bc gold CORP

(An Exploration Stage Company)

Condensed Interim Financial Statements

For The Three-Month Period Ended May 31, 2016 and May 31, 2015

(Unaudited – prepared by Management)

(Expressed in Canadian Dollars)

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

The condensed interim unaudited financial statements of BC Gold Corp. (An Exploration Stage Company) are the responsibility of the Company’s management. The financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and reflect management’s best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company’s assets are safeguarded, transactions are authorized and properly recorded and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal controls through an audit committee. The Audit Committee reviews the results of the unaudited condensed interim financial statements prior to their submission to the Board of Directors for approval.

“Brian Fowler”	***“Sheri Rempel”***
Brian Fowler	**Sheri Rempel**
Chief Executive Officer	**Chief Financial Officer**

Unaudited Condensed Interim Financial Statements

In accordance with National Instruments 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed interim financial statements for the three months ended May 31, 2016.

BCGold Corp.

Statement 1

(An Exploration Stage Company)

Condensed Interim Statements of Financial Position

As at

(Canadian Funds)

(Unaudited – Prepared by Management)

Assets		May 31, 2016		February 29, 2016
Current Assets:				
Cash and cash equivalents	$	**194,672**	$	17,361
Marketable securities *(Note 4)*		**1,000**		1,000
Sales tax and other receivables		**8,755**		1,920
Deposits		**12,597**		12,597
Prepaid expenses		**26,611**		-
		243,635		32,878
Non-Current Assets:				
Property and equipment *(Note 5)*		**262,032**		262,756
Reclamation bonds *(Note 6)*		**55,500**		55,500
Exploration and evaluation assets *(Note 7)*		**1,068,941**		1,068,941
Total Assets	$	**1,630,108**	$	1,420,075
Liabilities and Equity				
Current Liabilities:				
Accounts payable and accrued liabilities *(Note 11(a))*	$	**378,110**	$	295,790
Promissory note (Note 8)		**292,620**		288,909
Total Liabilities		**670,730**		584,699
Shareholders' Equity:				
Share capital – (*Statement 4*) – (*Note 10)*		**14,336,133**		14,189,032
Share-based payments reserve (*Statement 4)*		**4,659,675**		4,540,606
Accumulated other comprehensive loss ("AOCL") – (*Statement 4)*		**(237,523)**		(237,523)
Deficit – (*Statement 4)*		**(17,798,907)**		(17,656,739)
Total Equity		**959,378**		835,376
Total Liabilities and Equity	$	**1,630,108**	$	1,420,075

Nature of Operations and Going Concern *(Note 1)*
Commitments *(Notes 7 and 13)*

Approved by the Board of Directors on August 2, 2016:

"Brian Fowler", Chief Executive Officer
"Sheri Rempel", Chief Financial Officer

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

BCGold Corp.

Statement 2

(An Exploration Stage Company)

Condensed Interim Statements of Loss and Comprehensive Loss
For the three-month period ended May 31,

(Express in Canadian Funds)

(Unaudited – Prepared by Management)

		2016		2015
Expenses				
Corporate listing and filing fees	$	**9,438**	**$**	(3,217)
Depreciation		**724**		951
Exploration and evaluation expenses (*Note 7*)		**31,453**		34,195
Office expenses		**6,864**		10,977
Bad debts		**3,000**		1,490
Professional fees		**43,882**		(10,544)
Rent		**4,391**		24,077
Travel		**13,010**		-
Wages and consulting fees		**25,492**		13,617
Loss from Operations		**138,254**		71,546
Other (Income) Expense:				
Interest and other (income) expense *(Note 8)*		**3,914**		(281)
Total Other (Income) Expense		**3,914**		(281)
Loss Before Income Taxes		**142,168**		71,265
Deferred Income tax recovery		**-**		2,000
Net Loss for the Period		**142,168**		73,265
Unrealized loss on marketable securities		**-**		
Comprehensive Loss for the Period	**$**	**142,168**	**$**	73,265
Loss per share				
- Basic and diluted		**0.01**		0.09
Weighted average number of common shares outstanding		**10,222,774**		8,337,557

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

BCGold Corp.

Statement 3

(An Exploration Stage Company)

Condensed Interim Statements of Cash Flows

For the three-month period ended May 31,

(Express in Canadian Funds)

(Unaudited – Prepared by Management)

Cash Resources Provided By (Used In)		**2016**		2015
Operating Activities:				
Net loss for the period	**$**	**(142,168)**	$	(71,265)
Adjustment for items which do not involve cash:				
Income tax recovery		**-**		-
Depreciation		**724**		951
Bad debts		**3,000**		1,490
Interest accrued on promissory note *(Note 8)*		**3,711**		-
Settlement of flow through share liability on exploration made		**-**		(4,000)
Changes in non-cash working capital components:				
Accounts payable and accrued liabilities		**79,320**		(11,617)
Deposits		**-**		15,689
Prepaid expenses		**(26,611)**		(3,828)
Sales tax and other receivables		**(6,835)**		(333)
Cash used in Operating Activities		**(88,859)**		(72,913)
Financing Activities:				
Issuance of common shares and warrants, net		**266,170**		-
Cash provided by Financing Activities		**266,170**		-
Net Increase (Decrease) in Cash and Cash Equivalents		**177,311**		(72,913)
Cash and Cash Equivalents - beginning of the period		**17,361**		109,602
Cash and Cash Equivalents - End of the Period	**$**	**194,672**	$	36,689
Cash and Cash Equivalents Consist of the Following:				
Cash	**$**	**194,672**	$	26,451
Restricted Cash*		-		10,238
Total Cash and Cash Equivalents	**$**	**194,672**	$	36,689

* *In conjunction with the flow through private placements during the year ended February 28, 2015, the Company has no restricted cash that is required to be spent on qualified mineral exploration expenditures.*

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

BCGold Corp.

Statement 4

Condensed Interim Statements of Changes in Equity

FOR THE THREE-MONTH PERIOD ENDED MAY 31, 2016 AND 2015

(Express in Canadian Funds)

(Unaudited – Prepared by Management)

		SHARE CAPITAL		SHARE-BASED	ACCUMULATED OTHER		
		SHARES	AMOUNT	PAYMENTS RESERVE	COMPREHENSIVE LOSS ("AOCL")	DEFICIT	TOTAL EQUITY
Balance – February 28, 2015	NOTES	41,687,785	14,187,532	4,358,706	(224,948)	(17,246,055)	1,255,235
Unrealized loss on marketable securities		-	-	-	(2,000)	-	(2,000)
Net loss for the period		-	-	-	-	(71,265)	(71,265)
Balance – May 31, 2015		41,687,785	14,187,532	4,538,706	(226,948)	(17,317,320)	1,181,970
Shares issued for exploration and evaluation asset	*7(c) & 10(b)*	100,000	1,500	-	-	-	1,500
Warrants issued for exploration and evaluation asset		-	-	1,900	-	-	1,900
Unrealized loss on marketable securities		-	-	-	(10,575)	-	(10,575)
Shares consolidation, February 29, 2016	*10(a)*	(33,430,228)	-	-	-	-	-
Net loss for the period		-	-	-	-	(339,419)	(339,419)
Balance – February 29, 2016		**8,357,557**	**14,189,032**	**4,540,606**	**(237,523)**	**(17,656,739)**	**835,376**
Flow-through common shares issued		5,720,000	286,000	-	-	-	286,000
Share issuance costs		-	(19,281)	(13,862)	-	-	(33,143)
Fair market value of warrants issued		-	(119,618)	119,618	-	-	-
Fail market value of finders warrants issued		-	-	13,313	-	-	13,313
Net loss for the period		-	-	-	-	(142,168)	(142,168)
Balance – May 31, 2016		**14,077,557**	**14,336,133**	**4,659,675**	**(237,523)**	**(17,798,907)**	**959,378**

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

1. Nature of Operations and Going Concern

BCGold Corp. (the "Company" or "BCGold") is an exploration stage enterprise focusing on the acquisition, exploration and development of economic gold and other precious and base metal properties. Currently, the Company's principal mineral properties are the Engineer Mine Property, located near Atlin, B.C. and the Minto/Carmacks Copper-Gold Properties located in the Yukon. BCGold Corp. is a publicly listed company incorporated under the Business Corporations Act of British Columbia on February 10, 2006 as 0748496 B.C. Ltd. On March 1, 2006, the Company changed its name to BCGold Corp. The Company is listed on the TSX Venture Exchange ("TSX.V") under the symbol "BCG". The head office, principal address and records office of the Company are located at Suite 520 – 800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6. The Company's registered address is Suite 1500 - 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

These unaudited condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company continues to incur operating losses, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its exploration and evaluation assets projects. These material uncertainties may cast a significant doubt on the validity of this assumption. The Company's ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to continue operations. As at May 31, 2016, the Company has an accumulated deficit of $17,798,907 (February 29, 2016 - $17,656,739), a net loss for the three-month period ended May 31, 2016 of $142,168 (May 31, 2015 of $71,265) and has working capital deficiency of $427,095 (February 29, 2016 – working capital of $551,821).

If the going concern assumption was not appropriate for these unaudited condensed interim financial statements, adjustments would be necessary in the carrying values of assets, liabilities, reported income and expenses and the statement of financial position classifications used. Such adjustments could be material.

2. Statement of compliance and basis of Preparation

Statement of Compliance

These unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim financial statements comply with International Accounting Standard 34, Interim Financial Reporting ("IAS 34").

These unaudited condensed interim financial statements have been prepared on a historical cost basis and are presented in Canadian dollars.

Basis of presentation

These unaudited condensed interim financial statements are unaudited and prepared on a condensed basis in accordance with the International Accounting Standards ("IAS") 34, Interim Financial Reporting issued by the International Accounting Standard Board ("IASB"). These unaudited condensed interim financial statements have been prepared in accordance with the accounting policies described in Note 3 of the Company's Annual Financial Statements as at and for the year ended February 29, 2016. Accordingly, these unaudited condensed interim financial statements for the three month period ended May 31, 2016 and 2015 should be read together with the Annual Financial Statements as at, and for the year ended, February 29, 2016.

3. Summary of Significant Accounting Policies

The following standards and interpretations have been issued but are not yet effective:

The following standards, interpretations and amendments, which have not been applied in these condensed consolidated interim unaudited financial statements, may have an effect on the Company's future condensed consolidated interim unaudited financial statements. The Company is in the process of evaluating these new standards.

IFRS 9 – Financial Instruments

The IASB has issued a new standard, IFRS 9, "Financial Instruments" ("IFRS 9"), which will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 will replace the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value. The new standard also requires a single impairment method to be used, provides additional guidance on the classification and measurement of financial liabilities, and provides a new general hedge accounting standard.

The mandatory effective date has tentatively been set for January 1, 2018; however, early adoption of the new standard is permitted. The Company currently does not intend to early adopt IFRS 9. The adoption of IFRS 9 is currently not expected to have a material impact on the consolidated financial statements as the classification and measurement of the Company's consolidated financial instruments is not expected to change given the nature of the Company's operations and the types of financial instruments that it currently holds.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 "Leases". IFRS 16 will replace IAS 17 "Leases" and IFRIC 4 "Determining whether an arrangement contains a lease". IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, the lessee and the lessor. The standard brings most leases in the lessee's statement of financial position under a single model, eliminating the previous classifications of operating and finance leases. The only exemptions to this treatment are for lease contracts with duration of less than one year and those with a low value of the underlying asset. This accounting treatment will result in the grossing up of the statement of financial position due to a right-of-use asset being recognized with an offsetting liability representing the obligation to make lease payments. Lessor accounting under the standard remains largely unchanged. IFRS 16 is to be applied retrospectively or on a modified retrospective basis and is effective for years beginning on or after January 1, 2019, with earlier application permitted. The potential impact of the adoption of this standard on consolidated statements of the Corporation has not yet been determined.

IFRS – Amendments to IAS 7 "Statement of Cash Flows"

Statement of cash flow In January 2016, the IASB issued amendments to IAS 7 "Statement of Cash Flows", which will require specific disclosures for movements in certain liabilities on the statement of cash flows. These amendments will be applicable for the annual period beginning on or after January 1, 2017, with earlier application permitted. The potential impact of the adoption of this standard on consolidated statements of the Corporation has not yet been determined.

(Canadian Funds)

4. Marketable Securities

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

	May 31, 2016		February 29, 2016	
	Market Value	**Cost**	Market Value	Cost
Common shares of public companies, not subject to significant influence	**$ 1,000**	**$ 238,523**	$ 1,000	$ 238,523

5. Property and Equipment

	Computer Equipment	Computer Software	Office Furniture and Equipment	Project Field Equipment	Total
Cost					
Balance at February 28, 2015	$ 44,478	$ 82,138	$ 34,464	$ 17,422	$ 178,502
Additions	-	-	-	250,000	250,000
Balance at February 29 and May 31, 2016	$ 44,478	$ 82,138	$ 34,464	$ 267,422	$ 428,502
Amortization					
Balance at February 28, 2015	$ (39,533)	$ (82,138)	$ (27,407)	$ (12.843)	$ (161,941)
Additions	(1,478)	-	(1,411)	(916)	(3,805)
Balance at February 29, 2016	$ (41,031)	$ (82,138)	$ (28,818)	$ (13,759)	$ (165,746)
Additions	(259)	-	(282)	(183)	(724)
Balance at May 31, 2016	$ (41,290)	$ (82,138)	$ (29,100)	$ (13,942)	$ (166,470)
Carrying amounts - NBV					
At February 28, 2015	$ 4,925	$ -	$ 7,057	$ 4,579	$ 16,561
At February 29, 2016	$ 3,447	$ -	$ 5,646	$ 253,663	$ 262,756
At May 31, 2016	$ 3,188	$ -	$ 5,364	$ 253,480	$ 262,032

See note 7(a).

6. Reclamation Bonds

As of May 31, 2016, the Company has invested a total of $55,500 (February 29, 2016 - $55,500) into various GICs with a Canadian financial institution as part of various Safe-Keeping Agreements entered into by the Company for its various properties. These funds are being held to the order of the Ministry of Energy, Mines and Petroleum Resources and are yielding interest at rates ranging from 0.60% to 0.70%.

(Canadian Funds)

7. Exploration and Evaluation Assets and Expenditures

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

	Minto/Carmacks Copper-Gold Properties (Yukon)	Engineer (B.C.)	Gold Hill (B.C.)	Voigtberg (B.C.)	Other Properties (B.C. & Yukon)	Total
Balance – February 28, 2014	$ 501,334	$ 662,059	$ 79,343	$ 169,944	$ 14,133	$ 1,426,813
Property extension payment *(Note 7(b) & 7(c))*	-	-	5,206	-	4,000	9,206
Property option payment paid – shares (*Note 7(e))*	-	-	-	89,670	-	89,670
Impairment of the Voigtberg Property *(Note 7(e))*	-	-	-	(209,614)	-	(209,614)
Disposal of properties *(Note 7(d))*	(200,534)	-	-	-	-	(200,534)
Balance – February 28, 2015	$ 300,800	$ 662,059	$ 84,549	$ 50,000	$ 18,133	$ 1,115,541
Property extension payment *(Note 7 (b) & 7(c))*	-	-	1,900	-	1,500	3,400
Impairment of the Voigtberg Property *(Note 7(e))*	-	-	-	(50,000)	-	(50,000)
Balance – February 29, 2016 and May 31, 2016	**$ 300,800**	**$ 662,059**	**$ 86,449**	**$ -**	**$ 19,633**	**$ 1,068,941**

Details of the Company's exploration and evaluation expenses, which have been cumulatively expensed in the Statements of Loss and Comprehensive Loss and Deficit, are as follows:

	Minto/ Carmacks Copper-Gold Properties (Yukon)	Engineer (B.C.)	Gold Hill (B.C.)	Voigtberg (B.C.) *	Other Properties (B.C. & Yukon)	Total
Balance – February 28, 2014	$ 3,980,884	$ 3,432,281	$ 313,711	$ 888,008	$ 1,383,308	$ 9,998,192
Exploration and evaluation expenditures (recovery)	(3,268)	122,384	-	3,172	(382)	121,906
Balance – February 28, 2015	$ 3,977,616	$ 3,554,665	$ 313,711	$ 891,180	$ 1,382,926	$ 10,120,098
Exploration and evaluation expenses	848	143,803	1,713	5,882	750	152,966
Balance – February 29, 2016	$ 3,978,464	$ 3,698,468	$ 315,424	$ 897,062	$ 1,383,676	$ 10,273,094
Exploration and evaluation expenses	-	31,453	-	-	-	31,453
Balance – May 31, 2016	**$ 3,978,464**	**$ 3,729,921**	**$ 315,424**	**$ 897,062**	**$ 1,383,676**	**$ 10,304,547**

7. Exploration and Evaluation Assets and Expenditures – *continued*

(a) Engineer Mine Property, B.C.

On January 16, 2007, the Company entered into an option agreement, which was subsequently amended in 2007, 2009 and January 12, 2010, to acquire up to a 100% interest in the Engineer Mine Property. The Company has acquired a 100% interest by:

- Paying a $125,000 in cash;

- Issuing an aggregate of 315,455 common shares and 52,500 warrants over six years;

- Making a rental payment of $30,000 on January 16, 2010 *(paid)* and thereafter annual rental payments of $10,000 per year *(2011, 2012, 2013 and 2014 payments made)* when the mine property is not in production and $50,000 per year when the mine property is in production. Such rent payments ceased upon the Company earning a 100% interest in the property and purchasing the surface rights;

- Granting a 30% net proceeds interest from the sale of gold from the Double Decker Vein; and

- Either evaluating and completing an underground de-watering program or evaluating and carrying out a drilling program *(completed a drill program and a de-watering program)*.

On September 20, 2012, the Company entered into a letter agreement with Engineer Mining Corp. ("EMC") to purchase certain capital assets for total cash consideration of $300,000 payable to EMC no later than May 15, 2013. The Company did not make the required payment of $300,000 under the terms of the letter agreement and thus the title to these assets, which are currently situated on the Company's Engineer Mine property, was returned to the vendors.

On February 23, 2016, the Company issued a $250,000 promissory note to EMC to obtain title to the assets that were to be purchased under the September 20, 2012 letter agreement, with title to be held in escrow and transferred to the Company when the Company repays the promissory note in full.

See note 8.

(b) Gold Hill Property, B.C.

On September 30, 2010, the Company entered into an option agreement with Guardsmen Resources Inc. ("Guardsmen"), a private company, to earn a 100% interest in Guardsmen's Gold Hill property. This agreement was amended on August 25, 2013, October 7, 2014 and September 3, 2015. The Company can earn a 100% interest in the Gold Hill property by meeting the following contractual commitments:

- Making $110,000 in staged cash payments (*paid - $60,000 to date)*;
- Issuing 2,000 common shares to Guardsmen within 5 days of TSX.V Exchange approval *(issued);* and
- Issuing 20,000 warrants to Guardsmen within 30 days of the execution of the amended agreement *(issued – fair value of $7,343)*. Each warrant is exercisable at a price of $0.275 per share for a term of approximately four years;
- Incurring $500,000 in exploration work on the Gold Hill property as follows:

(Canadian Funds)

7. Exploration and Evaluation Assets and Expenditures – *continued*

(b) Gold Hill Property, B.C. - *continued*

		Amount	Date
i)	$	100,000	to September 30, 2011 *(incurred)*
ii)		133,333	to September 30, 2012 *(incurred)*
iii)		133,333	to September 30, 2016 *(Cumulative $315,424 incurred as at February 29, 2016)*
iv)		133,334	to September 30, 2016
	$	500,000	

Guardsmen will retain a 2.5% Net Smelter Return ("NSR") on the Gold Hill property, which can be reduced to 0.5% by the Company at a cost of $1,500,000.

On September 3, 2015 the Company amended the option agreement with Guardsmen, resulting in the following amendments:

- A one-year extension to fulfill certain option terms requiring the Company to make a $25,000 property payment and incur $133,333 in eligible exploration expenditures by September 30, 2016 to earn a 75% interest (extended from September 30, 2015, as amended October 7, 2014).

- A one-year extension to fulfill certain option terms requiring the Company to make a final option payment of $25,000 and incur an additional $133,334 in eligible exploration expenditures to earn a 100% interest by September 30, 2016 (extended from September 30, 2015, as amended October 7, 2014).

In consideration for the amendment, the Company paid $900 in legal fees and issued 40,000 warrants entitling the holder to purchase one Company common share at a price of $0.25 for up to four years expiring on November 30, 2019. The warrants have been valued at $1,900 based upon the Black-Scholes Method, using a risk-free yield of 0.79%, expected stock price volatility of 225.47%, Nil dividend yield, and an expected warrant life of four years.

The Company has incurred $315,424 in eligible exploration expenditures and paid Guardsmen $60,000 in option payments to date, having earned a 50% interest in the Gold Hill Property. The Company can now earn a 100% interest in the Gold Hill Property after completing an additional $184,576 in eligible exploration expenditures and by making cash payments of $50,000 to Guardsmen by September 30, 2016.

(c) Blind Creek Property

On August 16, 2013, the Company entered into an option agreement with Blind Creek Resources Ltd. ("Blind Creek") to earn a 100% interest in nine mineral claims over four years through the issuance of 250,000 common shares (issued 50,000 to date valued at $13,750) and staged cash payments of $225,000 to Blind Creek. The Company must also incur $400,000 in exploration expenditures over the four years. Blind Creek will retain a 2% NSR on the claims which can be reduced to 0.5% by the Company for a price of $1,500,000.

On July 23, 2014 and again on July 23, 2015, the Company amended the option agreement. As amended, the Company must complete the following cash payments, share issuances, and exploration expenditures by the following dates to earn various percentage interests in the property up to 100%:

(Canadian Funds)

7. Exploration and Evaluation Assets and Expenditures – *continued*

(c) Blind Creek Property - *continued*

Date	Cash	Shares	Expenditures	Vested Interest
Signing	$ -	50,000 (issued)	$ -	-
August 19, 2016	10,000	50,000	100,000	0%
August 19, 2017	15,000	50,000	100,000	51%
August 19, 2018	50,000	50,000	100,000	75%
August 19, 2019	150,000	50,000	100,000	100%
	$ 225,000	250,000	$ 400,000	100%

(d) Minto/Carmacks Copper-Gold Properties, Yukon

On November 1, 2006, the Company entered into an option agreement with a third party and has acquired a 100% interest in 16 mineral properties in the Minto/Carmacks Copper-Gold Belt by making $300,000 in cash payments, incurring $900,000 in exploration expenditures and issuing 100,000 units between April 2007 and October 2010. An NSR of 1.75% applies to the mineral properties of which 1.25% can be purchased by the Company for $1,500,000. During the year ended February 28, 2015, six properties with the acquisition costs of $200,534 were disposed. Loss from the disposal was $200,534.

Toe Property

In August 2012, the Company entered into a letter agreement with Kaiyue International Inc. (“Kaiyue”) whereby Kaiyue could earn up to a 70% interest in the Company’s 100% controlled Toe Property, one of BCGold’s 10 mineral properties situated in the Minto/Carmacks Copper-Gold Belt in the Yukon.

Kaiyue has defaulted on its obligations pursuant to the letter agreement and the Company has notified Kaiyue that the Toe Property option has expired. The Company retains ownership of this property.

(e) Voigtberg, British Columbia

On April 22, 2014 the Company signed a letter agreement with joint venture partner Kaminak Gold Corp. (“Kaminak”) to obtain 100% interest in the Voigtberg porphyry copper-gold property, situated in the heart of the prolific Golden Triangle district in north western British Columbia, by acquiring Kaminak’s 50% interest in the property.

The Company issued Kaminak one million units, with $50,000 fair value being assigned to the shares and $39,670 fair value being assigned to the warrants, of the Company’s securities in exchange for Kaminak’s 50% interest in the Voigtberg property. Each “unit” consists of one common share and one share purchase warrant. Each warrant entitles Kaminak to acquire one additional common share at a price of $0.10 for up to three years.

The Company also agreed to facilitate $1.2 million in exploration expenditures on the Voigtberg property over a three-year period. If the Company had failed to achieve this, Kaminak would have had a one-time opportunity to acquire the Company’s entire interest in the property for $50,000.

For the year ended February 28, 2015, the Company impaired $209,614 of the cost of the property to an adjusted value of $50,000 in concert with the amount that Kaminak may repurchase the property for should the Company fail to option the property and have $1.2 million in qualified work on the property.

In November 2016, claims comprising the property lapsed, resulting in the write-off of the remaining $50,000 value.

(Canadian Funds)

7. Exploration and Evaluation Assets and Expenditures – *continued*

(e) Other Properties - Rainbow Property, B.C.

On July 10, 2015, the Company sold its 100%-owned 926-hectare Rainbow Property, situated 3 kilometres south of Thompson Creek Metals Company Inc.'s (or "TCMC") Mt. Milligan copper-gold mine, to Terrane Metals Corp. (or "TMC"), a 100% owned subsidiary of TCMC, for $35,000.

The Company retains a 2.5% NSR on the Rainbow Property, which may be purchased by TMC at any time for $250,000.

8. Promissory Note

On February 23, 2016, the Company issued a promissory note with principal of $250,000 to Engineer Mining Corp. ("EMC") to obtain title to assets that were to be purchased under a September 20, 2012 letter agreement with EMC. This note accrues interest of 5% per annum, calculated and compounded monthly retroactive to May 15, 2013, the date of default of the original letter agreement, and is payable on demand with one day's notice at any time on or after February 23, 2017. Interest expense of $38,909 pursuant to the note was accrued for the year ended February 29, 2016 and $3,711 for the period ended May 31, 2016.

The Company has granted EMC a security interest in all property and assets in respect of or related to the Engineer Mine to secure repayment of the promissory note in full. Upon repayment of the promissory note, title to these assets will transfer from escrow to the Company.

10. Share Capital and Contributed Surplus

(a) Share Capital

The Company's authorized share capital consists of an unlimited number of common voting shares without par value.

(c) Private Placements

On May 2, 2016, the Company closed the first tranche private placement. The Company has proceeded of $286,000 from share issuance of 5,720,000 units at a price of $0.05 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.10 per share for two years expiring April 27, 2018.
The warrants attached to this private placement have been valued at $106,172 based upon the Black Scholes Method using the following assumptions noted below.

Risk-free interest rate	67%
Expected stock price volatility	179.46%
Expected dividend yield	0.00%
Expected life of warrants	2 years

The Company paid finder`s fees of $18,400 and issued 368,800 finder warrants, each warrants entitles the holder to purchase one common share at a price of $0.05 per share for up to one year expiring April 27, 2017.
The finder warrants attached to this private placement have been valued at $12,897 based upon the Black Scholes Method using the following assumptions noted below.

(Canadian Funds)

10. Share Capital and Contributed Surplus - *continued*

(c) Private Placements - *continued*

Risk-free interest rate	66%
Expected stock price volatility	217.25
Expected dividend yield	0.00%
Expected life of warrants	1 year

(e) Share Purchase Warrants -

	Number of Warrants	Weighted average Exercise Price
Balance – February 28, 2015	4,551,300	$0.40
Expired	(364,400)	$0.50
Balance – February 28, 2016	4,226,900	$0.40
Issued	5,720,000	$0.10
Issued	368,000	$0.05
Balance – May 31, 2016	**10,314,900**	**$0.22**

At May 31, 2016, the following warrants were outstanding:

Expiry Date	Exercise Price	Number of Warrants	Warrant Valuation
August 20, 2016 or September 18, 2017	$0.275	20,000	$ 7,343
September 10, 2017	$0.50	1,070,000	151,635
November 1, 2017	$0.50	215,600	25,544
May 13, 2017	$0.50	200,000	39,670
May 19, 2019	$0.50	645,600	53,991
July 2, 2019	$0.50	408,500	31,754
October 21, 2018	$0.25	40,000	5,206
December 16, 2018	$0.25	1,287,200	46,033
February 25, 2017	$0.25	300,000	10,285
November 30, 2019	$0.25	40,000	1,900
April 27, 2018	$0.10	5,720,000	106,172
April 27, 2017	$0.05	368,000	12,897
Total warrants outstanding		**10,314,900**	**$ 492,430**
Weighted average	**$0.22**		

(Canadian Funds)

10. Share Capital and Contributed Surplus - *continued*

(f) Stock Options

The Company has established a stock option plan (the "Plan") for directors, employees, and consultants of the Company. From time to time, shares may be reserved by the Board, in its discretion, for options under the Plan, provided that at the time of the grant, the total number of shares so reserved for issuance by the Board shall not exceed the greater of 10% of the issued and outstanding listed shares (on a non-diluted basis) as at the date of grant. No options shall be granted, without regulatory approval, entitling any single individual to purchase in excess of 5% of the then outstanding shares in the Company in any 12 month period and no more than 2% of the optioned shares may be issued to any one individual in any 12 month period. If the option rights granted under the plan shall expire or terminate for any reason without having been exercised, such optioned shares may be made available for other options to be granted under the plan. The shares so reserved by the Board under the Plan shall be authorized but unissued shares.

The options are non-transferable and will expire, if not exercised, immediately upon dismissal by the Company with cause or 90 days following the date the optionee otherwise ceases to be a director, officer, manager, consultant or employee of the Company for reasons other than death. In the case of death, the expiry becomes one year after the death of an optionee. Pursuant to the policies of the TSX.V, options granted pursuant to the Plan in excess of 10% of the issued and outstanding common shares at the time of the grant must be subject to vesting.

There were no stock options granted during the period ended May 31, 2016.

At May 31, 2016 and February 29, 2016, the following options were outstanding and exercisable:

Expiry Date	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining Years	Number of Options Exercisable
October 28, 2016	$0.50	32,100	0.41	32,100
June 6, 2018	$0.50	206,000	2.02	206,000
	$0.50	**238,100**	**1.80**	**238,100**

11. Related Party Transactions

(a) Related Parties

The Company's related parties consist of its President and Chief Executive Officer, a company owned by the Vice President of Exploration and a company owned by the Chief Financial Officer. The nature of the Company's relationships with its related parties is as follows:

	Nature of Relationship
President and CEO	Geological consulting
Paul Wojdak Consulting (VP of Exploration)	Geological consulting
Sheri Rempel, Chief Financial Officer	Management
White Label Corporate Services Inc.	Management
JCollins Consulting Corp.	Management

(Canadian Funds)

11. Related Party Transactions – *continued*

(a) Related Parties

The following amounts due to related parties are included in trade payables and accrued liabilities. These amounts are unsecured, non-interest bearing and have no fixed terms of payments. All related party amounts are to key management personnel.

		May 31, 2016		May 31, 2015
Management & geological consulting fees	**$**	**179,030**	$	36,135
Total Management & geological consulting fees	**$**	**179,030**	$	36,000

(b) Compensation of Key Management Personnel

The remuneration of directors and other members of key management personnel during the three-month periods ended May 31, 2016 and May 31, 2015 were as follows:

	Note		**May 31, 2016**		May 31, 2015
Management & geological consulting fees		**$**	**40,122**	$	42,000
		$	**40,122**	$	42,000

Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the three-month periods ended May 31, 2016 and 2015.

12. Segmented Information

The Company conducts its business in a single operating segment being the mining business in Canada. All mineral properties and property and equipment are situated in Canada. Any investment revenues were earned principally from Canadian sources.

13. Commitments

On March 2, 2016, the Company entered into a lease agreement for office space at approximately $11,000 per month ($132,000 annually), which amount includes the basic rent plus operating costs. The lease has an expiry date of April 30, 2019.

13. Commitments - *continued*

The Company concurrently subleases a portion of the office space to three other companies. The three companies have the right to terminate its sublease agreement after the initial term completed. A termination notice is required with at least two months before the effective date of the notice.

14. Fair Value Measurement

(Canadian Funds)

Certain of the Company's financial assets and liabilities are measured at fair value on a recurring basis and classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company does not have any non-financial assets and liabilities measured at fair value on a non-recurring basis. There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and the valuation techniques used to value our financial assets and liabilities are described below:

Level 1 – Quoted Prices in Active Markets for Identical Assets or Liabilities
Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. Short-term investments and marketable securities are valued using quoted market prices in active markets. Accordingly, these items are included in Level 1 of the fair value hierarchy.

Level 2 – Significant Other Observable Inputs
Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability. The Company does not have any financial assets or liabilities included in Level 2 of the fair value hierarchy.

Level 3 – Significant Unobservable Inputs
Unobservable (supported by little or no market activity) prices. The Company does not have any financial assets or liabilities included in Level 3 of the fair value hierarchy.

The fair values of the Company's financial assets and liabilities measured at fair value on a recurring basis as at May 31, 2016 and February 29, 2016 are summarized in the following table:

	Level	**May 31, 2016**	**February 29, 2016**
Marketable securities	1	$ **1,000**	$ 1,000