevada.

8. ASSET RETIREMENT OBLIGATIONS

Reclamation and closure costs have been estimated based on the Company's interpretation of current regulatory requirements and measured with the most reliable information available. Management's estimate is determined based on the net present value of estimated future cash expenditures for reclamation and closure activities. Reclamation and closure costs are capitalized into Resource properties dependent on the nature of the asset related to the obligation and amortized over the life of the related asset. Future changes to those regulations and standards, as well as changes resulting from operations may result in actual reclamation costs differing from the estimate.

The Company's asset retirement obligations arise from its obligations to undertake site reclamation and remediation in connection with the Santa Fe and Dublin Gulch properties. The estimated costs of reclamation are based on current regulatory requirements and the estimated reclamation costs at the reporting date using the following assumptions:

a) total undiscounted amount of inflation adjusted future reclamation costs was determined to be $899,703 for Dublin Gulch and $462,967 for Santa Fe;
b) weighted average risk-free interest rate at 1.8% and a long-term inflation rate of 2.0%; and
c) expected timing of risk adjusted cash outflows required to settle the obligation will be incurred over the period through 2030 for Dublin Gulch and through 2023 for Santa Fe.

(Expressed in Canadian Dollars)

The following is an analysis of the Company's asset retirement obligation:

	February 28, 2017	February 29, 2016
Balance, beginning of period	$ 2,915,110	$ 2,798,319
Unwinding of discount: ARO	21,580	21,790
Currency translation	(66,009)	175,995
ARO expenditures incurred	(1,183,307)	-
ARO change due to change in estimates	(582,553)	(80,994)
Balance, end of period	1,104,821	2,915,110
Less: Current portion	-	(1,951,165)
Long-term liability	$ 1,104,821	$ 963,945

During the year ended February 28, 2017, the Company incurred $1,183,307 to conduct reclamation activities at its Santa Fe property in Nevada. The Company filed the updated reclamation cost estimate of the Santa Fe mine site to the State of Nevada Division of Environmental Protection in January 2017.

9. INCOME (LOSS) PER SHARE

(a) Basic

Basic earnings (loss) per share is calculated by dividing the net income (loss) attributable to common shareholders by the weighted average number of ordinary shares in issue during the year.

	For the year ended February 28, 2017	February 29, 2016
Net income (loss)	$ (733,427)	$ (1,833,746)
Weighted average number of common shares issued	457,485,684	344,799,527
Basic earnings (loss) per share	$ (0.002)	$ (0.005)

(b) Diluted

The effect of potential issuances of shares under options would be anti-dilutive, and accordingly basic and diluted loss per share are the same.

10. SHARE CAPITAL AND OTHER EQUITY

Authorized, issued and outstanding common shares
Common shares, no par value, authorized unlimited number of shares, issued and outstanding were 504,301,913 and 361,098,109 shares as at February 28, 2017 and February 29, 2016, respectively.

On May 10, 2016, the Company closed a non-brokered private placement for gross proceeds of $24,000,000 (the "Offering"). Electrum Strategic Opportunities Fund L.P. ("Electrum") and Sun Valley Gold LLC ("Sun Valley") were the only subscribers to the Offering. The Units were issued at a price of $0.30 per Unit. Each Unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share of the Company at a price of $0.40 for a period of 3 years following the closing of the Offering. Electrum subscribed for 60,000,000 Units, while Sun

(Expressed in Canadian Dollars)

Valley subscribed for 20,000,000 Units. Upon closing of the private placement, Electrum owned approximately 13.6% of the issued and outstanding shares of the Company while Sun Valley's ownership of the outstanding common shares of the Company increased to approximately 18.0%. There were no finders' fees payable. Other issuance costs totaling $207,707 were paid in conjunction with the Offering. All securities issued pursuant to the Offering were subject to a statutory four month hold period which expired September 11, 2016.

On June 17, 2016, the Company closed a non-brokered private placement flow-through offering (the "Offering") raising gross proceeds of $2.85 million, representing the issuance of 4,384,615 common shares priced at $0.65 per share, of which $2.1M was recorded in equity and $0.6M was recorded as deferred premium. Finders' fees and other issuance cost of $114,807 were paid in conjunction with the Offering. The flow-through shares were subject to a four-month hold period.

On August 31, 2016, the Company closed a brokered agreement with a syndicate of underwriters (the "Underwriters") led by Raymond James Ltd., under which the Underwriters have agreed to purchase, on a bought deal basis, common shares (the "Common Shares") to provide the Company with gross proceeds of $28,778,750 (the "Offering"). The Common Shares were sold at a price of $0.65 per Common Share, for gross proceeds of $28,778,750. Underwriter's commission and other issuance costs of $1,850,193 were paid in conjunction with the Offering.

On November 17, 2016, the Company closed a non-brokered private placement flow-through offering (the "Offering") raising gross proceeds of $4.7 million, representing the issuance of 5,390,856 common shares priced at $0.875 per share of which $3.0M was recorded in equity and $1.5M was recorded as deferred premium. Finders' fees and other issuance cost of $206,777 were paid in conjunction with the Offering. The flow-through shares are subject to a four-month hold period.

11. SHARE - BASED PAYMENTS – EMPLOYEE SHARE OPTION PLAN AND WARRANTS

Stock options

The Company has adopted a stock option plan (the "Plan") for its directors, officers, 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. At February 28, 2017, 17,509,439 (1,625,314 as at February 29, 2016) additional stock options were available for grant under the Company's stock option plan.

A summary of the status of the Plan as at February 28, 2017 and as at February 29, 2016, and changes during the periods ended on those dates is presented below:

	February 28, 2017				February 29, 2016			
	Number of stock options		Weighted average exercise price	Fair Value Assigned	Number of stock options		Weighted average exercise price	Fair Value Assigned
Outstanding, beginning of the year	33,415,000	$	0.20	$3,564,847	28,648,750	$	0.26	$4,070,102
Granted	6,060,000	$	0.56	1,915,464	7,000,000	$	0.15	622,410
Exercised	(9,153,333)	$	0.26	(1,368,197)	-	$	-	-
Expired	(780,000)	$	0.48	(228,725)	(2,153,750)	$	0.86	(1,125,303)
Forfeited	-	$	-	-	(80,000)	$	0.15	(2,361)
Outstanding, end of the year	29,541,667	$	0.25	$3,883,389	33,415,000	$	0.20	$3,564,847

(Expressed in Canadian Dollars)

As at February 28, 2017, the Company had stock options issued to directors, officers, employees and contractors of the Company outstanding as follows:

Date of grant	Number of options outstanding	Number of options exercisable		Exercise price	Expiry date
January 20, 2012	115,000	115,000	$	0.40	January 20, 2017
May 28, 2012	100,000	100,000	$	0.27	May 28, 2017
January 11, 2013	3,950,000	3,950,000	$	0.25	January 11, 2018
January 10, 2014	6,001,667	6,001,667	$	0.12	January 10, 2019
January 14, 2015	6,635,000	6,635,000	$	0.16	January 14, 2018
December 15, 2015	6,680,000	6,680,000	$	0.15	December 15, 2020
August 9, 2016	600,000	225,000	$	0.70	August 9, 2021
January 12, 2017	5,460,000	1,365,000	$	0.55	January 12, 2020
	29,541,667	25,071,667			

* The expiry of these tranches of options was extended as the Company was on blackout at expiry through the end of the year. 115,000 of these options have since been exercised or expired.

The fair value of each option is accounted for in the statement of comprehensive loss or capitalized to resource properties over the vesting period of the options, and the related credit is included in contributed surplus.

On January 12, 2017, the Company granted 5,460,000 incentive stock options with an exercise price of $0.55 per option to directors, officers, employees and consultants of the Company. The stock options have a term of three years and expire on January 12, 2020. The fair value of these options totalling $1,623,804 will be recognized over the vesting period, of which $607,372 ($430,363 expenses and $177,009 capitalized to resource properties) has been recognized as at February 28, 2017. The fair value of these options was calculated based on a risk-free annual interest rate of 0.8%, an expected life of 3 years, an expected volatility of 85% and a dividend yield rate of nil. This results in an estimated value of $0.30 per option at the grant date using the Black-Scholes option-pricing model.

On August 9, 2016, the Company granted 600,000 incentive stock options with an exercise price of $0.70 per option to directors of the Company. The stock options have a term of five years and expire on August 9, 2021. The fair value of these options totalling $291,660 will be recognized over the vesting periods, of which $141,283 has been recognized (expensed) as at November 30, 2016. The fair value of these options was calculated based on a risk-free annual interest rate of 0.62%, an expected life of 5 years, an expected volatility of 80% and a dividend yield rate of nil. This results in an estimated value of $0.49 per option at the grant date using the Black-Scholes option-pricing model.

For purposes of the options granted, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model, with the above assumptions and a forfeiture rate of 8.86%.

(Expressed in Canadian Dollars)

Warrants

The following table summarizes information regarding changes in the Company's warrants outstanding:

	February 28, 2017			February 29, 2016		
	Number of Warrants	Weighted average exercise price	Fair Value	Number of Warrants	Weighted average exercise price	Fair Value
Outstanding, beginning of the year	-	$ -	$ -	-	$ -	$ -
Issued	40,000,000	$ 0.40	6,620,000	-	-	-
Outstanding, end of the year	40,000,000	$ 0.40	$ 6,620,000	-	$ -	$ -

	Number of Warrants	Exercise price	Expiry date
Issued in private placement	40,000,000	$ 0.40	May 10, 2019
	40,000,000		

The fair value of each warrant issues was estimated as of the date of issuance using the Black-Scholes option pricing model with the following assumptions: a risk-free annual interest rate of 0.7%, an expected life of 3 years, an expected volatility of 84% and a dividend yield rate of nil.

12. RELATED PARTIES

Related parties include key management personnel, the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

The remuneration of directors and key management of the Company who are not independent for the years ended February 28, 2017 and February 29, 2016 was as follows:

	2017	2016
Salaries and other short term employment benefits	$ 1,450,325	$ 979,471
Share based compensation	$ 243,723	$ 424,086

The amounts above have been awarded solely to officers of the Company for work performed in their full-time capacity for the Company.

(Expressed in Canadian Dollars)

13. COMMITMENTS AND CONTINGENCIES

Operating Leases

At February 28, 2017, the Company has future minimum annual operating lease commitments for vehicles and office premises in: (1) Vancouver, BC, (2) Toronto, Ontario and (3) Whitehorse, Yukon, as follows:

to February 28, 2018	$	558,536
to February 28, 2019		459,123
to February 28, 2020		447,752
to February 29, 2021		351,803
to February 28, 2022 and thereafter		170,586
Total	$	1,987,800

14. SEGMENTED INFORMATION

The Company's principal activity is the exploration and development of mineral properties. The Company reports separately three operating segments, corporate segment and mineral exploration and development in two geographical segments, Canada and the United States. A breakdown of mineral properties by geographic expenditures is disclosed in *Note 7.*

In millions of Cdn $	**Canada**	**USA**	**Corporate**	**Total**
As at February 28, 2017				
Property and equipment	3.3	-	-	3.3
Resource properties	116.7	6.7	-	123.4
HST and other receivables	0.4	-	-	0.4
Total Assets	126.2	8.5	54.5	189.2
Net loss/(income)	0.5	(1.2)	1.4	0.7
As at February 29, 2016				
Property and equipment	3.3	-	-	3.3
Resource properties	106.4	7.3	-	113.7
HST and other receivables	-	-	-	-
Total Assets	113.6	9.1	10.5	133.2
Net loss/(income)	0.1	0.3	1.4	1.8

(Expressed in Canadian Dollars)

15. SUPPLEMENTARY CASH FLOW INFORMATION

	February 28, 2017	February 29, 2016
Non-cash investing and financing activities:		
Accounts payable and accrued liabilities relating to resource property expenditures	**$ 310,817**	$ 114,308
Stock-based compensation, capitalized to resource properties *(Note 11)*	**$ 195,593**	$ 313,480
Income taxes paid	**$ -**	$ -
Interest paid	**$ -**	$ -

16. INCOME TAXES

	Year ended February 28, 2017	Year ended February 29, 2016
Current income tax:		
Based on taxable income for the period	$ -	$ (136,841)
Prior period (under) over provision	1,248,304	(156,867)
	1,248,304	(293,707)
Deferred income tax:		
Origination/reversal of temporary differences	$ 2,056,151	$ 458,695
	2,056,151	458,695
Income tax recovery/(expense)	**$ 3,304,455**	$ 164,988

The reconciliation of the combined Canadian federal and provincial statutory income tax rate on the net loss for the years ended February is as follows:

	Year ended February 28, 2017	Year ended February 29, 2016
Net (Income) Loss before recovery of income taxes	**$ 4,037,882**	$ 1,998,734
Expected income tax (expense) recovery	1,070,039	529,665
Increase (decrease) resulting from:		
Change in tax benefits not recognized	995,705	92,172
(Under) / over provided in prior periods	1,248,304	(156,867)
Non-deductible (non-taxable) permanent items	(9,593)	(299,982)
Income tax recovery/(expense)	**$ 3,304,455**	$ 164,988

The Company's income tax is allocated as follows:

Current tax recovery / (expense)	1,248,304	(293,707)
Deferred tax recovery/(expense)	2,056,151	458,695
	3,304,455	164,988

The 2017 statutory tax rate of 26.5% did not change from the 2016 statutory tax rate.

(Expressed in Canadian Dollars)

Management believes that it is not probable that sufficient taxable profit will be available in future years to allow the benefit of the deferred tax assets arising from the following deductible temporary differences to be utilized:

	2017	2016
Non-capital losses		
Canada	**$ 27,804,201**	$ 26,145,663
U.S.	**$ 38,883,211**	$ 35,121,597
Capital loss - Canada	**$ 3,446,705**	$ 3,365,815
Resource related deductions	**$ 11,300,348**	$ 14,386,666
Share issue costs	**$ 2,406,437**	$ 202,701
Intangible assets	**$ 323,798**	$ 323,798
Property plant and equipment	**$ 5,519,532**	$ 4,271,939
Marketable Securities	**$ 238,489**	$ 436,867
Other	**$ 113,663**	$ 38,476
	$ 90,036,384	$ 84,293,522

The Canadian and United State non-capital income tax losses expire from 2026 to 2037; intangible assets, mineral property and exploration expenses, property plant and equipment and marketable securities have no expiry date. Share issue cost is deductible between 2018 to 2021. Capital losses can be carried forward indefinitely but may only be applied against capital gains income.

As a February 28, 2017, $nil (2016 - $nil) was recognized as a deferred tax liability for taxes that would be payable on the unremitted earnings of certain of the Company's subsidiaries as the Company has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future; and the investments are not held for resale and are expected to be recouped by continued use of these operations by the subsidiaries. The amount of temporary differences not booked for these unremitted earnings at February 28, 2017 is $nil (2016 - $nil).

17. CAPITAL RISK MANAGEMENT

The Company considers its capital structure to consist of capital stock, contributed surplus and accumulated deficit. The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support its exploration, development and operations activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its resource properties and maximize shareholder returns. The Company satisfies its capital requirements through management of its cash resources and by utilizing bank indebtedness or equity issues, as necessary, based on the prevalent economic conditions of both the industry and the capital markets and the underlying risk characteristics of the related assets. As at February 28, 2017, the Company had no bank debt.

Management reviews its capital management approach on an ongoing basis. There were no significant changes in the Company's approach to capital management during the year ended February 28, 2017. The Company is not subject to externally imposed capital requirements.

18. FINANCIAL RISK MANAGEMENT

(a) Credit risk management

Certain of the Company's financial assets are exposed to a degree of credit risk. The Company endeavours to manage credit risk by holding its cash and cash equivalents as cash deposits and short-term government treasury funds with major commercial banks.

Credit risk relating to accounts receivable and restricted cash arises from the possibility that any counterparty to an instrument fails to perform. The Company's accounts receivable relate to recoveries of HST. Restricted cash includes reclamation bonds. Reclamation bonds reflect non-interest bearing cash deposits held with governmental agencies representing the state of Nevada, Newmont Mining Corporation and interest bearing certificates of deposit held by Wells Fargo. The Company does not feel there is significant counterparty risk that could have an impact on the fair value of cash and cash equivalents, restricted cash and receivables. The maximum exposure is limited to amounts of cash and cash equivalents, restricted cash and receivables on the statement of financial position.

(b) Liquidity risk

The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its capital, development and exploration expenditures. The Company ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

As of February 28, 2017, the Company had a cash balance of $59,588,197 (2016 - $13,942,137) to settle current accounts payable and accrued liabilities of $3,508,120 (2016 - $4,144,085).

(c) Market risk

The Company's financial assets and liabilities are exposed to price risk with respect to commodity prices and prices of the Company's equity investments, however the risk is limited due to the nature and low balance of the Company's holdings.

(d) Foreign exchange risk

The Company incurs exploration expenditures in the United States and holds its restricted cash and a portion of its cash and cash equivalents in US dollars. This gives rise to a risk that its US dollar expenditures and US dollar cash holdings may be adversely impacted by fluctuations in foreign exchange. The Company does not undertake currency hedging activities.

(e) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk of investing cash equivalents into fixed interest rate investments is mitigated by the short terms in which the investments mature. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash and cash equivalents is limited as these investments, although available for sale, renew daily. The short-term investments included in cash and cash equivalents earn interest at prevailing rates. This allows the Company to adapt its investment strategy in the event of any large fluctuations in the prevailing market rates.

(Expressed in Canadian Dollars)

Sensitivity analysis

The following table summarizes the sensitivity of the Company's cash, cash equivalents and restricted cash to changes in interest rates and foreign exchange rates over the twelve month reporting period ended February 28, 2017.

	Carrying amount	Interest rate change (1) + 1%	Interest rate change (1) - 1%	Foreign currency change (2) + 10%	Foreign currency change (2) - 10%
Cash and cash equivalents (Cdn $)					
Cash - Cdn$ denominated	5,708,153	57,082	(57,082)	-	-
Cash - US$ denominated	4,763,112	47,631	(47,631)	476,311	(476,311)
Treasury funds – Canadian denominated	49,116,932	491,169	(491,169)	-	-
Total cash and cash equivalents	59,588,197	595,882	(595,882)	476,311	(476,311)
Reclamation bonds - US$ denominated (non-interest bearing)	1,771,954	-	-	177,195	(177,195)
Reclamation bonds - Cdn$ denominated (non-interest bearing)	99,000	-	-	-	-
Total amount or impact - cash and deposits	61,459,151	595,882	(595,882)	653,506	(653,506)

1) Interest earned on the Company's interest bearing cash accounts, treasury funds and certificates of deposit is at prevailing rates that fluctuate with changes in banking interest rates and Government t-bill rates. Management believes that a plus or minus 1% annual change in rates is a reasonable estimate of variability over a twelve month period.

2) The Company's US dollar cash balance, US dollar reclamation bonds and US dollar based certificates of deposit are subject to foreign exchange risk. Management has shown a sensitivity analysis of a plus or minus change of 10%.

The sensitivity of the Company's foreign currency (US$) intercompany loan which is eliminated in the consolidated financial statements, to changes in foreign exchange rates as of February 28, 2017 is Cdn$ 546,389 for a plus 10% change and Cdn$ (546,389) for a minus 10% change.

(f) Fair value of financial assets and liabilities

The book values of the cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, approximate their respective fair values.

The fair values together with the carrying amounts shown in the statements of financial position are as follows:

	Classification	February 28, 2017 Carrying amount	February 28, 2017 Fair value	February 29, 2016 Carrying amount	February 29, 2016 Fair value
Cash and cash equivalents	*Level 1*	$59,588,197	$59,588,197	$13,942,137	$13,942,137
Restricted cash	*Level 1*	1,870,954	1,870,954	1,907,417	$ 1,907,417
Marketable securities	*Level 1*	576,722	576,722	178,344	$ 178,344
Other receivables	*Level 1*	358,291	358,291	44,436	$ 44,436
Accounts payable and accrued liabilities	*Level 1*	(3,508,120)	(3,508,120)	(4,144,085)	$ (4,144,085)

(g) Estimation of fair values

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table:

Securities in listed entities (financial assets at fair value through profit and loss)
Fair value is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

Trade and other receivables/payables
For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

19. SUBSEQUENT EVENTS

On April 24, 2017, the Company granted 1,190,000 incentive stock options with an exercise price of $0.72 per option to officers, employees and consultants of the Company. The stock options have a term of three years and expire on April 24, 2020. The fair value of these options totalling $476,714 will be recognized (expensed and capitalized to resource properties) over the vesting period. The fair value of these options was calculated based on a risk-free annual interest rate of 0.8%, an expected life of 3.0 years, an expected volatility of 84% and a dividend yield rate of nil. This results in an estimated value of $0.40 per option at the grant date using the Black-Scholes option-pricing model.

On May 3, 2017, the Company closed a non-brokered private placement flow-through offering (the "Offering") raising gross proceeds of $10.0 million, representing the issuance of 11,494,253 common shares priced at $0.87 per share. There were no finders' fees for this transaction, while other issuance cost were paid in conjunction with the Offering. The flow-through shares are subject to a four-month hold period.