(Formerly GWR Resources Inc.)

(An Exploration Stage Company)

CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE PERIOD ENDED JUNE 30, 2016

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

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

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

EnGold Mines Ltd.
(Formerly GWR Resources Inc.)
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

As at	June 30, 2016	September 30, 2015
ASSETS		
Current		
Cash	$ 6,409	$ 311,368
Receivables	4,481	21,932
Prepaids	8,818	8,713
	19,708	342,013
Reclamation deposits (Note 4)	141,000	110,000
Other assets	1,008	1,008
Assets held-for-sale (Note 7)	155,000	155,000
Property, plant and equipment (Note 5)	58,097	69,910
Exploration and evaluation assets (Note 6)	2,488,909	2,488,909
	$ 2,863,722	$ 3,166,840
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 241,922	$ 242,388
Short term loans	52,500	-
Other liabilities (Note 10)	-	34,889
Current portion of long-term debt (Note 9)	88,343	86,808
	330,265	364,085
Shareholders' equity		
Share capital (Note 10)	35,105,414	35,105,414
Reserves (Note 10)	12,284,496	12,284,496
Deficit	(44,908,953)	(44,587,155)
	2,480,957	2,802,755
	$ 2,863,722	$ 3,166,840

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 13)

Approved and authorized by the Board on August 29, 2016:

"Rolf Van Driesum" Director *"David Brett"* Director

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

EnGold Mines Ltd.
(Formerly GWR Resources Inc.)
CONDENSE INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Expressed in Canadian Dollars)
(Unaudited)

	For the three months ended June 30, 2016	For the three months ended June 30, 2015	For the nine months ended June 30, 2016	For the nine months ended June 30, 2015
EXPENSES				
Depreciation (Note 5)	3,771	10,107	11,313	30,321
Exploration and evaluation expenditures	22,328	10,600	174,615	22,600
BCMETC refund	(11,432)	-	(37,302)	-
Filing and regulatory	4,138	6,652	14,018	18,624
Office and other	2,629	23,695	30,377	37,435
Management and consulting	23,420	17,850	86,815	60,681
Professional fees	27,274	38,183	62,878	89,566
Share-based payments	-	36,400	-	160,500
Loss before other items and taxes	(72,128)	(143,487)	(342,714)	(419,727)
OTHER ITEMS				
Impairment	-	(30,000)	-	(30,000)
Gain on extinguishment of debt	-	-	4,509	5,971
Reversal of gross negligence penalties	-	318,981		318,981
Loss on sale of asset	-	(196,638)		(196,638)
Other income	-	-	34,889	-
Legal provision	-	-	(18,482)	-
Loss and comprehensive loss for the period	(72,128)	(51,144)	(321,798)	(321,413)
Basic and diluted loss per common share	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of common shares outstanding	157,425,542	149,425,542	157,425,542	149,425,542

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

EnGold Mines Ltd.
(Formerly GWR Resources Inc.)
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

For the nine months ended June 30	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	(321,798)	(321,413)
Non-cash items:		
Depreciation	11,313	30,321
Impairment	-	30,000
Long term debt accrued interest	1,535	1,886
Share-based payments	-	160,500
Loss on sale of asset	-	196,638
Gain on extinguishment of debt	(4,509)	-
Other income (Note 10)	(34,889)	-
Changes in non-cash working capital items:		
Receivables	17,451	(315,529)
Prepaid expenses	(105)	(16,178)
Accounts payable and accrued liabilities	4,543	(38,674)
Net cash used in operating activities	(326,459)	(272,449)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	-	250,000
Net cash provided by (used in) investing activities	-	250,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term loans received	52,500	-
Reclamation deposit (Note 4)	(31,000)	-
Net cash provided by (used in) financing activities	21,500	-
Change in cash during the period	(304,959)	(22,449)
Cash, beginning of period	311,368	85,940
Cash, end of period	$ 6,409	$ 63,491

Supplemental disclosure with respect to cash flows (Note 10)

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

EnGold Mines Ltd.
(Formerly GWR Resources Inc.)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)
(Unaudited)

	Share capital				
	Number	Amount	Reserves	Deficit	Total
Balance, September 30, 2014	149,425,542	$ 34,892,826	$ 12,109,827	$ (43,898,387)	$ 3,104,266
Share-based payments	-	-	160,500	-	160,500
Income for the period	-	-	-	(321,413)	(321,413)
Balance, June 30, 2015	149,425,542	$ 34,892,826	$ 12,270,327	$ (44,219,800)	$ 2,943,353
Private placements	8,000,000	280,000	-	-	280,000
Share issuance costs – cash	-	(53,243)	-	-	(53,243)
Share issuance costs – warrants	-	(14,169)	14,169	-	-
Loss for the period	-	-	-	(367,355)	(367,355)
Balance, September 30, 2015	157,425,542	35,105,414	12,284,496	(44,587,155)	2,802,755
Income for the period	-	-	-	(321,798)	(321,798)
Balance, June 30, 2016	157,425,542	$ 35,105,414	$ 12,284,496	$ (44,908,953)	$ 2,480,957

See Note 10

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

1. NATURE OF OPERATIONS AND THE ABILITY TO CONTINUE AS A GOING CONCERN

EnGold Mines Ltd. (the "Company") (formerly GWR Resources Inc.) was incorporated in British Columbia under the Business Corporations Act. The Company is in the business of exploring for and evaluating economically viable mineral properties in Canada.

The Company changed its name pursuant to a shareholders' resolution passed at the Company's Annual General Meeting held April 22, 2016. Management recommended the change to better reflect the Company's increasing focus on gold exploration.

The Company's registered and records office is Robson Court, Suite 1000, 840 Howe St, Vancouver, BC V6Z 2M1

The Company is in the process of exploring and evaluating its resource properties and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These condensed interim financial statements have been prepared in accordance with accounting principles applicable to a going concern, which assumes that the Company will realize its assets and discharges its liabilities in the ordinary course of business. For the nine month period ended June 30, 2016 the Company incurred a loss of $321,798 and has an accumulated deficit of $44,908,953 and expects to incur further losses in the development of its business. Moreover, the Company has an outstanding debt in the amount of $88,343 to a third party which is in default. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's continuing operations and its ability to discharge its liabilities and fulfill its commitments as they come due, is dependent upon the ability of the Company to continue to obtain debt or equity financing in the short term, the continued support of related parties, and ultimately, on locating economically recoverable ore reserves in its mineral properties. Management believes the Company will be successful at securing additional funding, however, there is no assurance that such plans will be successful.

If the Company is unable to obtain adequate additional financing and the continued support of related parties, the Company will be required to curtail operations and exploration activities. Furthermore, failure to continue as a going concern would require restatement of assets and liabilities on a liquidation basis, which would differ significantly from the going concern basis.

The condensed interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Presentation

The condensed interim financial statements have been prepared on a historical cost basis. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. BASIS OF PREPARATION *(cont'd…)*

Use of Estimates and Judgments *(cont'd…)*

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

Critical accounting estimates

i. The Company has not recognized a deferred tax asset as management believes it is not probable that taxable profit will be available against which deductible temporary differences can be utilized.

ii. Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected share price volatility. Because the Company's warrants have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

Critical accounting judgments

i. The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project. Management has assessed these indicators and does not believe an impairment provision is required.

ii. 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.

iii. The estimate for contingencies and settlement provisions require management to make judgments as to the likelihood of outcomes, and estimates of the timing and the possible outflow of economic benefits.

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3. SIGNIFICANT ACCOUNTING POLICIES

New standards not yet adopted

The following new standards, amendments to standards and interpretations have been issued but are not effective during the period ended June 30, 2016:

- IFRS 9 — New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets(i)
- IFRS 11 (Amendment) — Amendment to provide specific guidance on accounting for the acquisition of an interest in a joint operation that is a business. (ii)

(i) Effective for annual periods beginning on or after January 1, 2018
(ii) Effective for annual periods beginning on or after January 1, 2016

The Company anticipates that the application of these standards, amendments and interpretations will not have a material impact on the results and financial position of the Company.

4. RECLAMATION DEPOSITS

As at June 30, 2016 the Company held $141,000 (September 30, 2015 - $110,000) in deposits with a financial institution as security for reclamation requirements.

(Expressed in Canadian Dollars)

5. PROPERTY, PLANT AND EQUIPMENT

	Field Equipment	Vehicles	Office Furniture	Computer Equipment	Software	Buildings	Land	Total
Cost								
Balance, September 30, 2014	$ 112,682	$ 114,513	$ 57,043	$ 37,329	$ 46,248	$ 495,125	$ 66,752	$ 929,692
Disposals	(3,000)	-	-	-	-	(495,125)	(66,752)	(564,877)
Balance, September 30, 2015	$ 109,682	$ 114,513	$ 57,043	$ 37,329	$ 46,248	-	-	$ 364,815
Disposals	(500)	-	-	-	-	-	-	(500)
Balance, June 30, 2016	$ 109,182	$ 114,513	$ 57,043	$ 37,329	$ 46,248	-	-	$ 364,315
Accumulated depreciation								
Balance, September 30, 2014	81,831	68,802	49,523	32,131	41,925	100,438	-	374,650
Additions	6,170	9,142	1,504	1,716	2,161	13,156	-	33,849
Disposals	-	-	-	-	-	(113,594)	-	(113,594)
Balance, September 30, 2015	88,001	77,944	51,027	33,847	44,086	-	-	294,905
Additions	3,253	5,485	902	861	811	-	-	11,313
Balance, June 30, 2016	91,254	83,430	51,929	34,708	44,897	-	-	306,218
As at September 30, 2015	$ 21,681	$ 36,569	$ 6,016	$ 3,482	$ 2,162	$ -	$ -	$ 69,910
As at June 30, 2016	$ 17,928	$ 31,083	$ 5,114	$ 2,621	$ 1,351	$ -	$ -	$ 58,097

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

	Lac La Hache
Balance, September 30, 2014, 2015, and June 30, 2016	$ 2,488,909

(1) Balance represents acquisitions costs paid by the Company.

Lac La Hache

The following descriptions apply to adjacent properties in the Clinton Mining and Cariboo Divisions located near Lac La Hache, British Columbia:

a) Miracle/Murphy

The Company owns a 100% interest in four mineral claims located in the Clinton Mining Division of British Columbia, located near Lac La Hache. Under the terms of an agreement dated October 27, 1994, there is a 1% net smelter return ("NSR") due to the original vendor to a maximum of $1,500,000.

b) Peach Lake

The Company owns an 80% interest in seven mineral claims located in the Clinton Mining Division of British Columbia, located near Lac La Hache. Under the terms of an agreement dated December 1, 1994, there is a 3% NSR due to the original vendor on four of the seven claims to a maximum of $500,000.

c) Ann

The Company owns a 100% interest in two mineral claims located in the Clinton Mining Division of British Columbia, located near Lac La Hache. Under the terms of the agreements, the Company is not required to pay a NSR to the original vendor.

d) Murphy Lake

The Company owns a 100% interest in six mineral claims located in the Cariboo Mining Division of British Columbia, located near Lac La Hache. Under the terms of an agreement dated June 3, 1997, the Company has agreed with the original vendor to issue 300,000 common shares, when it is confirmed that an ore body exists and the plans to commence commercial production are in place, and pay a 3% NSR to a maximum of $1,000,000. No shares have been issued to the date of these condensed interim financial statements.

e) PMA/Cassidy

The Company owns a 100% interest in four mineral claims, located in the Cariboo Mining Division of British Columbia, located near Lac La Hache. Under the terms of the agreement dated February 14, 2000, the Company is not required to pay a NSR to the original vendor.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS *(cont'd…)*

f) Candorado Option Agreement

During the year ended September 30, 2012, the Company and Candorado Operating Company Ltd. entered into an option agreement whereby the Company acquired a 100% interest in certain unpatented mineral claims located east of Williams Lake, BC, near Lac La Hache. Consideration issued and paid was as follows:

- Cash payments of $870,000;
- Common shares, issuance of 2,400,000 common shares, valued at $600,000; and
- Share purchase warrants, issuance of 2,000,000 share purchase warrants with each warrant exercisable to purchase one additional common share at an exercise price of $0.40 until January 2014. These warrants were valued at $144,000.

The agreement was originally subject to a 2% NSR but this was waived by the vendor in an amendment to the agreement.

7. ASSETS HELD-FOR-SALE

During the year ended September 30, 2013, the Company decided to sell non-core Building and Land assets which is connected to the long-term debt (Note 9). As at June 30, 2016, assets held-for-sale had a fair value less cost to sell of $155,000 (September 30, 2015 - $155,000) made up of $66,252 for Land and $88,748 for Building.

8. ASSET SALE AND PREMISE OPERATING LEASE

On June 1, 2015, the Company completed a property sale (the "Transaction") with Bris Holdings Ltd. ("Bris"), a third party. The Company sold its building and land with carrying value of $448,283 for gross proceeds of $250,000 and recognized a loss on sale of $198,283 to the statement of comprehensive loss. The Company entered into a rental agreement with Bris for a five-year term at $2,000 per month plus applicable property taxes and insurance costs. During the period ended June 30, 2016, the Company recorded rental payments of $24,141 in exploration and evaluation expenditures in the statement of comprehensive loss.

9. LONG-TERM DEBT

Payable in annual principal payments of $20,000, commencing August 30, 2008, plus interest at prime rate, collateralized by a charge on land and building included in assets held-for-sale. As at June 30, 2016, the debt is currently in default and there has been no settlement of the mortgage.

	June 30, 2016	September 30, 2015
Principal and accrued interest	$ 88,343	$ 86,808
Less current portion	(88,343)	(86,808)
	$ -	$ -

10. SHARE CAPITAL AND RESERVES

a) Authorized share capital

Unlimited number of common and preferred shares without par value.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES *(cont'd …)*

b) Issued share capital

There were no shares issued during the periods ended June 30, 2015 and 2016.

During the year ended September 30, 2015, the Company completed a brokered private placement for 8,000,000 units at a price of $0.05 per unit for gross proceeds of $400,000. Each unit consist of one flow-through common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at a price of $0.10 for 2 years. In connection with the offering, the Company paid certain finder's $32,000, filing fees of $2,100 and issued 640,000 share purchase warrants with the same terms as above with a fair value of $14,169 using the Black-Scholes pricing model using a share price of $0.02 - $0.04, expected life of 2 years, and a volatility of 168.46%. The Company used the residual method to calculate the fair value of the tax deduction attached with the flow-through common share and recorded a flow-through liability of $120,000. During the nine month period ended June 30, 2016, the Company spent $142,323 (year ended September 30, 2015-$283,703) of eligible flow-through expenditures and reduced the flow-through liability by $34,889 (year ended September 30, 2015 - $85,111) to other income.

b) Stock options and warrants

The Company has a share purchase option plan approved by the Company's shareholders that allows it to grant share purchase options, subject to regulatory terms and approval, to its officers, directors, and employees. The share purchase option plan (the "2011 Rolling Option Plan") is based on the maximum number of eligible shares equaling a rolling percentage of 7.5% of the Company's outstanding common shares, and may not exceed 5% to any individual, calculated from time to time. Pursuant to the 2011 Rolling Option Plan, if outstanding share purchase options are exercised or expire, and/or the number of issued and outstanding common shares of the Company increases, then the share purchase options available to grant under the plan increases proportionately. The exercise price of each share purchase option is set by the Board of Directors at the time of grant but cannot be less than the market price (less permissible discounts).

Under the Plan, if an optionee ceases to be a director, officer or employee for any reason other than death, this option shall terminate as specified by the Board and all rights to purchase common shares under such option shall cease and expire and be of no further force or effect. Options have a maximum term of five years and depending on who the optionee is and whether the optionee resigned or is terminated, will terminate on the effective date of resignation or termination or 18 months following termination, except in the case of death, in which case they terminate one year after death. Unless otherwise noted vesting of options is made at the time of granting of the options at the discretion of the Board of Directors. Vested options are exercisable at any time.

The Company did not grant any stock options for the period ended June 30, 2016. The Company granted 5,050,000 stock options to directors, officers and employees of the Company during the periods ended June 30, 2015.

Stock option and share purchase warrants transactions are summarized as follows:

	Options		Warrants	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Balance, September 30, 2014	6,710,000	$ 0.24	-	$ -
Expired and cancelled	(6,110,000)	0.22	-	-
Granted	5,050,000	0.07	8,640,000	0.10
Balance, September 30, 2015	5,650,000	$ 0.12	8,640,000	$ 0.10
Expired and cancelled	(400,000)	0.42	-	-
Balance, June 30, 2016 outstanding and exercisable	5,250,000	$ 0.10	8,640,000	$ 0.10

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES *(cont'd …)*

c) Stock options and warrants *(cont'd …)*

As at June 30, 2016, incentive stock options were outstanding as follows:

	Number	Exercise price	Expiry date
Stock Options	800,000	0.25	December 28, 2016
	3,050,000	0.07	March 25, 2017
	1,400,000	0.07	June 15, 2017
	5,250,000		

As at June 30, 2016, share purchase warrants were outstanding as follows:

	Number	Exercise price	Expiry date
Share Purchase Warrants	6,480,000	$ 0.10	July 22, 2017
	2,160,000	0.10	August 20, 2017
	8,640,000		

11. RELATED PARTY TRANSACTIONS

Key management personnel comprise the Chief Executive Officer, Corporate Secretary, Vice President of Exploration and Directors of the Company. The remuneration of the key management personnel for the nine month period ended June 30, 2016 is as follows:

- Included in management and consulting fees was $50,000 (2015 - $29,000) for services provided by the CEO and $10,000 (2015 - $8,000) paid to the corporate secretary.
- Included in exploration and evaluation expenditures are $46,800 (2015 - $20,600) for geological consulting services provided by the Vice President of Exploration.

An amount of $21,010 (September 30, 2015 - $32,003) included in accounts payable is due to current and former management. All balances are unsecured, non-interest bearing, have no fixed repayment terms, and are due on demand.

During the period ended June 30, 2016, the Company received an advance of $42,500 from a director of the Company included in short term loans to meet short-term cash requirements. The balance is unsecured, non-interest bearing, has no fixed repayments terms and is due on demand.

12. CAPITAL MANAGEMENT

The Company manages its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital consists of shareholder's equity comprising: issued capital; share purchase warrants; reserves and deficit. The basis for the Company's capital structure is dependent on the Company's exploration programs. There were no changes in the Company's approach to capital management during the current year and the Company is not subject to externally imposed capital requirements, except when the Company issues flow-through shares. The Company is subject to certain requirements in relation to its use of funds raised through the issuance of flow-through shares. These funds have to be incurred for eligible exploration expenditures in accordance with Canadian federal and certain provincial income tax acts.

(Expressed in Canadian Dollars)

13. COMMITMENTS AND CONTINGENCIES

i) From time to time, certain claims, suits, and complaints may arise in the ordinary course of operations against the Company. In the opinion of management, any provisions related to such claims, if any, will be accrued when the claims meet the recognition criteria for contingent liabilities. Management recorded a legal provision of $55,000 for a claim against the Company and settled another claim for cash payment of $19,943. The Company is not aware of any unrecorded material contingent liabilities which require recording in the condensed interim financial statements for the period ended June 30, 2016.

In addition to the above, two former senior officers of the Company commenced litigation against the Company alleging wrongful dismissal and claiming unspecified damages. The Company is defending the cases and believes they are without merit. No contingent liability has been recorded in relation to these legal proceedings.

ii) The Company is partly financed by the issuance of flow-through shares. However, there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company has committed to take all the necessary measures for this purpose. Refusals of certain expenses by tax authorities would have negative tax consequences for investors.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed 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 condensed interim financial statements and in the Company`s MD&A for the period ended June 30, 2016

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, whilst 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.

a) Market Risk

Market risk is the risk that changes in market prices, such as interest rates, commodity prices, and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. As at June 30, 2016, the Company is not materially exposed to market risk.

b) Interest Risk

Interest risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not entered into any derivative contracts to manage risk. The Company's policy as it relates to its cash balances is to invest excess cash in a reputable Canadian chartered bank.

As of June 30, 2016, the Company's exposure to interest rate risk is as follows:

- Cash	- Variable interest rate
- Current portion of long-term debt	- Variable interest rate at prime rate

A change in interest rates of 1% would not materially affect cash or the current portion of long-term debt.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(cont'd…)*

c) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is on its reclamation deposit.

Amounts receivable mainly consists of input tax credit receivables. Due to the nature of the assets, management believes that the credit risk concentration with respect to receivables is remote and no collateral is held as security for these balances. As at June 30, 2016, the Company had a receivables balance of $4,481 (September 30, 2015 - $21,932).

d) 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.

The Company anticipates that the current funds are not sufficient to support its corporate and administrative obligations on a continuous basis. Management is evaluating other alternatives to secure financing including additional equity offerings. However, there is no assurance that these initiatives will be successful. The amount and timing of additional funding will be impacted by among other things, the strength of the capital markets.

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 values for: cash; receivables; long-term debt; and accounts payables and accrued liabilities, approximates fair value due to their short-term nature.

15. SUBSEQUENT EVENT

Subsequent to June 30, 2016, the Company announced a non-brokered private placement of 7,000,000 flow-through units at $0.07 per flow-through unit and 3,000,000 non-flow-through units at $0.05 per non-flow-through unit for gross proceeds of $640,000. Each flow-through unit will consist of one flow-through common share and one non-flow-through share purchase warrant exercisable at $0.10 for a period of two years. Each non-flow-through unit will consist of one common share and one non-flow-through share purchase warrant exercisable at $0.08 for a period of two years.