Victoria GOLD CORP

(an exploration and development stage company)

Consolidated Financial Statements

February 28, 2015 and 2014

(Expressed in Canadian Dollars)

June 23, 2015

Independent Auditor's Report

To the Shareholders of
Victoria Gold Corp.

We have audited the accompanying consolidated financial statements of Victoria Gold Corp and its subsidiaries, which comprise the consolidated statements of financial position as at February 28, 2015 and February 28, 2014 and the consolidated statements of comprehensive income (loss), changes in shareholders' equity, and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Victoria Gold Corp. and its subsidiaries as at February 28, 2015 and February 28, 2014 and their financial performance and their cash flows for the years then ended in accordance with IFRS.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The accompanying consolidated financial statements and all other financial information included in this report are the responsibility of management. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Financial statements include certain amounts based on estimates and judgments. When alternative methods exist, management has chosen those it deems most appropriate in the circumstances to ensure that the consolidated financial statements are presented fairly, in all material respects.

Management maintains appropriate systems of internal control, consistent with reasonable cost, to give reasonable assurance that its assets are safeguarded, and the financial records are properly maintained.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Audit Committee, which is comprised of three Directors, all of whom are non-management and independent, meets with management to review the consolidated financial statements to satisfy itself that management is properly discharging its responsibilities to the Directors, who approve the consolidated financial statements.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial reporting standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) "John McConnell"
Director, President and CEO
June 23, 2015

(signed) "Marty Rendall"
CFO
June 23, 2015

Victoria Gold Corp.
Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)	*Notes*	February 28, 2015	February 28, 2014
Assets			
Current assets			
Cash and cash equivalents		$ 14,751,577	$ 14,175,031
Marketable securities and warrants	*5*	1,274,752	179,837
HST and other receivables	*6*	185,032	11,008,083
Prepaid expenses		129,724	135,042
		16,341,085	25,497,993
Non-current assets			
Restricted cash		1,816,686	1,973,401
Property and equipment	*7*	3,798,894	4,489,942
Resource properties	*8*	109,287,066	106,485,337
Total assets		$ 131,243,731	$ 138,446,673
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities		$ 4,260,449	$ 3,907,705
Non-current liabilities			
Deferred taxes		-	1,375,120
Asset retirement obligations ("ARO")	*10*	2,798,319	2,408,772
Total liabilities		7,058,768	7,691,597
Shareholders' Equity			
Share capital	*11*	151,618,587	151,618,587
Contributed surplus		13,971,128	13,439,501
Accumulated other comprehensive loss		(2,578,869)	(2,929,884)
Accumulated deficit		(38,825,883)	(31,373,128)
Total shareholder's equity		124,184,963	130,755,076
Total liabilities and equity		$ 131,243,731	$ 138,446,673

See accompanying notes to the consolidated financial statements.

Authorized for issue by the Board of Directors on June 23rd, 2015 and signed on its behalf. **"T. Sean Harvey"** Director **"Chris Hill"** Director

Victoria Gold Corp.
Consolidated Statements of Comprehensive Income (Loss)

(Expressed in Canadian Dollars)

	Notes	For the year ended February 28, 2015	2014
Operating expenses			
Salaries and benefits excluding share-based payments		$ 1,318,241	$ 1,357,840
Office and administrative		513,016	616,266
Share-based payments	*12*	342,196	470,725
Marketing		345,269	230,094
Legal and accounting		220,215	209,376
Consulting		136,058	116,517
Amortization		7,073	12,403
Foreign exchange (gain) loss		(897,092)	(522,578)
Resource property impairment and gain on optioned properties	*8*	6,537,062	-
Loss on disposal of property and equipment		-	288,122
		8,522,038	2,778,765
Finance (income) costs			
Unwinding of present value discount: ARO		37,301	30,364
Interest and bank charges		6,360	6,750
Interest income	*6*	(326,571)	(946,962)
Change in fair value of marketable securities and warrants		(904,184)	1,407,906
		(1,187,094)	498,058
Share of net loss of associate		-	76,322
Loss before taxes		(7,334,944)	(3,353,145)
Current income taxes	*17*	(1,516,605)	(1,103,849)
Deferred tax provision	*17*	1,398,794	1,133,513
Net loss		(7,452,755)	(3,323,481)
Other Comprehensive income (loss)			
Items that may be reclassified subsequently to profit or loss			
Currency translation adjustment		351,015	449,286
Share of other comprehensive loss of associate		-	(16,811)
Less: Recycling to income statement		-	33,513
Total items that may be reclassified subsequently to profit or loss		351,015	465,988
Total comprehensive loss for the year		$ (7,101,740)	$ (2,857,493)
Loss per share - basic and diluted	*9*	$ (0.022)	$ (0.010)
Weighted average number of shares			
Basic and diluted		340,073,973	340,073,973

See accompanying notes to the consolidated financial statements.

Victoria Gold Corp.
Consolidated Statement of Changes in Shareholder's Equity

(Expressed in Canadian Dollars)

	Notes	Share capital: Number of shares	Share capital: Amount	Contributed surplus	Accumulated other comprehensive loss	Accumulated deficit	Total equity
Balance at March 1, 2013		340,073,973	$ 151,618,587	$ 12,820,726	$ (3,395,872)	$ (28,049,647)	$ 132,993,794
Transactions with owners:							
Share-based payments, expensed				470,725			470,725
Share-based payments, capitalized				148,050			148,050
Total transactions with owners:		-	-	618,775	-	-	618,775
Net loss for the year						(3,323,481)	(3,323,481)
Other comprehensive income/(loss):							
Share of other comprehensive loss of associate					(16,811)		(16,811)
Recycling of share of other comprehensive loss of associate					33,513		33,513
Currency translation adjustment					449,286		449,286
Balance at February 28, 2014	*11*	340,073,973	$ 151,618,587	$ 13,439,501	$ (2,929,884)	$ (31,373,128)	$ 130,755,076
Balance at March 1, 2014		340,073,973	$ 151,618,587	$ 13,439,501	$ (2,929,884)	$ (31,373,128)	$ 130,755,076
Transactions with owners:							
Share-based payments, expensed				342,196			342,196
Share-based payments, capitalized				189,431			189,431
Total transactions with owners:		-	-	531,627	-	-	531,627
Net loss for the year						(7,452,755)	(7,452,755)
Other comprehensive income/(loss):							
Currency translation adjustment					351,015		351,015
Balance at February 28, 2015	*11*	340,073,973	$ 151,618,587	$ 13,971,128	$ (2,578,869)	$ (38,825,883)	$ 124,184,963

See accompanying notes to the consolidated financial statements.

Victoria Gold Corp.
Consolidated Statement of Cash Flows

(Expressed in Canadian Dollars)	*Notes*	For the year ended February 28, 2015	2014
Cash flows from operating activities			
Net loss for the year		$ (7,452,755)	$ (3,323,481)
Adjustments for:			
Resource property impairments and gain on optioned properties	*8*	6,537,062	-
Share-based payments	*12*	342,196	470,725
Income taxes		(798,065)	(552,969)
Loss (gain) on disposal of property and equipment		-	288,122
Share of net loss of associate		-	76,322
Unwinding of present value discount: ARO	*10*	37,301	30,364
Change in fair value of marketable securities and warrants		(84,918)	706,211
Unwinding of present value discount: Receivables	*6*	(195,403)	(836,826)
Amortization		7,073	12,403
Net unrealized foreign exchange gain		(892,663)	(577,860)
		(2,500,172)	(3,706,989)
Working capital adjustments:			
(Increase) decrease in HST and other receivables		5,013,033	477,493
(Increase) decrease in marketable securities		(5,826,057)	565,251
(Increase) decrease in prepaid expenses		(17,259)	151,852
Increase (decrease) in accounts payables and accrued liabilities		(6,237)	(533,645)
		(836,520)	660,951
Net cash flows used in operating activities		(3,336,692)	(3,046,038)
Cash flows provided by investing activities			
Resource properties	*8*	(6,944,132)	(12,148,268)
Cash received from disposition of securities and assets held for sale		10,092,482	18,026,083
Restricted cash		314,506	(1,294,078)
Purchase of property and equipment		(3,415)	(156,147)
Proceeds on disposition of property and equipment		-	37,026
Net cash flows provided by (used in) investing activities		3,459,441	4,464,616
Cash flows from financing activities			
Exercise of warrants and options	*11 & 12*	-	-
Net cash flows from financing activities		-	-
Foreign exchange gain on cash balances		453,797	267,827
Net increase in cash and cash equivalents		576,546	1,686,405
Cash and cash equivalents, beginning of the year		14,175,031	12,488,626
Cash and cash equivalents, end of the year		$ 14,751,577	$ 14,175,031

See accompanying notes to the consolidated financial statements. Supplementary Cash Flow information is provided in Note 16.

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Victoria Gold Corp. ("Victoria" or "the Company"), a British Columbia company, was incorporated in accordance with the Business Corporations Act (British Columbia) on September 21, 1981. The Company's common shares are listed on the TSX-V.

The Company is engaged in the acquisition, evaluation, exploration and development of mineral properties. To date, the Company has not realized any revenues from its properties and is considered to be an exploration and development stage company. The Company's registered office is located at 80 Richmond St. West, Suite 303, Toronto, Ontario, M5H 2A4, Canada.

The recoverability of the amounts shown for resource properties and related deferred costs is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing and permits to complete the development, and upon future profitable production or proceeds from disposition of these assets.

These consolidated financial statements have been prepared using IFRS applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due for the foreseeable future. The Company's future is currently dependent upon its ability to successfully complete additional financing arrangements, secure all necessary permits, its ability to fulfil its planned exploration and development programs and upon future profitable production from, or the proceeds from the disposition of, its mineral properties. The Company periodically seeks financing to continue the exploration and development of its resource properties and to meet its future administrative requirements. Although the Company has been successful in raising funds to date, there can be no assurances that the steps management is taking, and will continue to take, will be successful in future reporting periods.

At February 28, 2015, Victoria Gold Corp. ("Victoria" or "the Company") had a working capital surplus of $12,080,636 (compared with a surplus of $21,590,288 at February 28, 2014), reported a net loss of $7,452,755 (2014 net loss - $3,323,481) and accumulated deficit of $38,825,883 ($31,373,128 at February 28, 2014).

2. BASIS OF PRESENTATION

These consolidated financial statements include the accounts of Victoria and its wholly-owned subsidiaries including:

- Victoria Resources (U.S.) Inc., a Nevada corporation,
- Gateway Gold Corp., a British Columbia corporation,
- Gateway Gold (USA) Corp., a Nevada corporation,
- StrataGold Corporation, a British Columbia corporation,

Gateway Gold Corp. and Gateway Gold (USA) Corp. (together referred to as "Gateway") were acquired by the Company on December 18, 2008.
StrataGold Corporation ("StrataGold") was acquired by the Company on June 4, 2009.

These financial statements were approved by the Board of Directors for issue on June 23, 2015.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation and adoption of IFRS

The consolidated financial statements of the Company are prepared in accordance with IFRS, are presented in Canadian dollars and include the operating results of the Company's subsidiaries. The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in *Note 4*.

(b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except for the revaluation of certain financial instruments to fair value.

(c) Consolidation

Subsidiaries are entities over which the Company has the power, directly or indirectly, to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The Company has control when it has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date on which control ceases. Accounting policies of the subsidiaries are consistent with those of the Company. All inter-company balances and transactions have been eliminated.

(d) Share-based payments

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. The fair value is measured at grant date and each tranche is recognized on a graded basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense or capitalized is adjusted to reflect the actual number of share options that are expected to vest.

(e) Current and deferred taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized through earnings, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(f) Property and equipment

Property and equipment ("PPE") are carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive income or loss. Where an item of property and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

The Company provides for amortization of its property and equipment at the following annual rates:

Field and Automotive equipment	-from 20%-30% declining balance basis
Buildings and structures	-straight line over the useful life (ranging three to twelve years)
Leasehold improvements	-straight line over the term of the lease (five years)
Other assets	-from 20%-30% declining balance basis

Assets under construction are capitalized as a separate component of property and equipment. On completion, the cost of construction is transferred to the appropriate category. Assets under construction are not amortized. Amortization commences on the date when the assets are available for use.

(g) Resource properties and deferred exploration and evaluation costs

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired. Exploration and evaluation expenditures are capitalized as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in loss in the year.

Capitalized costs, including certain operating expenses, are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Exploration and evaluation assets are reviewed for impairment at each cash-generating unit ("CGU") level. The Company defines CGU on a property by property basis.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property and equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(j) Impairment on Assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at lower of carrying amount and fair value less costs of disposal.

(k) Impairment of non-financial assets

At each financial position reporting date, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For the purposes of impairment testing, exploration and evaluation assets are allocated to CGU's to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately through operations.

(l) Foreign currencies

Functional and presentational currency

All amounts in these financial statements are presented in Canadian Dollars unless otherwise stated.

The functional currency of the Company is the Canadian Dollar and the functional currency of the significant operating subsidiaries is either the Canadian Dollar or the US Dollar. The functional currency for the Company and its' subsidiaries is determined as the currency of the primary economic environment in which they operate.

Foreign currency translation

Transactions in currencies other than the functional currency are translated to the functional currency at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing at the statement of financial position date. Exchange gains and losses on settlement of transactions, and the translation of monetary assets and liabilities other than in functional currency are recorded in income.

Translation from functional to presentational currency

The results and financial position of all of the Company's subsidiaries that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

- Assets and liabilities are translated at the closing rate at the date of that statement of financial position.
- Income and expenses for each statement of comprehensive loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- All resulting exchange differences are recognized in other comprehensive income and as a separate component of equity.

(m) Financial assets and liabilities

Financial assets held are cash and cash equivalents, restricted cash, marketable securities and accounts receivable. Financial liabilities are accounts payable and accrued liabilities.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase or sell the asset. These are classified into the following specified categories: available-for-sale (“AFS”), financial assets at fair value through profit and loss, loans and receivables or other liabilities. The classification depends on the nature and purpose of the financial assets or liabilities and is determined at the time of initial recognition. The AFS category included non-derivatives that are either designated in this AFS category or not classified in any of the other categories. Marketable securities held by the Company for trading in an active market are classified as being financial assets at fair value through profit and loss and are stated at fair value. Gains and losses arising from changes in fair value are recognized directly in loss.

Amounts receivable that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate. Other financial liabilities are measured at amortized cost.

The Company has classified its financial instruments as follows:

Cash and cash equivalents	-	Loans and receivables
Term deposits, restricted cash	-	Loans and receivables
Investment in marketable securities	-	Financial assets at fair value through profit and loss
Other receivables	-	Loans and receivables
Accounts payable and accrued liabilities	-	Other financial liabilities

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Impairment of financial assets:

Financial assets other than those at fair value through profit and loss are assessed for indicators of impairment at each financial position reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. The Company does not have any derivative financial instruments or interest calculated using the effective interest method.

(n) Cash and cash equivalents

Cash and cash equivalents consist of cash deposits in banks, certificates of deposit and short-term investments with remaining maturities of three months or less at time of acquisition. The Company does not hold any asset backed commercial paper.

(o) Restricted cash

Restricted cash includes reclamation bonds held by the Nevada Bureau of Land Management, Newmont Mining Corporation and a major bank in the United States. The cash will be returned to the Company upon successful completion of reclamation at the Company’s various properties in Nevada which are not expected within the next twelve months.

(p) Asset retirement obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising for the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying value of the asset, as soon as the obligation to incur such costs arises. Risk-free discount rates using pre-tax rates that reflect the time value of money are used to calculate the net present value. The Company records a provision for environmental rehabilitation in the financial statements when it is incurred and capitalizes this amount as an increase in the carrying amount of the related asset. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

(q) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(r) Expenses

Operating leases
Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(s) Earnings (Loss) per share

Basic earnings/loss per common share is calculated by dividing the earnings/loss attributed to shareholders for the period by the weighted average number of common shares outstanding in the period.

(t) Segment reporting

A segment is a component of the Company that is distinguishable by economic activity (operating segment), and/or by its geographical location (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company reports separately three operating segments, corporate segment and mineral exploration and development in two geographical segments, Canada and the United States.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker which consists of review of total assets and net income/(loss). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

The accounting policies adopted are consistent with those of the previous financial year, except those noted below:

The Company has adopted the following new and revised standards, along with any consequential amendments, effective March 1, 2014. These changes were made in accordance with the applicable transitional provisions:

(i) Amendment to IAS 32, *Financial Instruments: Presentation, on assets and liabilities offsetting*. These amendments are to the application guidance in IAS 32, '*Financial instruments: Presentation*', and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

(ii) Amendments to IAS 36, *Impairment of assets,* on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 35 by the issue of IFRS 13.

(iii) IFRIC 21, *Levies*. This is an interpretation of IAS 37, *Provisions, contingent liabilities and contingent assets*. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

The adoption of the above standards did not have any impacts upon the Corporation's financial statements. Other standards, amendments and interpretations which are effective for the financial year beginning March, 1, 2014 are not material to the Company.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the balance sheet date, 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, but are not limited to, the following:

Impairment of assets
Determining whether facts and circumstances indicate that the Company's assets may be impaired and require the recognition of an impairment loss, or conversely whether a reversal of an impairment loss recognized in a prior period may be required, is a subjective process involving judgment and a number of estimates and interpretations.

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs of disposal.

In testing an individual asset or CGU for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the CGU. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change as new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ from amounts recognized in the Company's financial statements, and significant adjustments to the carrying values of the Company's assets and reported earnings may occur during subsequent accounting periods.

No impairment indicators of non-financial assets have been noted for the years ended February 28, 2015 and February 28, 2014 other than the impairment of Santa Fe property *(Note 8)*.

Stock-based compensation
Management is required to make certain estimates when determining the fair value of stock options awards and the number of awards that are expected to vest. These estimates affect the amount recognized as stock based payments in the consolidated statements of loss and comprehensive loss based on estimates of forfeiture, stock price volatility and expected lives of the underlying stock options.

(Expressed in Canadian Dollars)

Income taxes and recovery of deferred tax assets
The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. Management did not recognize deferred tax assets as future taxable profits are not expected until the Company reaches technical feasibility and commercial viability of the extraction of the mineral resources, the timing of which is uncertain as the Company is still in the exploration and evaluation stage.

Accounting standards and interpretations issued but not yet effective

Unless otherwise noted, the following revised standards and amendments are effective for annual periods beginning on or after January 1, 2015 with earlier application permitted. Management has yet to assess the impact of these standards and amendments or determined whether it will early adopt them.

IFRS 9, “Financial Instruments” (“IFRS 9”)

July 2014 the IASB issued IFRS 9, “Financial Instruments”, replacing IAS 39, “Financial Instruments: Recognition and Measurement” (“IAS 39”). IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception topresent changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the ‘hedged ratio’ to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Company has yet to assess IFRS 9’s full impact.

There are no other IFRS or IFRS Interpretation Committee (“IFRIC”) interpretations that are not yet effective that would be expected to have a material impact on the Company.

5. MARKETABLE SECURITIES AND WARRANTS

	February 28, 2015	February 28, 2014
Current investments		
Opening balance	$ 179,837	$ 6,577,381
Additions	5,002,523	5,006,038
Disposals	(4,816,061)	(12,008,355)
Change in fair value	908,453	604,773
Financial assets at fair value through profit and loss	$ 1,274,752	$ 179,837

(Expressed in Canadian Dollars)

6. RECEIVABLES

Following the completion of the Cove sale in June 2012, the Company received a non-interest bearing promissory note from Premier Gold Mines Ltd. ("Premier"). The nominal amount of the promissory note of $20,000,000 (the present value of the promissory note, using a discount rate of 7% was $18,080,181 as at June 14, 2012) was received in June 2013 ($10,000,000 in cash and shares) and June 2014 ($10,000,000 in cash and shares). The value of the receivable was accreted to the face value of the promissory note at its maturity date, with recognition through the statement of comprehensive income as a form of interest income over the term of the note.

During the year ended February 28, 2015, $195,403 was accreted to interest income as a result of the unwinding of the discount ($672,379 - 2014). The promissory note has been paid in full.

There was an additional $131,168 of interest income earned on cash balances during the year ($110,136 - 2014).

7. PROPERTY AND EQUIPMENT

	Other assets	Buildings/ structure	Field & automotive equipment	Leasehold improvements	Land	Total
Cost						
March 1, 2013	$ 545,282	$ 5,964,352	$ 185,506	$ 309,529	$ 307,855	$ 7,312,524
Additions	57,219	98,928	-	-	-	156,147
Disposals	(20,288)	-	(11,856)	-	(307,855)	(339,999)
February 28, 2014	582,213	6,063,280	173,650	309,529	-	7,128,672
Additions	3,415	-	-	-	-	3,415
February 28, 2015	$ 585,628	$ 6,063,280	$ 173,650	$ 309,529	$ -	$ 7,132,087
Accumulated amortization						
March 1, 2013	$ 242,047	$ 1,359,384	$ 83,897	$ 58,860	$ -	$ 1,744,188
Charge	102,457	725,438	19,377	61,906	-	909,178
Disposals	(10,560)	-	(4,076)	-	-	(14,636)
February 28, 2014	333,944	2,084,822	99,198	120,766	-	2,638,730
Charge	74,793	541,093	16,672	61,905	-	694,463
February 28, 2015	$ 408,737	$ 2,625,915	$ 115,870	$ 182,671	$ -	$ 3,333,193
Net book value						
March 1, 2013	$ 303,235	$ 4,604,968	$ 101,609	$ 250,669	$ 307,855	$ 5,568,336
February 28, 2014	$ 248,269	$ 3,978,458	$ 74,452	$ 188,763	$ -	$ 4,489,942
February 28, 2015	$ 176,891	$ 3,437,365	$ 57,780	$ 126,858	$ -	$ 3,798,894

During the year ended February 28, 2015, the Company capitalized amortization related to resource properties of $687,390 ($896,775 – 2014).

(Expressed in Canadian Dollars)

8. RESOURCE PROPERTIES

	Santa Fe (Nevada)	Dublin Gulch (Yukon)	Other properties **	Total
Balance February 28, 2014	$ 11,926,333	$ 93,848,244	$ 710,760	$ 106,485,337
Acquisition	-	-	(50,886)	(50,886)
Salaries and benefits	94,950	1,377,491	-	1,472,441
Amortization	-	687,390	-	687,390
Office and administration	21,070	685,717	-	706,787
Land claims and royalties	57,759	40,610	63,059	161,428
Environmental and permitting	81,613	865,035	-	946,648
Government and community relations	-	436,294	-	436,294
Site operations	-	112,186	-	112,186
Engineering and design	-	151,241	-	151,241
Assaying	-	295,040	-	295,040
Drilling and indirects	-	2,301,885	-	2,301,885
Other exploration	-	711,957	-	711,957
Asset retirement obligation adjustment	(10,131)	113,653		103,522
Exploration and development costs for the period	245,261	7,778,499	63,059	8,086,819
Currency translation	1,302,859	-	-	1,302,859
Gain (loss) on optioned properties	-	-	626,266	626,266
Impairment of mineral interests	(7,163,329)	-	-	(7,163,329)
Balance February 28, 2015	$ 6,311,124	$ 101,626,743	$ 1,349,199	$ 109,287,066

** Other properties include interests in Donjek, Aurex, Canalask and Clear Creek in Yukon Territory and Island Mountain in Nevada.

During the year, the company recorded net gains from optioning off certain non-core properties.

During the year, the Company completed an impairment analysis on its Santa Fe, NV property and determined that an indicator of impairment existed for its long-term non-core asset Santa Fe. The impairment indicator was that the property's estimated market value was less than the book value. Valuation techniques require management's judgment when considering qualitative and quantitative factors specific to the Santa Fe property.

Santa Fe's recoverable amount was determined to be lower than its carrying amount, and as a result, the Company recorded an impairment charge of $7,163,329 to adjust the carrying amount to its estimated recoverable amount of $6,311,124.

(Expressed in Canadian Dollars)

	Santa Fe (Nevada)	Dublin Gulch (Yukon)	Other properties **	Total
Balance February 28, 2013	$ 10,792,182	$ 83,290,459	$ 689,828	$ 94,772,469
Acquisition	-	(4,500)	(38,386)	(42,886)
Salaries and benefits	78,586	2,051,906	-	2,130,492
Amortization	-	896,775	-	896,775
Office and administration	90,645	1,062,366	-	1,153,011
Land claims and royalties	45,671	139,079	59,318	244,068
Environmental and permitting	79,637	1,450,646	-	1,530,283
Government and community relations	-	509,433	-	509,433
Site operations	-	1,282,108	-	1,282,108
Engineering and design	-	2,398,920	-	2,398,920
Assaying	-	89,201	-	89,201
Drilling and indirects	-	508,269	-	508,269
Other exploration	-	212,586	-	212,586
Asset retirement obligation adjustment	(6,274)	(39,004)	-	(45,278)
Exploration and development costs for the period	288,265	10,562,285	59,318	10,909,868
Currency translation	845,886	-	-	845,886
Balance February 28, 2014	$ 11,926,333	$ 93,848,244	$ 710,760	$ 106,485,337

** Other properties include interests in Donjek, Aurex, Canalask and Clear Creek in Yukon Territory and Island Mountain in Nevada.

9. LOSS PER SHARE

(a) Basic

Basic earnings (loss) per share is calculated by dividing the net income (loss) attributable to common shareholders by the weighted average number of ordinary shares in issue during the period.

	For the year ended February 28, 2015	2014
Net loss	$ (7,452,755)	$ (3,323,481)
Weighted average number of common shares issued	340,073,973	340,073,973
Basic loss per share	$ (0.022)	$ (0.010)

(b) Diluted

The effect of potential issuances of shares under options would be anti-dilutive, and accordingly basic and diluted loss per share are the same.

(Expressed in Canadian Dollars)

10. ASSET RETIREMENT OBLIGATIONS

Reclamation and closure costs have been estimated based on the Company's interpretation of current regulatory requirements and measured with the most reliable information available. Management's estimate is determined based on the net present value of estimated future cash expenditures for reclamation and closure activities. Reclamation and closure costs are capitalized into Resource properties dependent on the nature of the asset related to the obligation and amortized over the life of the related asset. Future changes to those regulations and standards, as well as changes resulting from operations may result in actual reclamation costs differing from the estimate.

The Company's asset retirement obligations arise from its obligations to undertake site reclamation and remediation in connection with the Santa Fe and Dublin Gulch properties. The estimated costs of reclamation are based on current regulatory requirements and the estimated reclamation costs at the reporting date using the following assumptions:

a) total undiscounted amount of inflation adjusted future reclamation costs was determined to be $795,439 for Dublin Gulch and $2,174,468 for Santa Fe;
b) weighted average risk-free interest rate at 1.1% and a long-term inflation rate of 2.0%; and
c) expected timing of risk adjusted cash outflows required to settle the obligation will be incurred over the period through 2028 for Dublin Gulch and through 2016 for Santa Fe.

The following is an analysis of the Company's asset retirement obligation:

	February 28, 2015	February 28, 2014
Balance, beginning of year	$ 2,408,772	$ 2,288,177
Unwinding of discount: ARO	37,301	30,364
Currency translation	248,724	122,640
ARO change due to change in estimates	103,522	(32,409)
Balance, end of year	2,798,319	2,408,772
Less: Current portion	-	-
Long-term liability	$ 2,798,319	$ 2,408,772

11. SHARE CAPITAL AND OTHER EQUITY

Authorized, issued and outstanding common shares
Common shares, no par value, authorized unlimited number of shares, issued and outstanding were 340,073,973 as at February 28, 2015 and 340,073,973 shares as at February 28, 2014.

12. SHARE - BASED PAYMENTS – EMPLOYEE SHARE OPTION PLAN

The Company has adopted a stock option plan (the "Plan") for its directors, officers, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date of grant. One-eighth of options granted under the plan vest immediately; a further one-eighth vest after each three month period thereafter, with the final one-quarter vesting eighteen months from the date of grant. At February 28, 2015, 5,358,647 (8,167,397 as at February 28, 2014) additional stock options were available for grant under the Company's stock option plan.

A summary of the status of the Plan as at February 28, 2015 and as at February 28, 2014, and changes during the periods ended on those dates is presented below:

(Expressed in Canadian Dollars)

	February 28, 2015				February 28, 2014			
	Number of stock options	Weighted average exercise price		Fair Value Assigned	Number of stock options	Weighted average exercise price		Fair Value Assigned
Outstanding, beginning of the year	25,840,000	$	0.34	$5,153,088	23,324,980	$	0.44	$5,772,389
Granted	8,625,000	$	0.16	630,488	8,430,000	$	0.12	499,056
Exercised	-	$	-	-	-	$	-	-
Expired	(5,520,000)	$	0.51	(1,691,357)	(3,836,230)	$	0.46	(815,283)
Forfeited	(296,250)	$	0.14	(22,117)	(2,078,750)	$	0.26	(303,074)
Outstanding, end of the year	28,648,750	$	0.26	$4,070,102	25,840,000	$	0.34	$5,153,088

As at February 28, 2015, the Company had stock options issued to directors, officers, employees and contractors of the Company outstanding as follows:

Date of grant	Number of options outstanding	Number of options exercisable	Exercise price		Expiry date
October 8, 2010	130,000	130,000	$	1.25	October 8, 2015
February 9, 2011	1,375,000	1,375,000	$	1.05	February 9, 2016
May 18, 2011	110,000	110,000	$	0.74	May 18, 2016
August 22, 2011	450,000	450,000	$	0.65	August 22, 2016
January 20, 2012	4,140,000	4,140,000	$	0.40	January 20, 2017
May 28, 2012	130,000	130,000	$	0.27	May 28, 2017
September 3, 2012	30,000	30,000	$	0.22	September 3, 2017
January 11, 2013	5,468,750	5,468,750	$	0.25	January 11, 2018
January 10, 2014	8,190,000	5,148,750	$	0.12	January 10, 2019
January 14, 2015	8,625,000	1,078,125	$	0.16	January 14, 2018
	28,648,750	18,060,625			

The fair value of each option is accounted for in the statement of comprehensive loss or capitalized to resource properties over the vesting period of the options, and the related credit is included in contributed surplus.

On January 14, 2015 the Company granted 8,625,000 incentive stock options with an exercise price of $0.16 per option to directors, officers, employees and consultants of the Company. The stock options have a term of three years and expire on January 14, 2018. The fair value of these options totalling $630,488 will be recognized ($406,139 expensed and $224,349 capitalized to resource properties) over the vesting periods, of which $207,009 has been recognized ($138,078 expensed and $68,931 capitalized) as at February 28, 2015. The fair value of these options was calculated based on a risk-free annual interest rate of 1.0%, an expected life of 2.9 years, an expected volatility of 80% and a dividend yield rate of nil. This results in an estimated value of $0.07 per option at the grant date using the Black-Scholes option-pricing model.

On January 10, 2014, the Company granted 8,430,000 incentive stock options with an exercise price of $0.12 per option to directors, officers, employees and consultants of the Company. 240,000 of these options were forfeited as at February 28, 2015. The stock options have a term of five years and expire on January 10, 2019. The fair value of these options totalling $484,848 will be recognized ($310,986 expensed and $173,862 capitalized to resource properties) over the vesting periods, of which $453,224 has been recognized ($290,377 expensed and $162,847 capitalized) as at February 28, 2015. The fair value of these options was calculated based on a risk-free annual interest rate of 1.10%, an expected life of 4.3 years, an expected volatility of 72% and a dividend yield rate of nil. This results in an estimated value of $0.06 per option at the grant date using the Black-Scholes option-pricing model.

(Expressed in Canadian Dollars)

On January 11, 2013, the Company granted 8,315,000 incentive stock options with an exercise price of $0.25 per option to employees of the Company. 1,881,250 of these options were forfeited as at February 28, 2015. The stock options have a term of five years and expire on January 11, 2018. The fair value of these options totalling $929,295 has been fully recognized ($600,043 expensed and $329,252 capitalized to resource properties) as at February 28, 2015. The fair value of these options was calculated based on a risk-free annual interest rate of 1.24%, an expected life of 4.2 years, an expected volatility of 78% and a dividend yield rate of nil. This results in an estimated value of $0.14 per option at the grant date using the Black-Scholes option-pricing model.

On September 3, 2012, the Company granted 130,000 incentive stock options with an exercise price of $0.22 per option to employees of the Company. 62,500 of these options were forfeited as at February 28, 2015. The stock options have a term of five years and expire on September 3, 2017. The fair value of these options totalling $6,791 has been fully recognized (capitalized to resource properties) as at February 28, 2015. The fair value of these options was calculated based on a risk-free annual interest rate of 0.98%, an expected life of 5 years, an expected volatility of 72% and a dividend yield rate of nil. This results in an estimated value of $0.10 per option at the grant date using the Black-Scholes option-pricing model.

Option pricing models require the input of highly subjective assumptions. Changes in assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options at the grant date. The Company uses a forfeiture rate of 6.68%.

13. RELATED PARTIES

Related parties include key management personnel, the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

The remuneration of directors and key management of the Company who are not independent for the years ended February 28, 2015 and 2014 was as follows:

	2015	2014
Salaries and other short term employment benefits	$ 1,007,606	$ 1,129,757
Share based compensation	$ 240,284	$ 304,370

The amounts above have been awarded solely to officers of the Company for work performed in their full-time capacity for the Company.

14. COMMITMENTS AND CONTINGENCIES

Operating Leases

At February 28, 2015, the Company has future minimum annual operating lease commitments for vehicles and office premises in: (1) Vancouver, BC, (2) Toronto, Ontario and (3) Whitehorse, Yukon, as follows:

to February 28, 2016	$	520,303
to February 28, 2017		224,740
to February 29, 2018		125,776
to February 28, 2019 and thereafter		22,134
Total	$	892,953

15. SEGMENTED INFORMATION

The Company's principal activity is the exploration and development of mineral properties. The Company reports separately three operating segments, corporate segment and mineral exploration and development in two geographical segments, Canada and the United States. A breakdown of mineral properties by geographic expenditures is disclosed in *Note 8.*

In millions of Cdn $	**Canada**	**USA**	**Corporate**	**Total**
As at February 28, 2015				
Property and equipment	3.8	-	-	3.8
Resource properties	103.0	6.3	-	109.3
HST and other receivables	-	0.2	-	0.2
Total Assets	107.1	8.1	16.0	131.2
Net loss/(income)	(0.3)	6.9	0.9	7.5
As at February 28, 2014				
Property and equipment	4.5	-	-	4.5
Resource properties	94.6	11.9	-	106.5
HST and other receivables	0.1	10.9	-	11.0
Total Assets	99.4	23.6	15.4	138.4
Net loss/(income)	0.3	0.1	2.9	3.3

16. SUPPLEMENTARY CASH FLOW INFORMATION

	February 28, 2015	February 28, 2014
Non-cash investing and financing activities:		
Accounts payable and accrued liabilities relating to resource property expenditures	**$ 443,286**	$ 647,795
Stock-based compensation, capitalized to resource properties *(Note 12)*	**$ 189,431**	$ 148,050
Income taxes paid	**$ 735,649**	$ 533,280
Interest paid	**$ -**	$ -

(Expressed in Canadian Dollars)

17. INCOME TAXES

		Year ended February 28, 2015		Year ended February 28, 2014
Current income tax:				
Based on taxable income for the period	$	**(1,162,461)**	$	(1,103,849)
Prior period (under) over provision		**(354,144)**		-
		(1,516,605)		(1,103,849)
Deferred income tax:				
Origination/reversal of temporary differences	$	**1,398,794**	$	1,133,513
Tax benefit-previously unrecognized tax assets		**-**		-
		1,398,794		1,133,513
Income tax recovery/(expense)	$	**(117,811)**	$	29,664

The reconciliation of the combined Canadian federal and provincial statutory income tax rate on the net loss for the years ended February 28 is as follows:

		Year ended February 28, 2015		Year ended February 28, 2014
Net (Income) Loss before recovery of income taxes	$	**7,334,944**	$	3,353,145
Expected income tax (expense) recovery		1,943,760		888,583
Increase (decrease) resulting from:				
Change in tax benefits not recognized		(1,625,018)		(2,370,985)
Under (over) provided in prior periods		(354,144)		1,293,874
Tax rate changes and other adjustments		-		1,069,497
Non-deductible (non-taxable) permanent items		(82,409)		(851,306)
Income tax recovery/(expense)	$	**(117,811)**	$	29,664

The Company's income tax is allocated as follows:

Current tax expense	(1,516,605)	(1,103,849)
Deferred tax recovery/(expense)	1,398,794	1,133,513
	(117,811)	29,664

The 2015 statutory tax rate of 26.5% did not change from the 2014 statutory tax rate.

(Expressed in Canadian Dollars)

The deferred income tax liability continuity summary is as follows:

	2015	2014
Opening Balance	$ (1,375,120)	$ (2,327,790)
Foreign exchange impact recognized in equity	-	(180,843)
Recognized in net income (loss)	1,375,120	1,133,513
Ending Balance	$ -	$ (1,375,120)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2015	2014
Deferred tax assets	$ -	$ -
- Deferred tax asset to be recovered after more than 12 months	-	5,233,040
- Deferred tax asset to be recovered within 12 months	-	-
Deferred tax liabilities		
- Deferred tax liability to be recovered after more than 12 months	-	(6,608,160)
- Deferred tax liability to be recovered within 12 months	-	-
Deferred tax liability (net)	$ -	$ (1,375,120)

Management believes that it is not probable that sufficient taxable profit will be available in future years to allow the benefit of the following deferred tax assets to be utilized:

	2015	2014
Non-capital losses		
Canada	**$ 31,803,721**	**$ 31,880,572**
U.S.	**$ 32,579,982**	**$ 22,618,802**
Capital loss - Canada	**$ 3,718,085**	**$ 3,940,144**
Resource related deductions	**$ 9,055,483**	**$ 8,665,936**
Share issue costs	**$ 437,719**	**$ 1,340,098**
Intangible assets	**$ 323,798**	**$ 323,798**
Property plant and equipment	**$ 3,705,294**	**$ 3,292,174**
Marketable Securities	**$ 347,633**	**$ 1,226,791**

The Canadian and United Stated non-capital income tax losses expire from 2016 to 2035; intangible assets, mineral property and exploration expenses, property plant and equipment and marketable securities have no expiry date. Share issue costs expire from 2016 to 2017. Capital losses can be carried forward indefinitely but may only be applied against capital gains income.

As a February 2015, $nil (2014 - $nil) was recognized as a deferred tax liability for taxes that would be payable on the unremitted earnings of certain of the Company's subsidiaries as the Company has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future; and the investments are not held for resale and are expected to be recouped by continued use of these operations by the subsidiaries. The amount of temporary differences not booked for these unremitted earnings at February 28, 2015 is $nil (2014 - $2,032,257).

18. CAPITAL RISK MANAGEMENT

The Company considers its capital structure to consist of capital stock, contributed surplus and accumulated deficit. The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support its exploration, development and operations activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its resource properties and maximize shareholder returns. The Company satisfies its capital requirements through management of its cash resources and by utilizing bank indebtedness or equity issues, as necessary, based on the prevalent economic conditions of both the industry and the capital markets and the underlying risk characteristics of the related assets. As at February 28, 2015, the Company had no bank debt.

Management reviews its capital management approach on an ongoing basis. There were no significant changes in the Company's approach to capital management during the year ended February 28, 2015. The Company is not subject to externally imposed capital requirements.

19. FINANCIAL RISK MANAGEMENT

(a) Credit risk management

Certain of the Company's financial assets are exposed to a degree of credit risk. The Company endeavours to manage credit risk by holding its cash and cash equivalents as cash deposits and short-term government treasury funds with major commercial banks.

Credit risk relating to accounts receivable and restricted cash arises from the possibility that any counterparty to an instrument fails to perform. The Company's accounts receivable relate to recoveries of HST. Restricted cash includes reclamation bonds. Reclamation bonds reflect non-interest bearing cash deposits held with governmental agencies representing the state of Nevada, Newmont Mining Corporation and interest bearing certificates of deposit held by Wells Fargo. The Company does not feel there is significant counterparty risk that could have an impact on the fair value of cash and cash equivalents, restricted cash and receivables. The maximum exposure is limited to amounts of cash and cash equivalents, restricted cash and receivables on the statement of financial position.

(b) Liquidity risk

The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its capital, development and exploration expenditures. The Company ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

As of February 28, 2015, the Company had a cash balance of $14,751,577 (2014 - $14,175,031) to settle current accounts payable and accrued liabilities of $4,260,449 (2014 - $3,907,705).

(c) Market risk

The Company's financial assets and liabilities are exposed to price risk with respect to commodity prices and prices of the Company's equity investment, however the risk is limited due to the nature and low balance of the Company's holdings.

(d) Foreign exchange risk

The Company incurs exploration expenditures in the United States and holds its restricted cash and a portion of its cash and cash equivalents in US dollars. This gives rise to a risk that its US dollar expenditures and US dollar cash holdings may be adversely impacted by fluctuations in foreign exchange. The Company does not undertake currency hedging activities.

(e) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk of investing cash equivalents into fixed interest rate investments is mitigated by the short terms in which the investments mature. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash and cash equivalents is limited as these investments, although available for sale, renew daily. The short-term investments included in cash and cash equivalents earn interest at prevailing rates. This allows the Company to adapt its investment strategy in the event of any large fluctuations in the prevailing market rates.

Sensitivity analysis

The following table summarizes the sensitivity of the Company's cash, cash equivalents and restricted cash to changes in interest rates and foreign exchange rates over the twelve month reporting period ended February 28, 2015.

	Carrying	Interest rate change (1)		Foreign currency change (2)	
	amount	**+ 1%**	**- 1%**	**+ 10%**	**- 10%**
Cash and cash equivalents (Cdn $)					
Cash - Cdn$ denominated	225,882	2,259	(2,259)	-	-
Cash - US$ denominated	3,334,591	33,346	(33,346)	333,459	(333,459)
Treasury funds – Canadian denominated	11,191,104	111,911	(111,911)	-	-
Total cash and cash equivalents	14,751,577	147,516	(147,516)	333,459	(333,459)
Reclamation bonds - US$ denominated (non-interest bearing)	1,672,386	-	-	167,239	(167,239)
Reclamation bonds - Cdn$ denominated (non-interest bearing)	144,300	-	-	-	-
Total amount or impact - cash and deposits	16,568,263	147,516	(147,516)	500,698	(500,698)

1) Interest earned on the Company's interest bearing cash accounts, treasury funds and certificates of deposit is at prevailing rates that fluctuate with changes in banking interest rates and Government t-bill rates. Management believes that a plus or minus 1% annual change in rates is a reasonable estimate of variability over a twelve month period.

2) The Company's US dollar cash balance, US dollar reclamation bonds and US dollar based certificates of deposit are subject to foreign exchange risk. Management has shown a sensitivity analysis of a plus or minus change of 10%.

The sensitivity of the Company's foreign currency (US$) intercompany loan which is eliminated in the consolidated financial statements, to changes in foreign exchange rates as of February 28, 2015 is Cdn$ 338,031 for a plus 10% change and Cdn$ (338,031) for a minus 10% change.

(Expressed in Canadian Dollars)

(f) Fair value of financial assets and liabilities

The book values of the cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, approximate their respective fair values.

The fair values together with the carrying amounts shown in the statements of financial position are as follows:

		February 28, 2015		February 28, 2014	
	Classification	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Cash and cash equivalents		$14,751,577	$14,751,577	$14,175,031	$14,175,031
Restricted cash		1,816,686	1,816,686	1,973,401	1,973,401
Marketable securities	*Level 1*	1,274,752	1,274,752	179,837	179,837
Other receivables		185,032	185,032	11,008,083	11,008,083
Accounts payable and accrued liabilities		(4,260,449)	(4,260,449)	(3,907,705)	(3,907,705)

(g) Estimation of fair values

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table:

Securities in listed entities (financial assets at fair value through profit and loss)
Fair value is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

Trade and other receivables/payables
For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.