Management Discussion and Analysis
of
Financial Position
and
Results of Operations
for the
Three Month Period ended June 30, 2016

This report is dated August 18 , 2016
(The "Report Date")

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Evolving Gold Corp.
Management Discussion and Analysis
For the Three-Month Period ended June 30, 2016

Introduction

The following information should be read in conjunction with the condensed consolidated interim financial statements for the three-month period ended June 30, 2016 and the audited consolidated financial statements of Evolving Gold Corp. ("Evolving" or the "Company") for the year ended March 31, 2016.

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). This discussion includes the results of the Company's wholly-owned subsidiaries:

- Evolving Gold Corp. (Nevada, USA - Active)
- Rattlesnake Mining Corp. (Canada - Inactive), and
- Rattlesnake Mining (Wyoming) Company (Wyoming, USA - Active)

Note 3 of the consolidated financial statements at March 31, 2016, describes all of the Company's significant accounting policies and a description of changes made during the 2016 fiscal year is included therein. During the year ended March 31, 2016, the Company's critical accounting estimates and significant accounting policies have remained substantially unchanged.

All amounts presented in this document are stated in Canadian dollars due to a change in the functional and reporting currency of the Company, except where otherwise noted.

Cautionary Note Regarding Forward Looking Statements

This Management's Discussion and Analysis is intended to supplement and complement the condensed consolidated interim financial statements for the three-month period ended June 30, 2016 and the consolidated financial statements for the year ended March 31, 2016, and the notes thereto (collectively the "Financial Statements"). Readers are encouraged to review these Financial Statements in conjunction with a review of this Management's Discussion and Analysis. Certain notes to the Financial Statements are specifically referred to in this Management's Discussion and Analysis and such notes are incorporated by reference herein. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. These forward-looking statements are based on, but not limited to, material assumptions including: title to the Company's exploration properties; the level and suitability of exploration expenditures relating to those properties, including decisions regarding the impairment of mineral property expenditures; rehabilitation requirements; commodity prices; access to funding and capital markets conditions generally; various accounting estimations related to income taxes, share based payments and the valuation of available for sale securities; a sufficiently stable and healthy global economic environment; and other expectations, intentions and plans contained in this MD&A that are not historical fact.

When used in this MD&A, the words "plan," "expect," "believe," and similar expressions generally identify forward looking statements. These statements reflect current expectations. They are subject to a number of risks and uncertainties, including those factors disclosed under Risks and Uncertainties below. In light of the many risks and uncertainties, readers should understand that the Company cannot offer assurance that the forward-looking statements contained in this analysis will be realized.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.

Additional information relating to the Company may be found on SEDAR at www.sedar.com or at the company's website at www.evolvinggold.com.

Corporate Overview

The Company became a reporting issuer in the Provinces of Alberta, British Columbia and Ontario on May 14, 2004. The Company has traded on various exchanges since inception, and currently trades on the following exchanges:

Canadian Stock Exchange (CSX: EVG since July 25, 2014))
NASD (OTCBB: EVOGF since 2005)
Frankfurt Stock Exchange (EV7 since 2007)

On July 25, 2014, the Company announced that it was voluntarily delisting from the Toronto Stock Exchange, where it had been listed since December 7, 2010 under the stock symbol T: EVG. The delisting was effective July 25, 2014.

Description of Business

Evolving Gold Corp. ("Evolving" or the "Company") is a Canadian-based mining exploration company engaged in the acquisition, exploration and development of natural resource properties.

The Company's focus is currently in transition from drill intensive exploration of gold properties located in the United States to Canadian based mineral exploration properties, including the Lithium Lakes property located in Quebec, Canada.

Changes in Management, Directors, and Corporate Activities

Effective March 31, 2016, the Company determined that, as a result of a change in focus from United States based to Canadian based mineral exploration properties, the functional currency of the Company had changed from the United States dollar to the Canadian dollar. Accordingly, the Company determined that it should report in the Canadian dollar as well. The change in functional currency from US to Canadian dollars is accounted for prospectively from April 1, 2016. The unaudited, condensed consolidated interim financial statements are presented in Canadian dollars and prior year comparable information is restated to reflect the change in presentation currency. There were no changes to the measurement basis of the financial statement line items as a result of the change in presentation currency. In making the change to a Canadian dollar presentation currency, the Company followed the guidance in IAS 21, The Effects of Changes in Foreign Exchange Rates ("IAS 21"), and has applied the change retrospectively as if the new presentation currency had always been the Company's presentation currency. See Note 3 to the June 30, 2016 financial statements.

On June 16, 2016, the Company announced the purchase of the Lithium Lakes Property. The property is located about 10 kilometres north of the Route du Nord, and between eight and 30 kilometres from the Nemaska Lithium Whabouchi project, and consists of four blocks of claims, totaling 105 active claims located on public land. The total area of the property is 5,596.5 hectares, or 55.965 square kilometres. Access is provided through a road which originates from the town of Chibougamau, approximately 250 kilometres to the south-southeast. The main claim block extends 15 kilometres in a northeast-southwest direction and six kilometres in a northwest-southeast direction. Subsequently, additional claims were staked. See "Mineral Properties" below for a more detailed description of the project.

As of the date of this report, the Company continues to maintain its Jake Creek property in good standing. However, given the high value of the US dollar, Company management believes that it is in the best interests of the Company to evaluate and pursue projects and properties outside of the United States, which has historically been the focus of its operations. Accordingly, the Company has decided to allow the Jake Creek property to lapse.

On July 28, 2015 Rattlesnake Mining (Wyoming) Company, a wholly owned subsidiary of the Company, entered into an Asset Purchase Agreement whereby it sold the Rattlesnake property to GFG Resources (US) Inc. ("GFG"), a private company incorporated in the United States. The consideration was US$1,600,000 (including the bond refund of $286,000) and 2,000,000 common shares of GFG at a fair value of $450,000. As of the date of this report, the Rattlesnake Mining (Wyoming) Company has received all required payments noted above, and has sold the GFG common shares. Accordingly, Rattlesnake Mining (Wyoming) Company no longer has an interest in the property aside from a 2% net smelter return royalty with 1% available for purchase for US$1,000,000 on production arising from the mining claims, save and except for 30 claims that are already subject to a pre-existing royalty. Rattlesnake Mining (Wyoming) Company may also be entitled to an additional 1,500,000 common shares of GFG in the event an independent NI 43-101 resource report defines an aggregate mineral resource (including the "inferred mineral resource", category within the meaning of NI 43-101) for Rattlesnake Hills of at least 1,000,000 ounces of gold within 4 years of closing. See "Mineral Properties" below.

Mineral Properties

Lithium Lakes Property, Quebec, Canada

On June 16, 2016, the Company announced the purchase of the Lithium Lakes Property.

The property is located about 10 kilometres north of the Route du Nord, and between eight and 30 kilometres from the Nemaska Lithium Whabouchi project, and consists of four blocks of claims, totaling 105 active claims located on public land. The total area of the property is 5,596.5 hectares, or 55.965 square kilometres. Access is provided through a road, which originates from the town of Chibougamau, approximately 250 kilometres to the south-southeast. The main claim block extends 15 kilometres in a northeast-southwest direction and six kilometres in a northwest-southeast direction. A network of Hydro-Quebec access roads crosses the eastern part of the property. Several prospective areas may require the construction of ATV trails for local ground access.

Pursuant to the purchase agreement, the Company issued a total of 300,000 common shares at a fair value of $93,000, and paid $40,000. The Lithium Lakes claims are subject to a 1-per-centa 1% net smelter returns royalty, whereby the Company will have the right, at any time, to acquire one-half of the royalty by paying $500,000 to the royalty holder.

The property was subject to historical electromagnetic, magnetic and spectrometric surveys, along with a geological reconnaissance survey and lake sediment elemental analysis. The five different historical surveys were used to generate high-probability targets for lithium exploration. The property has eight high-priority targets prospective for lithium-bearing pegmatite bodies, including two that are approximately 3.5 kilometres long that were selected based on a geological interpretation of historical magnetic, spectrometric and geochemical surveys and their association with topographic features.

On July 5, 2016, the Company announced that it had increased its land position by staking an additional 31 claims directly NE of the 100% owned Lithium Lakes Property recently acquired by the Company. The new claims add an area of 16.49 km^2 to the Lithium Lakes Property, which now has a total area of 72.5 km^2.

The new claims cover the potential bedrock sources for three lake sediment anomalies that indicate the possible presence of lithium bearing pegmatites glacially up ice from the anomalies. One lake sediment sample is anomalous in uranium, another is anomalous in tungsten, and the most interesting anomaly is anomalous in lithium, rubidium, titanium and zirconium. The potential sources for the metallic anomalies correlate well with magnetic anomalies derived from historical surveys and topographic features.

The new claims add an additional 3 high priority targets to the 8 high priority targets already identified on the original Lithium Lakes Property. The original 8 targets were up to 3.5km long and were selected based on a geological interpretation of historical magnetic, spectrometric and geochemical surveys and their association with topographic features.

On July 28, 2016, the Company announced that it had retained Jean-Philippe Paiement, PGeo, MSc, from SGS Canada Inc., an independent qualified person as defined by National Instrument 43-101, as the QP for Evolving Gold's Lithium Lakes project in Quebec. Mr. Paiement graduated from Universite of Quebec in Montreal (2006) with a BSc in resources geology and from Laval University (2009) with an MSc in earth sciences. Mr. Paiement specializes in ore deposit geology, resource estimation, geostatistics and structural geology. Mr. Paiement started working with SGS Canada as a consulting geologist for exploration and drilling campaigns in 2009. Since then, he has specialized in exploration modelling and targeting, resource estimation, geostatistics, mine audits, and sample selection. Mr. Paiement worked on several technical reports and is considered to be a qualified person for numerous commodities such as vein-style gold-silver deposits, polymetallic base metal deposits and industrial mineral deposits (rare earth elements, lithium, phosphate, graphite and iron).

The Company is now in the process of implementing its field exploration program, having sent a work crew to the property to prepare for a team of geologists to will conduct basic field prospecting and mapping of the targets. Any lithium mineralization encountered will be channel sampled and assayed. Bulk sampling, if warranted, will be initiated immediately, to provide metallurgical data as soon as possible. After the initial mapping phase, geophysical surveys will be used to determine specific diamond drill targets.

Jake Creek Property, Nevada, USA

The Jake Creek Property is located in northern Humboldt County, Nevada, approximately 45 miles northeast of Winnemucca, and consists of 699 generally contiguous, unpatented mining claims covering a total of approximately 14,405 acres. The claim block is situated among the buttes and adjoining slopes of the western foothills of the Snowstorm Mountains, along a north-northwest trending structural corridor known as the Jake Creek Trend. Local terrain is gentle to relatively steep, with elevations ranging from roughly 5,000 to 5,800 feet above mean sea level. The Company is the sole owner of the Jake Creek Property claim block and holds an undivided, 100% interest in the Jake Creek Property.

As of the date of this report, the Company continues to maintain the Jake Creek property; however, the Company has decided to allow the property to lapse due to the expense of maintaining the property with the Bureau of Land Management and the cost of maintaining operations in the United States.

Rattlesnake Property, Wyoming, USA

The Rattlesnake Hills Property lies in Natrona County, Wyoming approximately 47 miles west-southwest of Casper. The property was 100% owned by the Company until the sale noted below. The Rattlesnake Hills Property consists of 30 unpatented lode mining claims that were staked between 1985 and 1987, 97 unpatented lode mining claims that were staked in 2006, 515 unpatented lode claims that were staked in 2008 and 2009, and approximately 515 hectares of Wyoming State lease lands. The Rattlesnake Hills Property is located within the Rattlesnake Hills Alkalic Intrusive (“RAI”) Complex, one of many alkalic centers occurring along the eastern margin of the Rocky Mountains from New Mexico to Canada.

On July 28, 2015 Rattlesnake Mining (Wyoming) Company, a wholly owned subsidiary of the Company, entered into an Asset Purchase Agreement whereby it sold the Rattlesnake property to GFG Resources (US) Inc. (“GFG”), a private company incorporated in the United States for the following consideration:

1) Cash consideration of US$1,600,000 (including the bond refund of $286,000) as follows:
    - $150,000 as a non-refundable deposit;
    - $564,000 at closing;
    - $286,000; and
    - $600,000 on the first anniversary of the closing, secured by a non-interest bearing promissory note.
2) 2,000,000 common shares at a fair value of $450,000.

As of the date of this report, the Rattlesnake Mining (Wyoming) Company has received all required payments noted above, and has sold the GFG common shares.

Accordingly, Rattlesnake Mining (Wyoming) Company no longer has an interest in the property aside from a 2% net smelter return royalty with 1% available for purchase for US$1,000,000 on production arising from the mining claims, save and except for 30 claims that are already subject to a pre-existing royalty. Rattlesnake Mining (Wyoming) Company may also be entitled to an additional 1,500,000 common shares of GFG in the event an independent NI 43-101 resource report defines an aggregate mineral resource (including the "inferred mineral resource", category within the meaning of NI 43-101) for Rattlesnake Hills of at least 1,000,000 ounces of gold within 4 years of closing. See “Mineral Properties” below.

The Company's exploration and evaluation expenditures for the three-month period ended June 30, 2016 and the year ended March 31, 2016 are:

	Lithium Lakes	Jake Creek	June 30, 2016
Acquisition and land maintenance	133,000	-	**133,000**
Reclamation	-	24,506	**24,506**
	$ 133,000	$ 24,506	**$ 157,506**

	Jake Creek	Rattlesnake	March 31, 2016
Field Expenses and other	15,312	24,696	**40,007**
Consulting - Geological	1,218	9,740	**10,958**
Acquisition and land maintenance	3,874	24,597	**28,471**
	$ 20,403	$ 59,033	**$ 79,437**

Results of Operations

The results for the three month periods ended June 30, 2016 and 2015 are as follows:

	2016	2015
Operating loss for the period	$242,303	$142,752
Basic and diluted Income (loss) per share	$0.02	$0.01

Operating expenditures for the three month periods ended June 30, 2016 and 2015 reflect an increase in the operations of the Company, primarily due to an increase in mineral property expenditures. The most significant variations are:

- Amortization of $3,187 (2015: $7,743) reflects the reduced amount of depreciable assets held by the Company due to disposals and assets reaching their end-of-life;
- Legal expense of $6,381 (2015: $nil) primarily reflects the timing of legal expenses incurred in normal regulatory and corporate activities during the periods;
- Management fees of $37,500 (2015: $37,500) are unchanged over the periods, and continue to be accrued and not paid during the period;
- Mineral property expenditures of $157,506 (2015: $79,437) reflect $133,000 of property acquisition costs during the period as a result of the acquisition of the Lithium Lakes property in Quebec. Management expects to incur significant further expenditures in exploring the property during the next few quarters. Last year's expenditures were predominantly reclamation and care and maintenance costs on the US properties;
- Office, rent and salaries expense of $66,928 (2015: $69,963) were comparable and reflect the cost to maintain the operations of the Company, primarily with respect to the head office of the Company and general corporate expenses;
- Share based payments of $nil (2015: $7,396) represent non-cash charges incurred in connection with the granting of stock options granted in prior periods and vesting during the period, calculated using the Black Scholes option valuation model;
- Transfer agent and filing fees of $5,173 (2015: $3,045) reflect the level of corporate activities and ongoing costs to maintain listings, transfer services and the timing of corporate activities;
- No mineral property payments were received during the current quarter (2015: $184,479);
- The change in the fair value of warrant liability represents a derivative liability due to the denomination of the Company's shares and warrants in Canadian dollars as a result of previously reporting in US dollars. This liability remains until the underlying warrants expire on August 23, 2016. A gain of $422 (2015: a gain of $6,839) was recorded during the quarter;

- A gain of $9,347 (2015: a loss of $17) was recognized on the change in the fair value of available for sale securities. An unrealized gain of $29,990 (2015: a loss of $8,737) was recognized on securities held for trading. A loss on disposition of available for sale securities of $nil (2015: loss of $685) was recorded on the sale of securities. The securities in these categories are part of the compensation received from the sale of various exploration properties and options on properties. The reader is referred to the notes to the financial statements for a specific discussion of the rationale for these classifications and which securities are held in each classification;
- Foreign exchange was a loss of $3,978 (2015: a loss of $117,465). The higher volatility and reduced value of the Canadian dollar relative to the US dollar during the period contributed to the variations.

Selected Annual Information

	2016	**2015**	**2014**
Interest income	738	3,467	41,109
Share Based Payments	14,988	64,587	57,808
Exploration and evaluation expenditures	187,690	292,988	831,145
Comprehensive income (loss) for the year	2,456,048	256,726	(1,951,309)
Income (loss) per share, basic and fully diluted	0.18	0.02	(0.17)
Total assets	2,205,717	817,559	705,729
Working capital	1,281,309	(835,205)	(1,515,627)

Summary of Quarterly Results (Unaudited)

The following is a summary of the results from the eight previously completed financial quarters:

	Fiscal 2016-2017	Fiscal 2015-2016		
	Q1 June 30, 2016	Q4 March 31, 2016	Q3 Dec. 31, 2015	Q2 Sept. 30, 2015
Interest income and other	-	572	-	167
Share based payments	-	(6,914)	14,015	-
Exploration and evaluation expenditures	157,506	20,349	49,459	33,178
Comprehensive income (loss)	(242,303)	122,991	(73,816)	2,560,401
Income (loss) per share, basic and fully diluted	(0.02)	0.01	0.00	0.20
Total assets	2,145,262	2,202,421	2,179,516	2,429,419
Working capital	1,240,774	1,281,061	1,167,062	865,149

	Fiscal 2015-2016	Fiscal 2014 -2015		
	Q1 June 30, 2015	Q4 March 31, 2015	Q3 Dec. 31, 2014	Q2 Sept. 30, 2014
Interest income	-	3	3,266	198
Share based payments	7,396	64,404	10,898	-
Exploration and evaluation expenditures	79,437	35,686	17,271	212,576
Comprehensive income (loss)	(142,752)	(67,886)	(124,646)	28,877
Income (loss) per share, basic and fully diluted	(0.01)	(0.01)	(0.01)	-
Total assets	764,468	817,559	335,112	376,475
Working capital	(995,939)	(835,205)	(47,644)	192,244

Interest Income
Interest income fluctuated with the amount of interest earning assets held and the interest rate earned thereon.

Net Loss
Net loss varies based on normal corporate expenditures and certain periodic expenses, such as stock based compensation and gains on the sale of marketable securities. Stock-based compensation varies with the timing of vesting of option grants. A gain on sale of marketable securities is recorded when a sale occurs.

Working Capital
Working Capital for all quarters presented above decreased due to exploration and administrative costs, and increased when assets were sold, recorded as held for sale, or when debt settlements occurred.

Capital Expenditures

During the three-month period ended June 30, 2016 and the year ended March 31, the Company incurred net expenditures of $nil (March 31, 2015 - $6,569) for additions to fixed assets in various categories.

Financing Activities

During the three-month period ended June 30, 2016, the Company completed the following transactions:

- A private placement for 1,000,000 units for gross proceeds of $100,000. Each unit consisted of one common share in the capital of the company and one common share purchase warrant, with each warrant being exercisable for the purchase of an additional common share for a period of three years from closing at 15 cents per common share. No finders' fees or commissions were paid in connection with the private placement;

- The issue of 125,000 common shares for proceeds of $6,250 upon the exercise of 125,000 stock options at $0.05 per share; and

- The issue of 300,000 common shares for property at a fair value of $93,000. See Mineral Properties above.

There were no securities transactions during the year ended March 31, 2016.

Subsequent to the quarter end, the Company ccompleted a flow-through private placement which raised gross proceeds of $300,000. The Company issued 600,000 Flow Through shares ("FT Shares") at a price of $0.50 per FT Share. Commissions of $18,000 (6%) and expenses of $1,000 were paid in connection with the private placement. The FT Shares issued in the private placement are subject to a statutory hold period of four months and one day.

There were no securities transactions during the year ended March 31, 2016.

Liquidity and Capital Resources

The Company's aggregate operating, investing and financing activities for the three-month period ended June 30, 2016 resulted in a cash increase of $450,990 (2015: a decrease of $45,174). As at June 30, 2016 and March 31, 2016, the Company's cash and cash equivalents balance was $1,067,202 (March 31, 2016: $616,212) and the Company had a working capital of $1,240,774 (March 31, 2016: $1,281,061).

The Company has not yet put into commercial production any of its mineral properties and as such has no operating revenues. Accordingly, the Company is dependent on the equity markets as its sole source of operating working capital. The Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

The Company will continue to require funds to meet its obligations and as a result, will have to continue to rely on equity and debt financing during such period. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

The Company continues to review its mineral property holdings on an annual basis. The Company does not have any other commitments for material capital expenditures either in the near or long term over normal operating requirements and none are presently contemplated other than as disclosed above.

Transactions with Related Parties

Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include the Company's CEO and CFO. Payments to key management are recorded as management fees. Share based payments were incurred for both key management and directors. No Directors fees were paid during the applicable periods.

The following related party transactions were incurred:

	Three months ended June 30, 2016	2015
Management fees and salaries	$ 37,500	$ 37,500
Share based payments	-	6,203
	$ 37,500	**$ 43,703**

Management fees are payable in Canadian dollars. During the three-month period ended June 30, 2016 and the year ended March 31, 2016, the Company continued to accrue management fees. Unpaid and accrued management fees as at June 30, 2016 and March 31, 2016 were $225,000 ($187,500).

Off Balance Sheet Arrangements

To the best of management's knowledge, there are no other off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the company.

Critical Accounting Estimates and Changes in Accounting Polices

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

The estimates and assumptions of the Company are set out in Note 4 to the annual audited Consolidated Financial Statements as of and for the year ended March 31, 2016, which are incorporated herein by reference. The reader is referred to those statements for a detailed discussion of the accounting policies.

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

Effective March 31, 2016, the Company determined that, as a result of a change in focus from United States based to Canadian based mineral exploration properties, the functional currency of the Company had changed from the United States dollar to the Canadian dollar. Accordingly, the Company determined that it should report in the Canadian dollar as well. The change in functional currency from Canadian dollars to US dollars is accounted for prospectively from April 1, 2016. The unaudited, condensed consolidated interim financial statements are presented in Canadian dollars and prior year comparable information is restated to reflect the change in presentation currency. There were no changes to the measurement basis of the financial statement line items as a result of the change in presentation currency. In making the change to a Canadian dollar presentation currency, the Company followed the guidance in IAS 21, The Effects of Changes in Foreign Exchange Rates ("IAS 21"), and has applied the change retrospectively as if the new presentation currency had always been the Company's presentation currency. See Note 3 to the June 30, 2016 financial statements.

Future Accounting Changes

The Company did not adopt any new or amended standards for the year beginning April 1, 2016 or 2015 that had a material impact on the consolidated financial statements. New accounting standards, amendments to standards and interpretations that have been issued but are not effective during the period year ended March 31, 2016 are summarized in Note 3 of the annual audited Consolidated Financial Statements as of and for the year ended March 31, 2016.

Financial Instruments

The company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated.

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company has significant exposure to foreign exchange rate fluctuation. The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in United States dollars. The Company has not entered into any foreign currency contracts to mitigate this risk. The Company holds balances in US dollars which could give rise to exposure to foreign exchange risk. Sensitivity to a plus or minus 10% change in the foreign exchange rate of the US dollar to the Canadian dollar would affect the reported loss and comprehensive loss by approximately $55,955 (March 31, 2016: $101,235) as detailed below:

United States Dollar Denominated Balances	**June 30, 2015**	**March 31, 2016**
Cash	$ 377,777	$ 345,569
Accounts receivable	600,000	645,000
Available for sale securities	-	450,000
Accounts payable	(418,223)	(428,223)
	559,554	1,012,346
10% change in exchange rate impact	**$ 55,955**	**$ 101,235**

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand.

The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at June 30, 2016 and March 31, 2016 relating to cash and cash equivalents of $1,067,202 and $616,212 held in deposits at a Canadian chartered bank. The Company considers this credit risk to be minimal for all cash and cash equivalent assets based on changes that are reasonably possible at the reporting date

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

Accounts payable and other liabilities	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Over 5 years	Total
June 30, 2016	$ 812,850	$ -	$ -	$ -	$ 812,850
March 31, 2016	$ 826,535	$ -	$ -	$ -	$ 826,535

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Statement of Financial Position carrying amounts for cash and cash equivalents, restricted cash and trade and other payables approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

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

The available-for-sale securities, Northern Empire and NV Gold are based on quoted prices and are therefore considered to be Level 1.

The available-for-sale securities, GFG, is based on inputs other than quoted prices, but are observable directly and therefore is considered to be Level 3.

The fair value of the warrant liabilities are determined with the use of a fair value pricing model and are determined to be Level 3 liabilities.

Outstanding Share Data

As of June 30, 2016 and the Report Date, the following table summarizes the outstanding share capital of the Company:

	June 30, 2016	Report Date
Common Shares	14,897,378	15,497,378
Stock Options	650,000	1,400,000
Warrants	1, 428,571	1,428,571
Total, Fully Diluted	**16,975,949**	**18,325,949**

See Events after the Reporting Period, below, for a description of the transactions affecting share capital as of the Report Date.

Risks and Uncertainties

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

Operational risks include: the Company may not be able to find and develop reserves economically, the Company cannot guarantee title to its properties, the Company may have difficulty in marketing production and services, the Company must manage changing governmental law and regulations, the Company may have difficulty in hiring and retaining skilled employees and contractors, there are significant risks and hazards related to mining that are beyond the Company's control, there is no assurance that the Company will acquire additional mineral properties and any acquisitions may expose the Company to new risks, and the mining industry is intensely competitive for the acquisition of new properties, access to capital and hiring of skilled personnel. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations.

Financial risks include commodity prices, interest rates and fluctuating foreign exchange rates, all of which are beyond the Company's control. Additional financial risks are the Company's ability to raise capital to continue funding its operations.

Regulatory risks include the possible delays in getting regulatory approval to, and permits for, the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the introduction of ever more complex reporting requirements the cost of which the Company must meet in order to maintain its exchange listing.

Events after the reporting period

The Company has evaluated its activities subsequent to June 30, 2016 and has determined that there are no material events to be reported aside from the following:

a) The Company issued 600,000 Flow Through shares ("FT Shares") at a price of $0.50 per FT Share for total proceeds of $300,000. Commissions of $18,000 (6%) and expenses of $1,000 were paid in connection with the Private Placement. In accordance with applicable securities legislation, the FT Shares issued in the Private Placement are subject to a statutory hold period of four months and one day. Proceeds received from the issuance of flow-through shares are restricted to be used only for certain Canadian resource property exploration expenditures incurred within a two-year period.

b) The Company granted 750,000 stock options at an exercise price of $0.50 per share to officers and directors. The options vest upon grant and expire in 5 years from the grant date.

c) The Company received the final $600,000 (U.S.) payment due to it from GFG Resources (U.S.) Inc. pursuant to an asset purchase agreement dated July 28, 2015, pertaining to the purchase and sale of the Rattlesnake Hills property in Wyoming.