EVOLVING GOLD

Management Discussion and Analysis
of
Financial Position
and
Results of Operations
for the
Year ended March 31, 2016

This report is dated July 27, 2016

(The "Report Date")

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CSX: EVG / OTCBB: EVOGF /   FSE: EV7

Introduction

The following information should be read in conjunction with 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)
- 5210 Nunavut Ltd. (Nunavut, Canada - Inactive)
- Exemplar Gold Corp. (Canada - Inactive)
- 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 United States dollars, except where otherwise noted.*** The most notable exceptions are in the discussion of share capital, where securities prices are stated in Canadian dollars (C$).

Cautionary Note Regarding Forward Looking Statements

This Management's Discussion and Analysis is intended to supplement and complement the consolidated financial statements for the year ended March 31, 2016 and the consolidated financial statements for the year ended March 31, 2015, 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.

Changes in Management, Directors, and Corporate Activities

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 the Section "Mineral Properties" below for a more detailed description of the project.

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 as follows:

- $150,000 as a non-refundable deposit (received);
- $564,000 at closing (received)
- $286,000 (received); and
- $600,000 on the first anniversary of the closing, secured by a non-interest bearing promissory note (received subsequent to the year end – see events after the reporting period).

2) 2,000,000 common shares at a fair value of $450,000 being the price at which GFG agreed to repurchase the shares. The shares are subject to resale restrictions and hold periods under applicable securities laws in Canada and the United States.

Rattlesnake Mining (Wyoming) Company retained 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 the Section “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, a the Company has decided to allow the Jake Creek property to lapse.

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 has agreed to issue to the vendor a total of 300,000 common shares upon the approval of the transaction by the TSX Venture Exchange. The Company has also agreed to pay the vendor $40,000 ($10,000 paid in advance as a non-refundable deposit). 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 total of 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.

The Company plans to send a work crew to the Property in July. The geological teams 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.

The Company will work closely with local First Nations organizations to protect their fishing and hunting rights on their traditional lands. The Company will also provide employment and economic opportunities to nearby First Nations communities.

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.

In late December, 2007 the Company acquired by staking approximately 435 claims totaling approximately 8,900 acres 6 kilometers east of Twin Creeks mine in north-central Nevada. A mercury vapor study was completed at Jake Creek in August, 2008. Results from this survey defined at least four drill targets for possible buried Carlin-style mineralization. In September 2010, the Company drilled two reverse circulation drill holes on two of these mercury vapour targets both of which intersected sedimentary rocks considered favourable for hosting Carlin type gold deposits beneath volcanic cover. The Company subsequently increased its land holdings at Jake Creek to approximately 21,000 acres.

The 2011 Jake Creek reverse-circulation (RC) drilling program included 3,580.8 meters of drilling in eleven holes to the west and east from drill hole JC-005. Results of the eleven-hole program included 39.6m of 0.873 g/t gold in JC-002, 19.8m of 0.676 g/t gold in JC-006, and 1.5m of 3.1 g/t gold within 16.7m of 0.605 g/t gold in JC-013. This drilling outlined an epithermal, volcanic-hosted gold system containing sub-horizontal and laterally extensive low-grade gold mineralization. Gold mineralization includes locally banded epithermal veins and gold in quartz-stockwork zones up to 11.3 g/t. The drilling indicates a gold system over 550 meters wide east-west that remains open to the north, south and east.

As of the date of this report, the Company continues to maintain the Jake Creek property, however it is likely that the property will be allowed to lapse due to the expense of maintaining the property with the Bureau of Land Management and the cost of maintaining operation 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 Rattlesnake Hills 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.

During the year ended March 31, 2014, the Company announced that it had entered into a definitive agreement (“NVX Agreement”) with NV Gold Corporation ("NVX") to option its 100% interest in the Rattlesnake property. Pursuant to the NVX agreement, as amended, the Company received total consideration recorded at fair value on recognition of $1,196,162. During the year ended March 31, 2015, the Company received notice from NVX that it intended to terminate its participation in the NVX agreement, as it was be unable to complete its obligations under the terms of the agreement.

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 as follows:

- $150,000 as a non-refundable deposit (received);
- $564,000 at closing (received)
- $286,000 (received $271,000 of the $286,000 bond during the quarter. The balance of $15,000 has been retained by the vendor pending the settlement of certain potential reclamation costs on the property and is recorded as a receivable in the books of the Company); and
- $600,000 on the first anniversary of the closing, secured by a non-interest bearing promissory note (received subsequent to the year end – see events after the reporting period).

2) 2,000,000 common shares at a fair value of $450,000 being the price at which GFG agreed to repurchase the shares. The shares are subject to resale restrictions and hold periods under applicable securities laws in Canada and the United States.

Rattlesnake Mining (Wyoming) Company retained 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.

The Company's exploration and evaluation expenditures for the years ended March 31, 2016 and 2015 are:

	Carlin	Jake Creek	Rattlesnake	Dec. 31, 2015
Field Expenses and other	-	54,900	21,821	76,721
Consulting - Geological	-	34,320	13,892	48,212
Land maintenance	-	53,902	24,125	78,027
Reclamation	-	-	-	-
Transferred on property sale	-	-	(59,838)	(59,838)
	$ -	$ 143,122	$ -	$ 143,122
	Carlin	**Jake Creek**	**Rattlesnake**	**March 31, 2015**
Field Expenses and other	71,405	36	450	**71,891**
Consulting - Geological	15,197	1,320	3,465	**19,982**
Land maintenance	59,278	45,205	1,635	**106,118**
Reclamation	59,309	-	-	**59,309**
	$205,189	$46,561	$5,550	**$257,300**

Results of Operations

The results for the years ended March 31, 2016 and 2015 are as follows:

	Year ended March 31,	
	2016	2015
Operating income (loss) for the period	$1,873,844	$225,455
Basic and diluted Income (loss) per share	$0.14	$0.02

The most significant items for the year were related to recoveries on the disposal of mineral properties, consisting of:

- A gain recorded on the sale of the Rattlesnake property, determined as follows:

Cash proceeds received and receivable	$1,600,000
Share consideration received	495,000
Gross proceeds	$2,095,000
Expenses incurred during the period	(59,838)
Gain on sale of property	$2,035,162

  During the previous year, the Company recorded gains of $1,196,162 as a result of property payments received.

- A gain of $334,024 recognized due to the reduction of ARO. During the period, the Company re-evaluated its asset retirement obligations, and determined that the obligations did not exceed the reclamation bonds held by various authorities. There were no comparable gains during the previous fiscal year.

Operating expenditures for the years ended March 31, 2016 and 2015 continue to reflect the reduced levels of expenditures of the Company. The most significant variations are:

- Accounting and audit fees of $40,696 (2015: $76,785) due to changes in the level of activity of the Company;
- Consulting of $13,701 (2015: $nil) due to the use of advisors in negotiations with former service providers related to accounts payable;
- Depreciation of $9,558 (2015: $36,739) reflects the reduced amount of depreciable assets held by the Company due to disposals and assets reaching their end-of-life. During the year, the Company acquired computers $6,363 of Computers to replace items that had exceeded their life expectancy. In addition, the Company wrote off $131,765 of fully depreciated computer equipment, software and furniture which had reached its end-of-life;
- Legal expense of $13,992 (2015: $21,477) reflects legal expenses incurred in corporate restructuring efforts as well as normal regulatory and corporate activities during the previous two years;
- Management fees of $109,316 (2015: $132,210) reflects the effects of the decline of the Canadian dollar compared to the US dollar, as management fees are expensed in Canadian dollars and remain unchanged from the previous year. The fees expensed were accrued and not paid during the period;
- Mineral property expenditures of $143,122 (2015: $257,300) reflect care and maintenance costs generally in all periods, reclamation work on the Nevada properties in 2014-15, costs incurred in closing certain Nevada storage facilities, land maintenance and the cost of preparing the Rattlesnake property for sale;
- Office, rent and salaries expense of $153,570 (2015: $184,961) reflect the costs 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 $11,429 (2015: $56,720) 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. During fiscal 2014-2015 the Company cancelled all previously issued outstanding options, and subsequently issued new options which have now fully vested;
- Transfer agent and filing fees of $30,136 (2015: $69,728) reflect the level of corporate activities and ongoing costs to maintain listings, transfer services and the timing of corporate activities, such as the annual general meeting;
- A gain on disposal of equipment of $15,950 (2015: $nil) resulted from the sale of certain surplus assets in Nevada.
- The gain on settlement of debt of $85,819 (2015: $128,558) reflects management's efforts to restructure the Company and its liabilities.
- 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 while we report in US dollars. Due to fluctuations in the US dollar and the share price of the Company, the change was a gain of $9,127 during the year (2015: a gain of $87,739);

- A loss of $2,354 (2015: a loss of $67,119) was recognized on the change in the fair value of available for sale securities. An unrealized loss of $6,359 (2015: loss of $299,180) was recognized on securities held for trading. A loss on disposition of available for sale securities of $580 (2015: loss of $5,274) 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 $68,344 (2015: a gain of $22,008). The higher volatility and reduced value of the Canadian dollar during the period contributed to the variations.

Selected Annual Information

All amounts in US$ presented under IFRS	**2016**	**2015**	**2014**
Interest income	563	3,045	39,029
Share Based Payments	11,429	56,720	54,883
Exploration and evaluation expenditures	143,122	257,300	789,087
Comprehensive income (loss) for the year	1,873,844	225,455	(1,852,567)
Income (loss) per share, basic and fully diluted	0.14	0.02	(0.16)
Total assets	1,700,499	644,610	635,792
Working capital	987,826	(658,523)	(1,365,430)

Summary of Quarterly Results (Unaudited)

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

	Fiscal 2014 -2015			
All amounts in US$ presented under IFRS	**Q4 March 31, 2016**	**Q3 Dec. 31, 2015**	**Q2 Sept. 30, 2015**	**Q1 June 30, 2015**
Interest income and other	436	-	127	-
Share based payments	(5,272)	10,687	-	6,014
Exploration and evaluation expenditures	15,517	37,715	25,300	64,590
Comprehensive income (loss)	93,786	(56,288)	1,952,418	(116,072)
Income (loss) per share, basic and fully diluted	0.01	0.00	0.15	0.01
Total assets	1,700,499	1,680,299	1,872,962	589,367
Working capital	987,826	899,747	666,987	(767,820)

	Fiscal 2014 -2015			
	Q4 March 31, 2015	**Q3 Dec. 31, 2014**	**Q2 Sept. 30, 2014**	**Q1 June 30, 2014**
Interest income	3	2,868	174	-
Share based payments	56,559	9,571	-	(9,410)
Exploration and evaluation expenditures	31,339	15,167	186,683	24,111
Comprehensive income (loss)	(59,617)	(109,463)	25,360	369,175
Income (loss) per share, basic and fully diluted	(0.01)	(0.01)	0.00	0.03
Total assets	644,610	9,041,528	9,308,113	9,481,330
Working capital	(658,523)	(37,565)	151,576	202,780

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.

4th Quarter

Expenses during the fourth quarter were comparable to those of the previous quarters. The income during the period was due to the repayment by regulators of certain mineral property bonds which resulted in a recovery of ARO. Mineral property expenditures were related to the maintenance of the Jake Creek property. Share based payments, were revalued during the audit resulting in a reduction of previously reported expense.

Capital Expenditures

During the year ended March 31, 2016 and the year ended March 31, 2015, the Company incurred net expenditures of $6,363 (March 31, 2015 - $206) for additions to fixed assets in various categories.

As a result of the change in accounting policy with respect to the capitalization of exploration expenditures, no mineral property related capital expenditures were recorded by the Company during the period.

Financing Activities

During the year ended March 31, 2016 and the year ended March 31, 2015, no options were exercised.

There were no securities transactions during the year ended March 31, 2016. During the year ended March 31, 2015, the Company undertook a share consolidation, option cancellation and subsequent stock option issuance, and a shares for debt transaction as described in the financial statements for the year. 775,000 options were issued during the year ended March 31, 2015, and 8,990,500 previously issued options were cancelled.

Subsequent to the year end, the Company:

- Completed 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;
- Completed a private placement which raised gross proceeds of $100,000. The company issued one million units. 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 securities issued in the private placement are subject to a statutory hold period of four months and one day;
- Issued 300,000 common shares as part of the acquisition of the Lithium Lakes Property; and
- Issued 125,000 common shares for proceeds of $6,250 upon the exercise of 125,000 stock options at $0.05 per share.

Liquidity and Capital Resources

The Company's aggregate operating, investing and financing activities for the year ended March 31, 2016 resulted in a cash increase of $355,220 (2015: an increase of $64,730). As at March 31, 2016, the Company's cash and cash equivalents balance was $475,161 (March 31, 2015: $119,941) and the Company had a working capital of $987,826 (March 31, 2015: $658,523).

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.

The Company has a lease expiring August 31, 2019 for office space occupied by its head office.

Future minimum payments under the operating lease as at the end of the indicated periods are as follows:

	March 31, 2016 (Canadian $)
Within one year	$ 72,966
After one year but no more than two years	82,732
More than two years	36,197
	$ 191,895

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:

	March 31, 2016	**March 31, 2015**
Management fees and salaries	$109,316	$132,210
Share-based payments	9,585	56,720
	$118,901	$188,930

Management fees are payable in Canadian dollars, and are translated to United States dollars above at applicable exchange rates for the period. During the years ended March 31, 2016 and 2015, the Company continued to accrue management fees and settled unpaid balances owed with a director and officer by issuing common shares. Unpaid and accrued management fees as at March 31, 2016 were $144,575 (2015: $88,976).

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 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. Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

Rehabilitation Provisions

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been, made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from year to year. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs, which will reflect the market condition at the time the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities. In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. . This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

<u>Share-based Payment Transactions and Derivative Liabilities related to Equities</u>

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them. Similar methodology is used to determine the fair value of derivative liabilities related to warrants denominated in Canadian dollars.

<u>Impairment of AFS Available-for-Sale Securities</u>

The determination of whether an investment is impaired requires significant judgment. In making this judgment, the company Company evaluates, amongst other things, the duration and extent to which the fair value of the investment is less than its original cost at each reporting period. The Company's accounting policies for the significant components of its exploration and evaluation expenditures are noted below.

During the year ended March 31, 2016, the Company applied the accounting policies referred to in Note 4 of the annual audited financial statements as of March 31, 2016 on a consistent basis with the previous year. The reader is referred to those notes for a detailed discussion of the Company's accounting policies.

The Company also 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 5 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.

Future Accounting Changes

The Company did not adopt any new or amended standards for the year beginning April 1, 2015 that had a material impact on the consolidated financial statements. The following new standards, amendments to standards and interpretations have been issued but are not effective during the period year ended March 31, 2016.

<u>IFRS 16 Leases</u>

Issued by the IASB January 2016. Effective for annual periods beginning on or after January 1, 2019

Earlier application permitted for entities that also apply IFRS 15 Revenue from Contracts with Customers.

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives, and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

<u>Disclosure Initiative (Amendments to IAS 7 Statement of Cash Flows)</u>

Issued by the IASB January 2016. Effective for annual periods beginning on or after January 1, 2017.

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

<u>IFRS 9 Financial Instruments</u>

Issued by the IASB July 2014. Effective for annual periods beginning on or after January 1, 2018.

IFRS 9 will replace IAS 39 Financial Instruments: Recognition and Measurement and IFRIC 9 Reassessment of Embedded Derivatives. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9. However, for annual periods beginning before January 1, 2018, an entity may elect to apply those earlier versions instead of applying the final version of this new standard if its initial application date is before February 1, 2015.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- Classification and measurement of financial assets:

  Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: “amortized cost”, “fair value through other comprehensive income”, or “fair value through profit or loss” (default). Equity instruments are classified and measured as “fair value through profit or loss” unless upon initial recognition elected to be classified as “fair value through other comprehensive income”.
- Classification and measurement of financial liabilities:

When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.

- Impairment of financial assets:

An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.

- Hedge accounting:

Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

Disclosure Initiative (Amendments to IAS 1)

Issued by the IASB December 2014. Effective for annual periods beginning on or after January 1, 2016.

The amendments:

- Clarify the existing presentation and disclosure requirements in IAS 1, including the presentation of line items, subtotals and notes; and
- Provide guidance to assist entities to apply judgment in determining what information to disclose, and how that information is presented in their financial statements.

Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)

Issued by the IASB May 2014. Effective for annual periods beginning on or after January 1, 2016.

Amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to:

- Clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment.
- Introduce a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.
- Add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Annual Improvements 2012-2014 Cycle

Issued by the IASB September 2014. Effective for annual periods beginning on or after January 1, 2016.

The following standards have been revised to incorporate amendments issued by the IASB:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Clarifies the application of guidance when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution (or vice versa), and the circumstances in which an asset (or disposal group) no longer meets the criteria for held for distribution.
- IFRS 7 Financial Instruments: Disclosures – Clarifies guidance on servicing contracts and the applicability of the amendments to IFRS 7 regarding offsetting financial assets and financial liabilities to interim financial statements.
- IAS 19 Employee Benefits – Clarifies the application of the discount rate requirements for currencies for which there is no deep market in high quality corporate bonds.
- IAS 34 Interim Financial Reporting – Clarifies the meaning of disclosure of information "elsewhere in the interim financial report."

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 consolidated 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 due to 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 United States 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 Canadian 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 United States dollar to the Canadian dollar would affect the reported income and comprehensive income by approximately $10,630 (2015: $32,500) as detailed below:

Canadian Dollar Denominated Balances	**March 31, 2016**	**March 31, 2015**
Cash	$ 148,318	$ 26,038
Securities held for trading	10,101	14,622
Available-for-sale securities	6,294	14,208
Accounts payable	$ (271,012)	$ (351,599)
	(106,299)	(296,731)
10% change in exchange rate impact	**$ 10,630**	**$ 29,673**

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 that are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents and accounts receivable. 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 March 31, 2016 and 2015 relating to cash and cash equivalents of $475,161 and $119,941 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
March 31, 2016	$ 637,341	$ -	$ -	$ -	$ 641,903
March 31, 2015	$ 835,107	$ -	$ -	$ -	$ 835,107

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 to the consolidated financial statements specific to that asset or liability.

The consolidated 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 2.

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 March 31, 2016 and the Report Date, the following table summarizes the outstanding share capital of the Company:

	March 31, 2016	Report Date
Common Shares	13,472,378	15,497,378
Stock Options	775,000	650,000
Warrants	428,571	1,428,571
Total, Fully Diluted	**14,675,949**	**17,575,949**

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

On June 16, 2016, the Company announced the purchase of the Lithium Lakes Property. Pursuant to the purchase agreement, the Company has agreed to issue to the vendor a total of 300,000 common shares upon approval of the transaction by the TSX Venture Exchange. The Company has also agreed to pay the vendor $40,000 ($10,000 paid in advance as a non-refundable deposit) which was fully paid subsequent to year-end. The Lithium Lakes claims are subject to a 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.

Subsequent to the year-end, 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.

The Company completed 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 $0.15. No finders' fees or commissions were paid in connection with the private placement.

The Company issued 125,000 common shares for proceeds of $6,250 upon the exercise of 125,000 stock options at $0.05 per share.

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

On July 27th, 2016, the Company received the final US$600,000 payment due to it from GFG Resources (US) Inc. ("GFG") pursuant to that Asset Purchase Agreement dated July 28th, 2015 pertaining to the purchase and sale of the Rattlesnake Hills Property, Wyoming. Accordingly, the Company retains no interest in GFG or the Rattlesnake Hills Property other than the following:

1. a two-percent (2%) net smelter returns royalty, subject to certain exclusions; of which one-half may be acquired by GFG for US$1,000,000 at any time; and

2. the right to receive an additional 1,500,000 common shares of GFG upon its determination of an aggregate mineral resource (including "inferred mineral resource") for the Rattlesnake Hills Property of at least 1,000,000 ounces of gold on or before July 28th, 2019.