VANGOLD

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2016

(Unaudited - Stated in Canadian Funds Unless Noted Otherwise)

These condensed interim financial statements have not been reviewed by the Company's auditors

Vangold Resources Ltd.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Stated in Canadian Funds Unless Noted Otherwise)

Assets		**March 31, 2016**		**December 31, 2015**
Current Assets:				
Cash	**$**	**39**	$	**1,041**
Sales tax and other receivables		**5,881**		**5,236**
		5,920		**6,277**
Non-Current Assets:				
Equipment, net *(Note 5)*		**6,749**		**7,104**
Exploration and evaluation assets *(Note 6)*		**9,001**		**9,001**
Total Assets	**$**	**21,670**	$	**22,382**
Liabilities and Deficiency				
Current Liabilities:				
Accounts payable and accrued liabilities (*Note 11)*	**$**	**285,553**	$	**272,932**
Short-term debt *(Notes 9 and 11)*		**165,025**		**159,366**
Total Liabilities		**450,578**		**432,298**
Deficiency:				
Share capital *(Note 10)*		**34,157,262**		**34,157,262**
Equity reserves *(Note 10)*		**8,953,903**		**8,953,903**
Deficit		**(43,540,073)**		**(43,521,081)**
Total Deficiency		**(428,908)**		**(409,916)**
Total Liabilities and Deficiency	**$**	**21,670**	$	**22,382**

Nature of Operations and Going Concern *(Note 1)*
Contingent Liabilities *(Note 16)*

Approved by the Board of Directors on August 10, 2016:

"Dal S. Brynelsen", Director

"Keith Anderson Jr.", Director

- See Accompanying Notes to the Condensed consolidated interim financial statements -

Vangold Resources Ltd.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the Three Months Ended March 31

(Unaudited - Stated in Canadian Funds Unless Noted Otherwise)

		2016		2015
Expenses:				
Depreciation *(Note 5)*	**$**	**355**	$	444
General and administrative expenses (*Note 15*)		**12,978**		18,534
Interest and accretion on short-term debt *(Note 9)*		**5,659**		2,106
Net and Comprehensive Loss for the Year	**$**	**(18,992)**	$	(21,084)
Weighted Average Number of Shares Outstanding – Basic and Diluted		**24,092,320**		24,092,320
Basic and Diluted Loss per Share	**$**	**(0.001)**	$	(0.001)

- See Accompanying Notes to the Condensed consolidated interim financial statements -

Vangold Resources Ltd.
Condensed Consolidated Interim Statements of Changes in Equity (Deficiency)
(Unaudited - Stated in Canadian Funds Unless Noted Otherwise)

	SHARE CAPITAL		SHARES TO BE	EQUITY			
	SHARES	AMOUNT	ISSUED	RESERVE	AOCI / (AOCL)	DEFICIT	TOTAL EQUITY
Balance – December 31, 2014	**24,092,320**	**$ 34,157,262**	**$ -**	**$ 8,953,903**	**$ -**	**$ (43,420,815)**	**$ (309,650)**
Net loss for the period	-	-	-	-	-	(21,084)	(21,084)
Balance – March 31, 2015	**24,092,320**	**34,157,262**	**-**	**8,953,903**	**-**	**(43,441,899)**	**(330,734)**
Net loss for the period	-	-	-	-	-	(79,182)	(79,182)
Balance – December 31, 2015	**24,092,320**	**34,157,262**	**-**	**8,953,903**	**-**	**(43,521,081)**	**(409,916)**
Net loss for the period	-	-	-	-	-	(18,992)	(18,992)
Balance – March 31, 2016	**24,092,320**	**$ 34,157,262**	**$ -**	**$ 8,953,903**	**$ -**	**$ (43,540,073)**	**$ (428,908)**

- See Accompanying Notes to the Condensed consolidated interim financial statements -

Vangold Resources Ltd.
Condensed Consolidated Interim Statements of Cash Flows
For the Three Months Ended March 31
(Unaudited - Stated in Canadian Funds Unless Noted Otherwise)

		2016		2015
Operating Activities:				
Net loss for the period	**$**	**(18,992)**	$	(21,084)
Adjustment for items which do not involve cash:				
Depreciation		**355**		444
Accretion on short-term debt		**5,659**		2,106
Changes in non-cash working capital components:				
Sales tax and other receivables		**(645)**		39
Accounts payable and accrued liabilities		**12,621**		14,625
Cash Used in Operating Activities		**(1,002)**		(3,870)
Investing Activity:				
Addition to exploration and evaluation assets		**-**		(9,000)
Cash Used in Investing Activity		**-**		(9,000)
Financing Activity				
Proceeds from short-term debt		**-**		9,500
Cash Provided by Financing Activity		**-**		9,500
Net Decrease in Cash		**(1,002)**		(3,370)
Cash - Beginning of Period		**1,041**		3,679
Cash - End of Period	**$**	**39**	$	309

- See Accompanying Notes to the Condensed consolidated interim financial statements -

1. Nature of Operations and Going Concern

Vangold Resources Ltd. (the "Company" or "Vangold") is in the business of the acquisition and exploration of exploration and evaluation assets and the exploration of oil and gas assets. The Company currently holds exploration and evaluation asset interests located in Canada.

The head office of the Company is located at 7681 Prince Edward Street, Vancouver, British Columbia, Canada, V5X 3R4. The Company's registered and records office is located at Suite 1600 - 609 Granville Street, Vancouver, British Columbia, Canada, V7Y 1C3. Vangold is a publicly listed company incorporated under the Business Corporations Act of British Columbia and is listed on the TSX Venture Exchange ("TSX.V") under the symbol "VAN".

These condensed consolidated interim financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since inception, has a working capital deficiency of $444,658 (December 31, 2015 - $426,021) and has an accumulated deficit of $43,540,073 at March 31, 2016 (December 31, 2015 - $43,521,081). The Company will need to raise sufficient funds in order to finance ongoing exploration and administrative expenses and to settle its liabilities, which may be settled by issuances of shares or other means. The Company has no assurance that such financing will be available or be available on favourable terms. These conditions cast significant doubt as to the Company's ability to continue as a going concern.

These condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2. Basis of Preparation

(a) Statement of Compliance

These condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), applicable to the presentation of interim financial statements, including IAS 34, Interim Financial Reporting.

(b) Basis of Measurement

These condensed consolidated interim financial statements have been prepared under the historical cost basis, except for financial instruments classified as available-for-sale ("AFS") and fair value through profit or loss ("FVTPL"). These condensed consolidated interim financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

(c) Principles of Consolidation

The financial statements of the Company consolidate the accounts of Vangold and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses are eliminated on consolidation.

Subsidiaries are those entities which Vangold controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Vangold controls another entity.

(Unaudited - Stated in Canadian Funds Unless Noted Otherwise)

2. Basis of Preparation - *Continued*

(c) Principles of Consolidation - *Continued*

Subsidiaries are fully consolidated from the date on which control is obtained by Vangold and are de-consolidated from the date that control ceases.

Subsidiaries are those entities which Vangold controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Vangold controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by Vangold and are de-consolidated from the date that control ceases.

The Company's wholly-owned subsidiaries are presented below:

Subsidiary	Location	Ownership Interest	Status
Corning Energy Inc. *	Nevada, USA	100%	Consolidated
686614 B.C. Ltd. *	Vancouver, Canada	100%	Consolidated
Vangold Resources (K) Ltd. *	Kenya, Africa	100%	Consolidated
Rwenzori Copper and Nickel Ltd. *	Uganda, Africa	100%	Consolidated

** defunct as of December 31, 2015*

(d) Approval of the Financial Statements

The condensed consolidated interim financial statements of Vangold for the three-month period ended March 31, 2016 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on August 10, 2016.

3. Significant Accounting Policies

The policies applied in these condensed interim financial statements are consistent with policies disclosed in Note 3 of the financial statements for the year ended December 31, 2015. These condensed consolidated interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2015.

4. Critical Accounting Estimates and Judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities in future years.

The information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements is as follows:

4. Critical Accounting Estimates and Judgments - *Continued*

Carrying Value and Recoverability of Exploration and Evaluation assets:

The carrying amount of Company's exploration and evaluation assets does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the assets and properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets. To the extent that any of management's assumptions change, there could be a significant impact on the Company's future financial position, operating results and cash flows.

Fair Value of Stock Options and Warrants:

Determining the fair value of warrants and stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of equity (deficiency).

Income Taxes:

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred income tax provisions or recoveries could be affected.

Information about significant areas of judgment considered by management in preparing the consolidated financial statements is as follows:

Going Concern and Functional Currency:

The preparation of these condensed consolidated interim financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1, as well as the determination of functional currency as discussed in Note 3 of the financial statements for the year ended December 31, 2015.

(Unaudited - Stated in Canadian Funds Unless Noted Otherwise)

5. Equipment

Cost		Office Equipment		Total
December 31, 2014 and 2015 and March 31, 2016	**$**	**49,292**	**$**	**49,292**
Accumulated Depreciation				
December 31, 2014	$	40,412	$	40,412
Depreciation		1,776		1,776
December 31, 2015	$	42,188	$	42,188
Depreciation		355		355
March 31, 2016	**$**	**42,543**	**$**	**42,543**
Net Book Value				
December 31, 2015	$	7,104	$	7,104
March 31, 2016	**$**	**6,749**	**$**	**6,749**

6. Exploration and Evaluation Assets and Expenditures

Details of the Company's exploration and evaluation acquisition costs are as follows:

		Rossland Properties
December 31, 2014	$	1
Acquisition costs		9,000
December 31, 2015 and March 31, 2016	**$**	**9,001**

There were no exploration and evaluation expenses during the three months ended March 31, 2016 or the year ended December 31, 2015.

Rossland Properties, British Columbia

South Belt

Vangold holds a 50% interest in certain mineral claims within the historic Rossland gold camp in southeastern British Columbia.

The Company entered into an Option and Joint Venture Agreement with a private company, Rossland Resources Inc. ("RRI" or the "Optionee") that entitles RRI to earn a 100% interest in the property. RRI has fulfilled its commitments to earn a 50% interest. Furthermore, Vangold has received notice from RRI that they have earned an additional 25% interest in the property, however the Company is evaluating whether this additional 25% has been earned. RRI's option to earn the final 25% (100% interest) expired on June 1, 2013. RRI has granted Vangold a 1.5% Net Smelter Royalty ("NSR") on the claims. It is understood that RRI can purchase the NSR granted to Vangold for a total of $1,500,000 at any time. RRI is operator of the project.

(Unaudited - Stated in Canadian Funds Unless Noted Otherwise)

6. Exploration and Evaluation Assets and Expenditures *- Continued*

Evening Star Property

The Company owns a 100% interest in the surface rights and a 50% interest in the mineral rights comprising the Evening Star Property, a former producing mine located in southeastern British Columbia. On July 1, 2014, the Company issued a mortgage on the Evening Star Property in the amount of $50,000. The mortgage is being held as collateral on part of the Company's short-term debt (Note 9).

7. Oil and Gas Properties

As at December 31, 2015 and March 31, 2016, the Company does not hold any oil and gas properties.

	Armenia
Balance – December 31, 2014	$ 1
Impairment	(1)
Balance – December 31, 2015 and March 31, 2016	**$ -**

8. Marketable Securities

Marketable securities have been classified as available-for-sale investments consisting of various common shares held by the Company of other publicly traded companies and are summarized as follows:

	March 31, 2016		**December 31, 2015**	
	Market Value	Cost	Market Value	Cost
Common shares held in NGG	**$ -**	**$ 166,000**	$ -	$ 166,000

At March 31, 2016 and December 31, 2015, Vangold held 400,000 common shares in New Guinea Gold Corp. ("NGG"). NGG shares were halted and subsequently delisted, and at March 31, 2016 and December 31, 2015, management estimated the fair value of the shares at $nil.

During the year ended December 31, 2014, the marketable securities were determined to be impaired and were written-down to $1. Accordingly, $164,000 in accumulated other comprehensive income was transferred to the statement of loss, plus a $1,999 impairment charge pertaining to the impairment recognized during the year ended December 31, 2014. During the year ended December 31, 2015, the Company recorded an additional impairment and write-down of $1.

9. Short-term Debt

Balance – December 31, 2015 and March 31, 2016	**$ 24,551**

On July 4, 2012 Vangold entered into a loan arrangement with two lenders (one being NEMI Northern Energy & Mining Inc., "NEMI") for loans totaling $550,000. The Company paid $26,500, including applicable taxes, in debt issuance costs resulting in net proceeds of $523,500. The loans bore interest at a rate of 20% per annum, simple interest. Interest was payable monthly and the outstanding principal was due and payable on July 5, 2013 and settled as noted below. The security on the short term debt was provided by Vangold via its assets.

(Unaudited - Stated in Canadian Funds Unless Noted Otherwise)

9. Short-term Debt – *Continued*

The lenders were also entitled to 977,779 bonus common shares in the Company with a fixed value of $110,000, in consideration of the two short-term debts. The shares were issued during the year ended December 31, 2014.

In May of 2013, the Company transferred its shares of Coppermoly in settlement of the secured debt pursuant to the July 4, 2012 loan agreement. The transfer of Coppermoly shares was completed at $0.033 per share to reduce the loan amount by $460,659 representing the fair value of the Coppermoly shares at the time of the transfer. NEMI further reduced the liability owed by the Company upon sale of the Coppermoly shares at a gain. As a result, the Company recorded a gain on settlement of debts of $80,407.

During the year ended December 31, 2014, an additional interest amount of $15,617 was accrued to NEMI.

As at March 31, 2016, the balance of $8,934 (December 31, 2015 - $8,934) owing to the second lender is non-interest bearing and unsecured and will be reduced to the extent the lender realizes more than an average of $0.033 per share through sale of these shares. At March 31, 2016 and December 31, 2015, these shares were not sold as the market price of these shares remained below $0.033 and therefore this liability remains.

Loan 2

During the year ended December 31, 2014, the Company entered into a loan arrangement with two participants for loans totaling $37,000. The loans bear a simple interest rate of 20% per annum, commencing July 1, 2014. Additional amounts were loaned during the year ended December 31, 2015. The outstanding loans were due and payable July 1, 2015 and are currently past due.

The loans are secured with a mortgage on the Company's Evening Star Property for up to $50,000 (Note 6).

At March 31, 2016, accrued interest on the loans was $26,975 (December 31, 2015 - $21,315).

Balance – December 31, 2014	$	40,084
Loans received		76,500
Interest accrued		18,231
Balance – December 31, 2015	$	134,815
Interest accrued		5,659
Balance – March 31, 2016	**$**	**140,474**

10. Equity

(a) Share Capital

The Company's authorized share capital consists of the following:

- Common Shares: unlimited common shares without par value.
- Class A Common Shares: unlimited common shares without par value.
- Class B Common Shares: unlimited common shares without par value.
- Class A Preferred Shares: unlimited preferred shares $0.2947 par value.
- Class B Preferred Shares: unlimited preferred shares without par value.

(Unaudited - Stated in Canadian Funds Unless Noted Otherwise)

10. Equity - *Continued*

(b) Private Placements

There were no private placements closed during the three months ended March 31, 2016 or the year ended December 31, 2015.

(c) Stock Options

The Company's Board of Directors approved the adoption of a stock incentive plan in accordance with the policies of the TSX.V. The Board of Directors is authorized to grant options under this plan to directors, officers, consultants or employees to acquire up to 20% of the issued and outstanding common shares. The exercise prices of options granted shall not be less than the discounted market price of the common shares, as determined by the policies of the TSX.V, on the date of grant and the exercise period will be from the date the option is granted.

The maximum number of options that may be granted to any one person in any 12-month period must not exceed 5% of the common shares outstanding at the time of the grant or 2% if the optionee is a consultant or employed in an investor relations capacity. The plan states that the Board of Directors shall determine the manner in which the options shall vest and become exercisable. However, options granted to consultants performing investor relations activities shall vest over a minimum of 12 months and no more than one quarter of such options vesting in any 3-month period. The plan requires that the stock options may have a term not exceeding ten years. In the event of any option forfeiture, any expense recognized to date on unvested options is reversed in the period in which the forfeiture occurs.

There were no stock options outstanding at March 31, 2016 or December 31, 2015.

(d) Share Purchase Warrants

The number and weighted average exercise prices of warrants are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance – December 31, 2014	5,885,620	$0.24
Expired	(2,530,420)	$0.30
Balance - December 31, 2015 and March 31, 2016	**3,355,200**	**$0.19**

At March 31, 2016, the following warrants are outstanding:

Expiry Date	Exercise Price	Number of Warrants	Warrant Valuation
August 8, 2016*	$0.15	1,930,200	-
December 13, 2016	$0.25	1,425,000	320,941
Total		**3,355,200**	**$ 320,941**

**Expired unexercised subsequent to March 31, 2016*

11. Related Party Transactions

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company did not engage in any transactions directly with key management personnel

The Company's related parties consist of a company owned by the former Chief Financial Officer ("CFO") and a Company owned by the current CFO. The nature of the Company's relationships with its related parties is as follows:

(Unaudited - Stated in Canadian Funds Unless Noted Otherwise)

11. Related Party Transactions – *Continued*

	Nature of Relationship
0869007 B.C. Ltd.	Management
Triumvirate Consulting Corp.	Management

The Company incurred fees and expenses in the normal course of operations at exchange amounts agreed to by the transacting parties in connection with its former and current CFOs as follows:

	March 31, 2016	March 31, 2015
Management and consulting fees *	$ 6,000	$ 6,000

** Management and consulting fees are included in general and administrative expense*

All management and consulting fees for the three months ended March 31, 2016 and 2015 are accrued to a private company controlled by the Company's CFO.

Included in accounts payable and accrued liabilities at December 31, 2015 is $80,399 (December 31, 2015 - $74,099) owed by the Company to related parties. These amounts owing are for unpaid compensation.

As at March 31, 2016, the Company had short-term debt owing to related parties including accrued interest expense in the amount of $165,025 (December 31, 2015 - $159,366).

Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the three months ended March 31, 2016 or the year ended December 31, 2015.

12. Segmented Information

The Company is primarily engaged in mineral exploration in Canada and formerly oil and gas activities in Armenia. At March 31, 2016 and December 31, 2015, all of the Company's assets were located in Canada.

13. Fair Value Measurement

Fair Value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

13. Fair Value Measurement – *Continued*

Financial Risk Management

The Company's activities expose it to a variety of financial risks including credit risk, currency risk, liquidity risk, and market price risks.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash. The Company deposits its cash with high credit quality major Canadian financial institutions as determined by ratings agencies. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the maximum exposure to credit risk. Sales tax and other receivables comprises of GST receivable from the Government of Canada.

Currency Risk

The Company is not exposed to significant foreign currency risk as it does not hold significant foreign balances of cash, accounts payable and accrued liabilities, short-term debt or sales tax and other receivables.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company attempts to manage liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at March 31, 2016, the Company had cash of $39 (December 31, 2015 - $1,041) to settle current liabilities of $450,578 (December 31, 2015 - $432,298). Further information relating to liquidity risk is disclosed in Note 1 of these condensed consolidated interim financial statements.

Market Risk

The significant market risks to which the Company is exposed are interest rate risk, foreign currency risk, and price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is held mainly in a bank account at a Canadian bank. Fluctuations in market rates do not have a significant impact on estimated fair values as of March 31, 2016.

The Company's interest rate risk principally arises from the interest rate impact on interest charged on its short-term debt. The Company's short-term debt is subject to fixed interest rates thus any change in interest rates would not affect its short-term debt balances.

Foreign Currency risk

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. As at March 31, 2016, the Company is not exposed to currency risk as all transactions and balances are denominated in Canadian dollars.

13. Fair Value Measurement – *Continued*

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

14. Management of Capital

The Company considers its capital to consist of its share capital, equity reserves and deficit. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support exploration and development of exploration and evaluation assets. The Board of Directors has not established quantitative capital structure criteria management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

The Company's objectives when managing capital are:

- To maintain and safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, to support continued evaluation and maintenance at the Company's existing properties, and to acquire, explore, and develop other precious and base metal deposits.

- To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk and loss of principal.

- To obtain the necessary financing to complete exploration and development of its properties, if and when it is required.

The properties in which the Company currently holds an interest in are in the exploration stage and the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and pay for administrative costs. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

In addition, the Company may issue new equity, incur additional debt, option its exploration and evaluation assets for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of certain assets. When applicable, the Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends.

There were no changes in the Company's approach to capital management during the three months ended March 31, 2016 compared to the year ended December 31, 2015. The Company is not subject to externally imposed capital requirements.

(Unaudited - Stated in Canadian Funds Unless Noted Otherwise)

15. General and Administrative Expenses

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Investor relations	**$ -**	$ 180
Management and consulting fees	**12,000**	12,000
Office and miscellaneous	**68**	68
Regulatory filing and transfer agent fees	**910**	6,286
Total	**$ 12,978**	$ 18,534

16. Contingent Liabilities

During the year ended December 31, 2014, the Company negotiated debts settlements with two creditors. An agreement was reached to settle payables of $282,007 with the two creditors for a total of $70,501, resulting in a gain on settlement of payables of $211,506. The Company must pay the $70,501 upon completion of a financing of at least $2,500,000.

Once a financing of at least $2,500,000 is completed, the Company must pay $49,867 of the negotiated amount within five days to one creditor, and $20,634 within 45 days to the other creditor. If either payment is not completed by the deadline, the debt settlement agreements are nullified and the Company must pay the initial payable amounts to each of the creditors. The Company must also comply with reasonable information requests from the creditors on a timely basis, otherwise the debt settlement agreements are nullified. At March 31, 2016, the $70,501 remains in accounts payable and accrued liabilities. All requests have been met and the agreements are in good standing.