Victoria GOLD CORP

(an exploration and development stage company)

Condensed Consolidated Interim Financial Statements

November 30, 2016 and 2015

(Unaudited)
(Expressed in Canadian Dollars)

Victoria Gold Corp.

(an exploration and development stage company)
November 30, 2016 and February 29, 2016

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The accompanying condensed consolidated interim financial statements and all other financial information included in this report are the responsibility of management. The condensed consolidated interim 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
January 20, 2017

(signed) "Marty Rendall"
CFO
January 20, 2017

See accompanying notes to the condensed consolidated interim financial statements.

Victoria Gold Corp.
Condensed Consolidated Interim Statements of Financial Position

(Unaudited)
(Expressed in Canadian Dollars)

	Notes	November 30, 2016	February 29, 2016
Assets			
Current assets			
Cash and cash equivalents		$ 62,675,511	$ 13,942,137
Marketable securities and warrants	*5*	249,647	178,344
HST and other receivables		238,701	44,436
Prepaid expenses		151,583	142,171
		63,315,442	14,307,088
Non-current assets			
Restricted cash		1,894,685	1,907,417
Property and equipment	*6*	3,359,798	3,282,615
Resource properties	*7*	123,748,811	113,715,508
Total assets		$ 192,318,736	$ 133,212,628
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities		$ 4,352,799	$ 4,144,085
Deferred premium	*10*	2,056,151	-
Current portion of ARO	*8*	1,944,288	1,951,165
		8,353,238	6,095,250
Non-current liabilities			
Asset retirement obligations ("ARO")	*8*	970,543	963,945
Total liabilities		9,323,781	7,059,195
Shareholders' Equity			
Share capital	*10*	206,755,391	154,513,979
Contributed surplus		20,697,423	14,985,513
Accumulated other comprehensive loss		(2,662,566)	(2,686,430)
Accumulated deficit		(41,795,293)	(40,659,629)
Total shareholder's equity		182,994,955	126,153,433
Total liabilities and equity		$ 192,318,736	$ 133,212,628

See accompanying notes to the condensed consolidated interim financial statements.

Authorized for issue by the Board of Directors on January 20th, 2017 and signed on its behalf. **"T. Sean Harvey"** Director **"Chris Hill"** Director

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

(Unaudited)
(Expressed in Canadian Dollars)

	Notes	For the three months ended November 30, 2016	For the three months ended November 30, 2015	For the nine month period ended November 30, 2016	For the nine month period ended November 30, 2015
Operating expenses					
Salaries and benefits excluding share-based payments		$ 305,140	$ 264,368	$ 1,074,657	$ 857,262
Office and administrative		145,100	120,508	561,865	355,573
Share-based payments	*11*	75,872	47,488	179,724	229,099
Marketing		169,077	103,543	332,113	221,248
Legal and accounting		82,677	27,414	164,501	104,779
Consulting		46,250	21,000	82,212	45,000
Amortization		1,152	1,238	3,083	3,714
Foreign exchange (gain) loss		(152,594)	(50,115)	57,072	(454,088)
		672,674	535,444	2,455,227	1,362,587
Finance (income) costs					
Unwinding of present value discount: ARO		5,427	5,475	16,164	16,172
Interest and bank charges		1,178	705	4,832	5,499
Interest income		(142,424)	(16,423)	(244,347)	(62,247)
Change in fair value of marketable securities		263,662	18,064	28,697	57,188
		127,843	7,821	(194,654)	16,612
Loss before taxes		(800,517)	(543,265)	(2,260,573)	(1,379,199)
Current income taxes	*16*	1,124,909	-	1,124,909	
Net income (loss)		324,392	(543,265)	(1,135,664)	(1,379,199)
Other Comprehensive income (loss)					
Items that may be reclassified subsequently to profit or loss					
Currency translation adjustment		(115,304)	(99,743)	23,864	(99,743)
Total items that may be reclassified subsequently to profit or loss		(115,304)	(99,743)	23,864	(99,743)
Total comprehensive income (loss) for the period		$ 209,088	$ (643,008)	$ (1,111,800)	$ (1,478,942)
Income (loss) per share - basic and diluted	*9*	$ 0.001	$ (0.002)	$ (0.003)	$ (0.004)
Weighted average number of shares					
Basic and diluted		497,657,343	340,641,509	442,347,402	340,261,776

See accompanying notes to the condensed consolidated interim financial statements.

Victoria Gold Corp.

Condensed Consolidated Interim Statement of Changes in Shareholder's Equity

(Unaudited)

(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, 2015		340,073,973	$ 151,618,587	$ 13,971,128	$ (2,578,869)	$ (38,825,883)	$ 124,184,963
Transactions with owners:							
Proceeds from share issue		10,329,164	1,755,958				1,755,958
Share issuance costs			(118,184)				(118,184)
Share-based payments, expensed				229,099			229,099
Share-based payments, capitalized				112,165			112,165
Premium on flow-through shares			(346,628)				(346,628)
Total transactions with owners:		10,329,164	1,291,146	341,264	-	-	1,632,410
Net loss for the period						(1,379,199)	(1,379,199)
Other comprehensive income/(loss):							
Currency translation adjustment					(99,743)		(99,743)
Balance at November 30, 2015	*10*	350,403,137	$ 152,909,733	$ 14,312,392	$ (2,678,612)	$ (40,205,082)	$ 124,338,431
Balance at March 1, 2016		361,098,109	$ 154,513,979	$ 14,985,513	$ (2,686,430)	$ (40,659,629)	$ 126,153,433
Transactions with owners:							
Proceeds from share issue		134,050,471	60,345,749				60,345,749
Fair values assigned to warrants issued under private placement			(6,620,000)	6,620,000			-
Proceeds from stock options exercised		7,653,333	1,844,900				1,844,900
Fair values allocated upon exercise:							
Stock options			1,049,106	(1,049,106)			-
Share issuance costs			(2,322,192)	(57,292)			(2,379,484)
Share-based payments, expensed				179,724			179,724
Share-based payments, capitalized				18,584			18,584
Premium on flow-through shares			(2,056,151)				(2,056,151)
Total transactions with owners:		141,703,804	52,241,412	5,711,910	-	-	57,953,322
Net loss for the period						(1,135,664)	(1,135,664)
Other comprehensive income/(loss):							
Currency translation adjustment					23,864		23,864
Balance at November 30, 2016	*10*	502,801,913	$ 206,755,391	$ 20,697,423	$ (2,662,566)	$ (41,795,293)	$ 182,994,955

See accompanying notes to the condensed consolidated interim financial statements.

Victoria Gold Corp.
Condensed Consolidated Interim Statement of Cash Flows

(Unaudited)
(Expressed in Canadian Dollars)

	Notes	For the nine month period ended November 30, 2016	2015
Cash flows from operating activities			
Net loss for the period		$ (1,135,664)	$ (1,379,199)
Adjustments for:			
Share-based payments	*11*	179,724	229,099
Income taxes		(1,124,909)	-
Unwinding of present value discount: ARO	*8*	16,164	16,172
Change in fair value of marketable securities		28,697	174,796
Amortization		3,083	3,714
Net unrealized foreign exchange (gain) loss		49,111	(847,221)
		(1,983,794)	(1,802,639)
Working capital adjustments:			
(Increase) decrease in HST and other receivables		(194,265)	18,205
(Increase) decrease in marketable securities		(100,000)	(117,608)
(Increase) decrease in prepaid expenses		(36,413)	(4,237)
Increase (decrease) in accounts payables and accrued liabilities		660,115	121,555
		329,437	17,915
Net cash flows used in operating activities		(1,654,357)	(1,784,724)
Cash flows used in investing activities			
Resource properties	*7*	(8,909,934)	(2,569,799)
Cash received from disposition of securities and assets held for sale		-	1,124,932
Restricted cash		(178)	45,122
Purchase of property and equipment		(509,768)	-
Net cash flows used in investing activities		(9,419,880)	(1,399,745)
Cash flows from financing activities			
Shares issued for cash, net of issuance cost	*10*	57,966,265	1,637,774
Exercise of warrants and options		1,844,900	-
Net cash flows from financing activities		59,811,165	1,637,774
Foreign exchange gain (loss) on cash balances		(3,554)	155,739
Net increase (decrease) in cash and cash equivalents		48,733,374	(1,390,956)
Cash and cash equivalents, beginning of the period		13,942,137	14,751,577
Cash and cash equivalents, end of the period		$ 62,675,511	$ 13,360,621

See accompanying notes to the condensed consolidated interim financial statements. Supplementary Cash Flow information is provided in Note 15.

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 condensed consolidated interim 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 November 30, 2016, Victoria Gold Corp. ("Victoria" or "the Company") had a working capital surplus of $54,962,204 (compared with a surplus of $8,211,838 at February 29, 2016), an accumulated deficit of $41,795,293 ($40,659,629 at February 29, 2016) and reported a net loss for the nine months ended November 30, 2016 of $1,135,664 (2015 net loss - $1,379,199).

2. BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial statements for the nine months ended November 30, 2016 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended February 29, 2016, which have been prepared in accordance with IFRSs.

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 January 20, 2017.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed in the presentation of these condensed consolidated interim financial statements are consistent with those of the previous financial year.

Future accounting pronouncements
The Company has not yet adopted the following new accounting pronouncements which are effective for fiscal periods of the Company beginning on or after March 1, 2017:

International Financial Reporting Standard 9, Financial Instruments ("IFRS 9")
In July 2014, the IASB published the final version of IFRS 9 *Financial Instruments* ("IFRS 9"), which brings together the classification, measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 replaces the multiple classifications for financial assets in IAS 39 with a single principle based approach for determining the classification of financial assets based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The final version of IFRS 9 is effective for periods beginning on or after January 1, 2018 and may be adopted early.

The Company has not yet evaluated the impact of adopting this standard.

International Financial Reporting Standard 15, Revenue from contracts with Customers ("IFRS 15")
In May 2014, the IASB issued IFRS 15, Revenue from contracts with Customers. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on January 1, 2018.

The Company has not yet evaluated the impact of adopting this standard.

International Financial Reporting Standard 16, Leases ("IFRS 16")
In January 2016, the IASB issued IFRS 16 which replaces existing standards and interpretations under IAS 17, "*Leases*". IFRS 16 requires all leases, including financing and operating leases, to be reported on the balance sheet with the intent of providing greater transparency on a company's lease assets and liabilities. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 and may be adopted early.

The Company has not yet evaluated the impact of adopting this standard.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these condensed consolidated interim 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 condensed consolidated interim 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.

(Expressed in Canadian Dollars)

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended February 29, 2016.

5. MARKETABLE SECURITIES

	November 30, 2016	February 29, 2016
Current investments		
Opening balance	$ 178,344	$ 1,274,752
Additions	100,000	-
Disposals	-	(1,124,932)
Change in fair value	(28,697)	28,524
Financial assets at fair value through profit and loss	$ 249,647	$ 178,344

6. PROPERTY AND EQUIPMENT

	Other assets	Buildings/ structure	Field & automotive equipment	Leasehold improvements	Total
Cost					
March 1, 2015	$ 585,628	$ 6,063,280	$ 173,650	$ 309,529	$ 7,132,087
Additions	6,951	-	40,000	-	46,951
Disposals	-	-	-	(130,726)	(130,726)
February 29, 2016	592,579	6,063,280	213,650	178,803	7,048,312
Additions	22,322	367,060	17,505	102,881	509,768
Disposals	-	-	-	(178,803)	(178,803)
November 30, 2016	$ 614,901	$ 6,430,340	$ 231,155	$ 102,881	$ 7,379,277
Accumulated amortization					
March 1, 2015	$ 408,737	$ 2,625,915	$ 115,870	$ 182,671	$ 3,333,193
Charge	44,091	435,744	21,491	61,904	563,230
Disposals	-	-	-	(130,726)	(130,726)
February 29, 2016	452,828	3,061,659	137,361	113,849	3,765,697
Charge	27,263	317,887	19,911	67,524	432,585
Disposals	-	-	-	(178,803)	(178,803)
November 30, 2016	$ 480,091	$ 3,379,546	$ 157,272	$ 2,570	$ 4,019,479
Net book value					
March 1, 2015	$ 176,891	$ 3,437,365	$ 57,780	$ 126,858	$ 3,798,894
February 29, 2016	$ 139,751	$ 3,001,621	$ 76,289	$ 64,954	$ 3,282,615
November 30, 2016	$ 134,810	$ 3,050,794	$ 73,883	$ 100,311	$ 3,359,798

During the period ended November 30, 2016, the Company capitalized amortization related to resource properties of $429,502 ($413,661 – 2015).

(Expressed in Canadian Dollars)

7. RESOURCE PROPERTIES

	Santa Fe (Nevada)	Dublin Gulch (Yukon)	Other properties **	Total
Balance February 29, 2016	$ 7,251,971	$ 105,031,450	$ 1,432,087	$ 113,715,508
Acquisition	-	-	-	-
Salaries and benefits	59,778	501,314	-	561,092
Amortization	-	429,502	-	429,502
Office and administration	28,289	361,421	-	389,710
Land claims and royalties	63,281	36,564	51,539	151,384
Environmental and permitting	34,559	246,534	-	281,093
Reclamation	1,124,789	-	-	1,124,789
Government and community relations	-	283,295	-	283,295
Site operations	-	1,402,034	-	1,402,034
Engineering and design	-	1,603,267	-	1,603,267
Assaying	-	511,355	-	511,355
Drilling and indirects	-	1,805,981	-	1,805,981
Other exploration	-	1,407,052	113,325	1,520,377
Asset retirement obligation adjustment	-	-	-	-
Exploration and development costs for the period	1,310,696	8,588,319	164,864	10,063,879
Currency translation	(30,576)	-	-	(30,576)
Balance November 30, 2016	$ 8,532,091	$ 113,619,769	$ 1,596,951	$ 123,748,811

** Other properties include interests in Donjek, Aurex, CanAlask and Clear Creek in Yukon Territory.

(Unaudited)
(Expressed in Canadian Dollars)

	Santa Fe (Nevada)	Dublin Gulch (Yukon)	Other properties **	Total
Balance February 28, 2015	$ 6,311,124	$ 101,626,743	$ 1,349,199	$ 109,287,066
Acquisition	-	-	-	-
Salaries and benefits	91,007	1,186,641	-	1,277,648
Amortization	-	558,245	-	558,245
Office and administration	37,165	676,172	-	713,337
Land claims and royalties	67,018	18,299	73,250	158,567
Environmental and permitting	171,534	260,801	-	432,335
Government and community relations	-	381,128	-	381,128
Site operations	-	84,100	-	84,100
Engineering and design	-	72,424	-	72,424
Assaying	-	-	-	-
Drilling and indirects	-	-	-	-
Other exploration	-	219,785	9,638	229,423
Asset retirement obligation adjustment	(28,906)	(52,888)	-	(81,794)
Exploration and development costs for the period	337,818	3,404,707	82,888	3,825,413
Currency translation	603,029	-	-	603,029
Balance February 29, 2016	$ 7,251,971	$ 105,031,450	$ 1,432,087	$ 113,715,508

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

8. 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 $744,988 for Dublin Gulch and $2,312,239 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 2029 for Dublin Gulch and through 2016 for Santa Fe.

(Expressed in Canadian Dollars)

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

	November 30, 2016	February 29, 2016
Balance, beginning of period	$ 2,915,110	$ 2,798,319
Unwinding of discount: ARO	16,164	21,790
Currency translation	(16,443)	175,995
ARO change due to change in estimates	-	(80,994)
Balance, end of period	2,914,831	2,915,110
Less: Current portion	(1,944,288)	(1,951,165)
Long-term liability	$ 970,543	$ 963,945

During the period ended November 30, 2016, the Company undertook reclamation activities at its Santa Fe property in Nevada. Upon completion of this work the Company will seek regulatory approval and sign off before adjusting the asset retirement provision within these financial statements.

9. INCOME (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 three months ended November 30, 2016	For the three months ended November 30, 2015	For the nine months ended November 30, 2016	For the nine months ended November 30, 2015
Net income (loss)	$ 324,392	$ (543,265)	$ (1,135,664)	$ (1,379,199)
Weighted average number of common shares issued	497,657,343	340,641,509	442,347,402	340,261,776
Basic earnings (loss) per share	$ 0.001	$ (0.002)	$ (0.003)	$ (0.004)

(b) Diluted

	For the three months ended November 30, 2016	For the three months ended November 30, 2015
Net income (loss) attributable to common shareholders	$ 324,392	$ (543,265)
Weighted average number of common shares issued	497,657,343	340,641,509
Adjustment for:		
Stock options	25,451,667	-
Weighted average number of ordinary shares for diluted earnings per share	523,109,010	340,641,509
Diluted earnings (loss) per share	$ 0.001	$ (0.002)

The effect of potential issuances of shares under options would be anti-dilutive for the nine month period ended November 30, 2016, and accordingly basic and diluted loss per share are the same.

10. 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 502,801,913 and 350,403,137 shares as at November 30, 2016 and 2015, respectively.

On May 10, 2016, the Company closed a non-brokered private placement for gross proceeds of $24,000,000 (the “Offering”). Electrum Strategic Opportunities Fund L.P. (“Electrum") and Sun Valley Gold LLC (“Sun Valley”) were the only subscribers to the Offering. The Units were issued at a price of $0.30 per Unit. Each Unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share of the Company at a price of $0.40 for a period of 3 years following the closing of the Offering. Electrum subscribed for 60,000,000 Units, while Sun Valley subscribed for 20,000,000 Units. Upon closing of the private placement, Electrum owned approximately 13.6% of the issued and outstanding shares of the Company while Sun Valley’s ownership of the outstanding common shares of the Company increased to approximately 18.0%. There were no finders’ fees payable. Other issuance costs totaling $207,707 were paid in conjunction with the Offering. All securities issued pursuant to the Offering were subject to a statutory four month hold period which expired September 11, 2016.

On June 17, 2016, the Company closed a non-brokered private placement flow-through offering (the “Offering”) raising gross proceeds of $2.85 million, representing the issuance of 4,384,615 common shares priced at $0.65 per share. Finders’ fees and other issuance cost of $114,807 were paid in conjunction with the Offering. The flow-through shares were subject to a four-month hold period.

On August 31, 2016, the Company closed a brokered agreement with a syndicate of underwriters (the "Underwriters") led by Raymond James Ltd., under which the Underwriters have agreed to purchase, on a bought deal basis, common shares (the "Common Shares") to provide the Company with gross proceeds of $28,778,750 (the "Offering"). The Common Shares were sold at a price of $0.65 per Common Share, for gross proceeds of $28,778,750. Underwriter’s commission and other issuance costs of $1,850,193 were paid in conjunction with the Offering.

On November 17, 2016, the Company closed a non-brokered private placement flow-through offering (the “Offering”) raising gross proceeds of $4.7 million, representing the issuance of 5,390,856 common shares priced at $0.875 per share. Finders’ fees and other issuance cost of $206,777 were paid in conjunction with the Offering. The flow-through shares are subject to a four-month hold period.

Deferred premium on flow-through shares
The premium paid for flow-through shares in excess of the market value of the shares without the flow-through features is initially recognized as a liability. The liability is reduced and the reduction of premium liability is recorded as a tax recovery upon filing of appropriate renunciation forms with the Canadian taxation authorities for qualifying expenditures already incurred. As at November 30, 2016, the Company has yet to fully incur the qualifying exploration expenditures and has recognized a deferred premium liability of $564,808 relating to the flow-through financing completed on June 17, 2016 and $1,491,343 relating to the flow-through financing completed on November 17, 2016 (see above).

11. SHARE - BASED PAYMENTS – EMPLOYEE SHARE OPTION PLAN AND WARRANTS

Stock options
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. At November 30, 2016, 22,699,439 (1,625,314 as at February 29, 2016) additional stock options were available for grant under the Company’s stock option plan.

(Expressed in Canadian Dollars)

A summary of the status of the Plan as at November 30, 2016 and as at February 29, 2016, and changes during the periods ended on those dates is presented below:

	November 30, 2016				February 29, 2016			
	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 period	33,415,000	$	0.20	$3,564,847	28,648,750	$	0.26	$4,070,102
Granted	600,000	$	0.70	291,660	7,000,000	$	0.15	622,410
Exercised	(7,653,333)	$	0.24	(1,049,111)	-	$	-	-
Expired	(310,000)	$	0.60	(112,729)	(2,153,750)	$	0.86	(1,125,303)
Forfeited	-	$	-	-	(80,000)	$	0.15	(2,361)
Outstanding, end of the period	26,051,667	$	0.19	$2,694,667	33,415,000	$	0.20	$3,564,847

As at November 30, 2016, 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
January 20, 2012	1,615,000	1,615,000	$	0.40	January 20, 2017
May 28, 2012	100,000	100,000	$	0.27	May 28, 2017
September 3, 2012	30,000	30,000	$	0.22	September 3, 2017
January 11, 2013	4,390,000	4,390,000	$	0.25	January 11, 2018
January 10, 2014	6,001,667	6,001,667	$	0.12	January 10, 2019
January 14, 2015	6,635,000	6,635,000	$	0.16	January 14, 2018
December 15, 2015	6,680,000	6,680,000	$	0.15	December 15, 2020
August 9, 2016	600,000	150,000	$	0.70	August 9, 2021
	26,051,667	25,601,667			

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 August 9, 2016, the Company granted 600,000 incentive stock options with an exercise price of $0.70 per option to directors of the Company. The stock options have a term of five years and expire on August 9, 2021. The fair value of these options totalling $291,660 will be recognized (expensed) over the vesting periods, of which $141,283 has been recognized as at November 30, 2016. The fair value of these options was calculated based on a risk-free annual interest rate of 0.62%, an expected life of 5 years, an expected volatility of 80% and a dividend yield rate of nil. This results in an estimated value of $0.49 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 8.86%.

(Expressed in Canadian Dollars)

Warrants

The following table summarizes information regarding changes in the Company's warrants outstanding:

	November 30, 2016		
	Number of Warrants	Weighted average exercise price	Fair Value
Outstanding, beginning of the period	-	$ -	$ -
Issued	40,000,000	$ 0.40	6,620,000
Outstanding, end of the period	40,000,000	$ 0.40	$ 6,620,000

	Number of Warrants	Exercise price	Expiry date
Issued in private placement	40,000,000	$ 0.40	May 10, 2019
	40,000,000		

12. 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 nine months ended November 30, 2016 and 2015 was as follows:

	2016	2015
Salaries and other short term employment benefits	$ 574,965	$ 641,233
Share based compensation	$ 23,865	$ 144,138

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

(Unaudited)
(Expressed in Canadian Dollars)

13. COMMITMENTS AND CONTINGENCIES

Operating Leases

At November 30, 2016, 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, 2017	$	66,414
to February 28, 2018		304,823
to February 28, 2019		193,928
to February 29, 2020		169,436
to February 28, 2021 and thereafter		72,696
Total	$	807,297

14. 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 7.*

In millions of Cdn $	**Canada**	**USA**	**Corporate**	**Total**
As at November 30, 2016				
Property and equipment	3.4	-	-	3.4
Resource properties	115.2	8.5	-	123.7
Total Assets	125.2	10.4	56.7	192.3
As at February 29, 2016				
Property and equipment	3.3	-	-	3.3
Resource properties	106.4	7.3	-	113.7
Total Assets	113.6	9.1	10.5	133.2
Period ended November 30, 2016				
Net loss/(income) - Quarter	0.2	(1.1)	0.6	(0.3)
Net loss/(income) - YTD	0.4	(1.1)	1.8	1.1
Period ended November 30, 2015				
Net loss/(income) - Quarter	-	-	0.5	0.5
Net loss/(income) - YTD	0.1	-	1.3	1.4

(Unaudited)
(Expressed in Canadian Dollars)

15. SUPPLEMENTARY CASH FLOW INFORMATION

	November 30, 2016	February 29, 2016
Non-cash investing and financing activities:		
Accounts payable and accrued liabilities relating to resource property expenditures	$ 825,605	$ 114,308
Stock-based compensation, capitalized to resource properties *(Note 11)*	$ 18,584	$ 313,480
Income taxes paid	$ -	$ -
Interest paid	$ -	$ -

16. INCOME TAXES

The income tax benefit recorded in the period of approximately $1.1 million is the result of changes in the estimation of uncertain tax positions in the US.