



AurCrest Gold Inc.

FINANCIAL STATEMENTS

For the years ended December 31, 2015 and 2014

(Expressed in Canadian Dollars)

Management's responsibility for financial reporting

The accompanying Financial Statements of AurCrest Gold Inc. (the "Company" or "AurCrest") are the responsibility of management and the Board of Directors.

The Financial Statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the Financial Statements. Where necessary, management has made informed judgments and estimates in accounting for transactions, which were not complete at the date of the statements of financial position. In the opinion of management, the Financial Statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Management has established processes which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the Financial Statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the Financial Statements and (ii) the Financial Statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the Financial Statements.

The Board of Directors is responsible for reviewing and approving the Financial Statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the Financial Statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the Financial Statements together with other financial information of the Company for issuance to the shareholders.

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

Wasserman Ramsay, Chartered Accountants, Licensed Public Accountants, have audited the Financial Statements. Their report outlines the scope of their audit and opinion on the Financial Statements.

April 28, 2016

Per: <u>(signed) "Ian Brodie-Brown"</u>	Per: <u>(signed) "Errol Farr"</u>
Name: Ian Brodie-Brown	Name: Errol Farr
Title: Chief Executive Officer	Title: Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Aurcrest Gold Inc.:

We have audited the accompanying financial statements of Aurcrest Gold Inc. which comprise the statements of financial position as at December 31, 2015 and 2014 and the statements of loss and comprehensive loss, cash flows and equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Aurcrest Gold Inc. as at December 31, 2015 and 2014 and the results of its operations, cash flows and equity for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Wasserman Ramsay

Chartered Accountants
Licensed Public Accountants

Markham, Ontario
April 28, 2016

**AurCrest Gold Inc.
Statements of Financial Position**

(Expressed in Canadian dollars)

As at	December 31 2015	December 31 2014
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	5,419	17,335
Prepaid expenses	8,207	11,428
Other receivables	5,299	66,023
	18,925	94,786
Non-current		
Exploration and evaluation assets (note 3)	70,450	70,450
Total assets	89,375	165,236
LIABILITIES		
Current		
Trade and other payables	280,768	409,790
Due to officers and directors (note 5)	121,337	476,803
Total liabilities	402,105	886,593
<i>Commitments and contingencies (note 7)</i>		
<i>Nature of Operations and Going Concern (note 1)</i>		
SHAREHOLDERS' DEFICIENCY		
Common shares, equity component of share-based compensation and warrants (note 4)	18,749,538	18,271,330
Deficit	(19,062,268)	(18,992,687)
Total shareholders' deficiency	(312,730)	(721,357)
Total liabilities and shareholders' deficiency	89,375	165,236

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

Approved on behalf of the board:

(signed) "Frank van de Water"
Director

(signed) "Ian Brodie-Brown"
Director

AurCrest Gold Inc.
Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

For the years ended December 31	2015	2014
	\$	\$
Expenses		
General and administrative (note 6)	284,320	216,870
Exploration and project evaluation (note 3)	22,296	762,389
Rent expense recovery (note 5)	(20,201)	(36,361)
Share based payments	-	105,032
Write off of liabilities	(136,752)	-
Net loss and comprehensive loss for the year	149,663	1,047,930
Loss per share	(0.00)	(0.02)
Basic weighted average shares outstanding	67,620,699	49,190,220

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

AurCrest Gold Inc.
Statements of Cash Flows

(Expressed in Canadian dollars)

For the years ended December 31	2015	2014
	\$	\$
Operating activities		
Net loss for the period	(149,663)	(1,047,930)
Items not affecting cash		
Write off of trade and other payables	(136,752)	-
Share-based payments		105,032
Net change in non-cash working capital balances related to operating activities:		
Other receivables	60,724	(25,255)
Prepaid expenses and deposits	3,221	(5,321)
Trade and other payables	113,205	350,799
Due to officers and directors	849	(151,279)
Cash used in operating activities	(108,416)	(773,954)
Financing activities		
Issuance of common shares for cash (net)	96,500	798,432
Cash provided by financing activities	96,500	798,432
Net (decrease) increase in cash	(11,916)	24,478
Cash and cash equivalents, beginning of the year	17,335	(7,143)
Cash and cash equivalents, end of the year	5,419	17,335

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

AurCrest Gold Inc.

Notes to the Audited Financial Statements

December 31, 2015

(Expressed in Canadian dollars)

1. Nature of operations, basis of presentation and going concern uncertainty

AurCrest Gold Inc. (the "Company" or "AurCrest") is a publicly held company incorporated under the Business Corporations Act (Ontario). The Company is engaged in the investigation, acquisition, exploration and development of exploration and evaluation assets and energy assets in Ontario, Canada. Substantially all of the efforts of the Company are devoted to these business activities.

The audited Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Financial Statements have been prepared by management and approved by the Board of Directors on April 28, 2015.

These audited Financial Statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. AurCrest is at an early stage of development and as is common with many exploration companies, it raises financing for its exploration and acquisition activities. As at December 31, 2015, the Company had no sources of operating cash flows. The Company will therefore require additional funding which, if not raised, would result in the curtailment of activities and project delays. AurCrest had a working capital deficit of \$383,180 as at December 31, 2015 (working capital deficit of \$791,807 as at December 31, 2014), and has incurred losses since inception resulting in an accumulated operating deficit of \$19,062,268.

The Company's ability to continue as a going concern is uncertain and is dependent upon its ability to continue to raise adequate financing. There can be no assurances that the Company will be successful in this regard, and therefore, there is substantial doubt regarding the Company's ability to continue as a going concern, and accordingly, the use of accounting principles applicable to a going concern. These audited Financial Statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern assumption were not appropriate for these Financial Statements, then adjustments to the carrying values of the assets and liabilities, the expenses and the balance sheet classifications, which could be material, would be necessary.

2. Significant accounting policies

These Financial Statements have been prepared in accordance with International Accounting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") in effect as of December 31, 2015.

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

Basis of presentation

These Financial Statements have been prepared on a historical cost basis. In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

Significant accounting judgements and estimates

The preparation of these Financial Statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant judgements the determination of the economic viability of a project as well as a determination of when a mineral property passes from the exploration and evaluation stage to the development stage.

AurCrest Gold Inc.

Statements of Equity

(Expressed in Canadian dollars)

	Share Capital		Equity component of			Sub-total	Deficit	Total
	#	\$	Share Based Compensation	Warrants	\$			
Balance, January 1, 2014	42,513,147	16,873,275	304,091	277,990	17,455,356	(18,287,543)	(832,187)	
Private placements (net)	16,488,633	798,432	-	-	798,432	-	798,432	
Common shares issued for debt settlement	2,836,618	255,296	-	-	255,296	-	255,296	
Private placements – compensation options	-	(19,448)	-	-	-	-	-	
Private placements – compensation warrants	-	(11,752)	-	-	-	-	-	
Warrant term extension	-	(9,100)	-	-	-	-	-	
Warrant expiry	-	-	-	-	(235,554)	-	235,554	
Share-based compensation	-	-	105,032	-	105,032	-	105,032	
Expiry of stock options transferred to deficit	-	-	-	-	-	107,232	-	
Net loss for the period	-	-	(107,232)	-	(107,232)	(1,047,930)	(1,047,930)	
Balance, December 31, 2014	61,838,398	17,886,703	301,891	82,736	18,271,330	(18,992,687)	(721,357)	
Common shares issued for debt settlement	9,236,793	461,790	-	-	461,790	-	461,790	
Private placement (net)	2,000,000	96,500	-	-	96,500	-	96,500	
Private placement – compensation warrants	-	(784)	-	-	-	-	-	
Warrant expiry	-	-	-	-	(50,806)	-	50,806	
Expiry of stock options transferred to deficit	-	-	(29,276)	-	(29,276)	-	29,276	
Net loss for the period	-	-	-	-	-	(149,663)	(149,663)	
Balance, December 31, 2015	73,074,191	18,444,209	272,615	32,714	18,749,538	(19,062,268)	(312,730)	

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

AurCrest Gold Inc.

Notes to the Audited Financial Statements

December 31, 2015

(Expressed in Canadian dollars)

Cash and cash equivalents

Cash and cash equivalents comprise cash on deposit at banks and other highly liquid short-term investments, which may be settled on demand or within a maximum 90 day period to maturity.

Financial instruments

All financial assets and liabilities are initially recognized at fair value. In subsequent periods, financial assets and liabilities which are held for trading are recorded at fair value with gains and losses recognized in net income; financial assets which are loans and receivables or held to maturity are recorded at amortized cost using the effective interest rate method and gains and losses recognized in net income; financial assets which are available for sale are recorded at fair value with gains and losses recognized (net of applicable taxes) in other comprehensive income; financial liabilities that are not held for trading are recorded at amortized cost using the effective interest rate method and recognized in net income.

Financial instruments require disclosure about inputs to fair value measurements within fair value measurement hierarchy as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the assets or liabilities that are not based on observable market data.

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash and cash equivalents are classified as FVTPL.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost. The Company's trade and other receivables are classified as loans-and-receivables.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities.

Impairment of financial assets

The Company assesses at each date of the statement of financial position whether a financial asset is impaired:

Income taxes

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

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Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Related-party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Share-based payment transactions

Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

Equity-settled transactions

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve. No expense is recognized for awards that do not ultimately vest.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.

Loss per share and comprehensive loss per share

Loss per share and comprehensive loss per share is calculated based on the weighted average number of shares issued and outstanding during the quarter or year, as appropriate. In the years when the Company reports a net loss and comprehensive net loss, the effect of potential issuances of shares under options and warrants would be anti-dilutive and, therefore, basic and diluted loss per share is the same. For the years ended December 31, 2015 and 2014, all the outstanding options and warrants were anti-dilutive.

Exploration and evaluation assets

The Company's exploration and evaluation assets have not reached the development stage and as a result are considered exploration and evaluation assets. The Company capitalizes acquisition costs. Expenditures that result in the acquisition and retention of exploration and evaluation assets or an interest therein are capitalized. Exploration and evaluation expenditures are expensed in the period they are incurred. The amount shown for exploration and evaluation assets represents acquisition costs to date and does not

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necessarily reflect present or future values. If the properties are sold, allowed to lapse or are no longer of interest, accumulated capitalized costs are written off.

Expenditures on properties in which the Company does not have a registered or contractual interest are expensed as incurred.

Exploration and evaluation assets are reviewed on an annual basis and when changes in circumstances suggest their carrying value may become impaired. Management considers exploration and evaluation assets to be impaired if the carrying value exceeds the estimated undiscounted future projected cash flows from the use of the property and its related assets and their eventual disposition. If impairment is deemed to exist, the property and its related assets will be written down to fair value. Fair value is generally determined using a discounted cash flow analysis. Management determined that there was no impairment of carrying value on its properties at December 31, 2015.

Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from 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 amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. 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.

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

Future accounting pronouncements

IFRS 9 'Financial Instruments' ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is 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. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for the Company beginning on January 1, 2018. Earlier adoption is permitted.

3. Exploration and evaluation assets

Property acquisition cost

	Balance at January 1, 2015	Additions	Balance at December 31, 2015
	\$	\$	\$
Richardson Lake	60,200	-	60,200
Confederation Lake	10,250	-	10,250
Amount capitalized	70,450	-	70,450

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Notes to the Audited Financial Statements

December 31, 2015

(Expressed in Canadian dollars)

	Balance at January 1, 2014	Additions	Balance at December 31, 2014
	\$	\$	\$
Richardson Lake	60,200	-	60,200
Confederation Lake	10,250	-	10,250
Amount capitalized	70,450	-	70,450

Exploration & project evaluation

	Cumulative expenditures as at January 1, 2015	Expenditures	Cumulative expenditures as at December 31, 2015
	\$	\$	\$
Richardson Lake	2,186,757	12,296	2,199,053
Confederation Lake	10,435,071	-	10,435,071
Other	4,330,636	10,000	4,340,636
Amount expended	16,952,464	22,296	16,974,760

	Cumulative expenditures as at January 1, 2014	Expenditures	Cumulative expenditures as at December 31, 2014
	\$	\$	\$
Richardson Lake	1,434,368	752,389	2,186,757
Confederation Lake	10,435,071	-	10,435,071
Other	4,320,636	10,000	4,330,636
Amount expended	16,190,075	762,389	16,952,464

"Other" includes exploration expenditures on projects with minor activity during the period and includes the Bridget Lake, McFaulds Lake and the Fredart Lake properties, all of which are in Northern Ontario.

Note: As disclosed in the Company's significant accounting policies (Note 2) exploration and project evaluation expenditure have been reflected in the statement of loss and comprehensive loss.

Richardson Lake

Richardson Lake is a gold exploration prospect located in the Birch-Uchi belt of the Red Lake mining division and originally consisted of 6 claims which the Company owns 100%. The Company has staked an additional 25 claims in the area. The total area of the Richardson Lake property is now approximately 10,000 acres. The original 6 claims plus an area of influence around these claims are subject to the Company's obligation to pay a NSR royalty of 2%.

Confederation Lake

The Confederation Lake properties comprise 8 claim groups covering approximately 29,000 acres. These properties are base metal and gold prospects situated in the Red Lake Mining Division, Northwestern Ontario. On February 12, 2002 the Company entered into an option agreement to acquire from GlencoreXstrata a 100% interest in a group of exploration and evaluation assets collectively known as the Confederation Lake properties. In order to earn the 100% interest in the properties, the Company was required to have incurred a minimum \$3,500,000 in exploration and development expenditures.

The Company met all criteria to earn its 100% interest subject to its agreement to pay to GlencoreXstrata a 2.0% NSR royalty and other underlying royalties on certain properties. There is also a back-in option whereby GlencoreXstrata has a right to reacquire a 50% interest in any area where a deposit is identified (the "Project Area") after the delivery by the Company to GlencoreXstrata of an independent scoping study confirming the existence of a deposit of at least 8 million tonnes of massive sulphide or one million ounces of gold within the Project Area. In order to exercise the back-in right, GlencoreXstrata must expend 150% of the

AurCrest Gold Inc.

Notes to the Audited Financial Statements

December 31, 2015

(Expressed in Canadian dollars)

Company's cumulative expenditures on the Project Area to the exercise date. The Company has spent approximately \$10 million to date. In addition, the Company is required to make one-time payments to GlencoreXstrata of \$500,000 upon the submission of the first such independent scoping study with respect to which GlencoreXstrata does not exercise its back-in option and a further \$1,500,000 upon the commencement of commercial production from the subject Project Area.

Bridget Lake

The Bridget Lake property comprises 9 claim units covering approximately 356 acres and is situated in Ball Township, Red Lake Mining Division, Northwestern Ontario. On September 16, 2008 (the "effective date"), the Company signed an option agreement with Sendero Mining Corp. ("Sendero", formerly Halo Resources Ltd.), under which Sendero earned a 65% interest in the property. Sendero also agreed to make the \$10,000 annual pre-royalty payment required to keep the property in good standing. Sendero has met all of these obligations.

4. Shareholders' equity

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preference shares. As at December 31, 2015, the Company had no preference shares issued and outstanding.

Share capital

Share capital comprises the following:

	Number of shares	Amount \$
Balance, January 1, 2014	42,513,147	16,873,275
Private placements	16,488,633	798,432
Shares issued for debt settlement	2,836,618	255,296
Private placements - compensation options	-	(19,448)
Private placements - compensation warrants	-	(11,752)
Warrant term extension	-	(9,100)
Balance, December 31, 2014	61,838,398	17,886,703
Private placement	2,000,000	100,000
Share issue expense	-	(4,284)
Shares issued for debt settlement	9,235,793	461,790
Balance, December 31, 2015	73,074,191	18,444,209

On June 1, 2015 the Company entered into agreements to settle an aggregate of \$429,546 of debt owed to certain insiders of the Company and other parties (including former insiders) in consideration for the issuance of 8,590,914 common shares of the Company at a deemed price of \$0.05 per share.

On July 13, 2015, the Company completed a sale of 1,000,000 working capital units priced at \$0.05 per unit for proceeds of \$50,000. Each unit consists of one common share and one common share purchase warrant with each warrant entitling the holder to acquire a further common share at a price of \$0.05 until July 13, 2020. The Company paid a cash commission of \$3,500 and issued 80,000 brokers warrants. Each broker warrant entitles the holder to acquire a working capital unit, at a price of \$0.05 per unit until July 13, 2020. Each unit consists of one common share and one common share purchase warrant with each warrant entitling the holder to acquire a further common share at a price of \$0.05 until July 13, 2020.

On August 31, 2015 the Company entered into an agreement to settle \$32,244 of trade payables in consideration for the issuance of 644,879 working capital units of the Company at a deemed price of \$0.05 per unit. Each unit consists of one common share and one common share purchase warrant with each warrant entitling the holder to acquire a further common share at a price of \$0.05 until August 31, 2020.

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On November 30, 2015, the Company completed a sale of 1,000,000 working capital units priced at \$0.05 per unit for proceeds of \$50,000. Each unit consists of one common share and one common share purchase warrant with each warrant entitling the holder to acquire a further common share at a price of \$0.05 until November 30, 2020.

The Company completed the following equity financing transactions during the current and previous year.

Type	Date	Units/Shares		Warrants (** compensation options)			
		#	Price Proceeds ¹	#	Price	Expiry date	
During the year ended December 31, 2015							
Debt settlement shares	June 1	8,590,914	0.05	429,456	-		
Working capital units	July 13	1,000,000	0.05	50,000	1,000,000	0.05	July 13, 2020
Debt settlement units	August 31	644,879	0.05	32,244	644,879	0.05	August 31, 2020
Working capital units	November 30	1,000,000	0.05	50,000	1,000,000	0.05	November 30, 2020
During the year ended December 31, 2014							
Flow-through units	April 25	1,300,000	0.05	65,000	1,300,000	0.05	April 25, 2019
Working capital units	April 25	1,300,000	0.05	65,000	1,300,000	0.05	April 25, 2019
Working capital units	May 26	500,000	0.05	25,000	500,000	0.05	May 26, 2019
Working capital units	July 7	4,240,000	0.05	212,000	4,240,000	0.055	July 7, 2019
Working capital units	August 5	200,000	0.05	10,000	200,000	0.055	August 5, 2019
Working capital units	August 11	500,000	0.05	25,000	500,000	0.055	August 11, 2019
Working capital units	August 15	1,060,000	0.05	53,000	1,060,000	0.055	August 15, 2019
Debt settlement units	August 19	2,836,618	0.09	255,295	2,836,618	0.12	August 19, 2017
Working capital units	October 14	666,785	0.05	33,339	666,785	0.05	October 14, 2019
Working capital units	October 23	450,000	0.05	22,500	450,000	0.055	October 23, 2019
Working capital units	November 13	451,848	0.05	22,592	451,848	0.055	November 13, 2019
*Flow-through units	November 14	5,200,000	0.05	260,000	2,600,000	0.055	November 14, 2019
**Compensation units	November 14	520,000	0.05	26,000	520,000	0.05	November 14, 2017
Working capital units	November 14	100,000	0.05	5,000	100,000	0.055	November 14, 2019

¹ In the case of debt settlement issues, no proceeds are generated. Shares or units are issued to relieve liabilities.

* Each warrant entitling the holder to acquire a further common share at a price of \$0.055 until the earlier of: November 14, 2019, and in the event that the closing price of the common shares on the TSX-V is at least \$0.15 for twenty (20) consecutive trading days, and the 20th trading day (the "Final Trading Day") is at least four months from November 14, 2014, the date which is thirty days from the Final Trading Day.

** A finder's fee consisting of the issuance of 520,000 common shares of the Company, nominally valued at \$0.05 per share, and 520,000 Compensation Options exercisable for a period of two years from closing at \$0.05 per Compensation Option was paid in respect of the issuance. Each Compensation Option entitles the finder to acquire one common share and one-half a Warrant.

Stock options

As at December 31, 2015, 2,920,000 common shares were reserved for the exercise of common stock options ("options") granted to directors, officers, employees and service providers in connection with the Company's stock option plan (the "Plan"). All common stock options issued to date under the Plan are fully vested.

On August 13, 2014, the Company granted 2,170,000 common stock options ("options") to 5 directors, 1 director/officer, 2 officers, 3 consultants and 1 Investor Relations ("IR") consultant. Each option entitles the

AurCrest Gold Inc.

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holder to purchase one common share of the Company at a price of \$0.10 per common share over a period of 5 years.

The options vested immediately, except for 200,000 options granted to the IR consultant which vested as follows: 50,000 upon grant date and an additional 50,000 on November 13, 2014. The balance of the options did not vest due to the passing of the consultant. The 100,000 vested options expired on June 11, 2015 the options have a Black-Scholes valuation of \$0.05 per option calculated using a risk free rate of 1.52% and an annualized weekly volatility of 141%.

On September 28, 2014, 1,180,000 common stock options, with an exercise price of \$0.50, expired unexercised.

On October 23, 2014, 200,000 common stock options, with an exercise price of \$0.18, expired unexercised.

On April 1, 2015, 200,000 common stock options, with an exercise price of \$0.30, expired unexercised.

On June 11, 2015, 100,000 common stock options, with an exercise price of \$0.10, expired unexercised.

On August 21, 2015, 100,000 stock options with an exercise price of \$0.20 and 200,000 stock options with an exercise price of \$0.10 expired unexercised.

The following summary sets out the activity in the Plan:

	Options #	Weighted average exercise price \$
Outstanding, December 31, 2013	2,830,000	0.33
Granted	2,170,000	0.10
Expired	(1,180,000)	0.50
Expired	(200,000)	0.18
Expired	(100,000)	0.10
Outstanding, December 31, 2014	3,520,000	0.15
Expired	(200,000)	0.30
Expired	(100,000)	0.10
Expired	(100,000)	0.20
Expired	(200,000)	0.10
Outstanding and exercisable, December 31, 2015	2,920,000	0.14

The following table sets out the details of the common stock options granted and outstanding as at December 31, 2015:

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
1,150,000	1,150,000	0.55 years	\$0.20	July 18, 2016
1,770,000	1,770,000	3.63 years	\$0.10	August 13, 2019
2,920,000	2,920,000			

The weighted average exercise price of the options outstanding at December 31, 2015 is \$0.14 per option.

Warrants

Certain issuances of common shares include warrants entitling the holder to acquire additional common shares of the Company. A summary of the warrant activity is as follows:

AurCrest Gold Inc.

Notes to the Audited Financial Statements

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(Expressed in Canadian dollars)

	Warrants #	Weighted average exercise price \$
Outstanding, December 31, 2013	3,278,950	0.26
Issued – private placements	16,205,251	0.06
Issued – compensation options	520,000	0.05
Issued – compensation warrants	260,000	0.055
Outstanding, December 31, 2014	20,264,201	0.10
Expired	(3,178,950)	0.26
Issued – private placement	2,000,000	0.05
Issued – compensation units	80,000	0.05
Issued – compensation warrants	80,000	0.05
Issued – debt settlement	644,879	0.05
Outstanding, December 31, 2015	19,890,130	0.06

On December 16, 2014, the term of 3,100,000 warrants expiring December 21, 2014 and 100,000 warrants expiring January 21, 2015 were extended one year, expiring on December 21, 2015 and January 21, 2016 respectively.

On February 11, 2015, 78,950 warrants, with an exercise price of \$0.60, expired unexercised.

On December 21, 2015, 3,100,000 warrants, with an exercise price of \$0.25, expired unexercised.

The composition of the outstanding warrants as at December 31, 2015 consists of the following:

	Expiry date	Number	Exercise Price
Warrants	January 21, 2016	100,000	\$0.250
Warrants	August 19 2017	2,836,618	\$0.120
Warrants	April 25, 2019	2,600,000	\$0.050
Warrants	May 26 2019	500,000	\$0.050
Warrants	July 7, 2019	4,240,000	\$0.055
Warrants	August 5, 2019	200,000	\$0.055
Warrants	August 11, 2015	500,000	\$0.055
Warrants	August 15, 2019	1,060,000	\$0.055
Warrants	October 14, 2019	666,785	\$0.050
Warrants	October 23, 2019	450,000	\$0.055
Warrants	November 13, 2019	451,848	\$0.055
Warrants	November 14, 2015	2,600,000	\$0.055
Warrants	November 14, 2019	100,000	\$0.055
Warrants	July 13, 2020	1,000,000	\$0.050
Warrants	August 31, 2020	644,879	\$0.050
Warrants	November 30, 2020	1,000,000	\$0.050
Warrants – compensation options	November 14, 2016	520,000	\$0.050
Warrants – compensation warrants	November 14, 2019	260,000	\$0.055
Warrants – compensation units	July 13, 2020	80,000	\$0.050
Warrants – compensation warrants	July 13, 2020	80,000	\$0.050
		19,890,130	

AurCrest Gold Inc.

Notes to the Audited Financial Statements

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(Expressed in Canadian dollars)

5. Related party transactions

Compensation of key management and directors

Key management compensation expenses includes the Chief Executive Officer, the Executive Vice-President, the Chief Financial Officer and the Vice-President, Shareholder Relations (on leave as of June 1, 2014). Share-based compensation includes key management and directors.

For the years ended December 31	2015	2014
	\$	\$
Management fees	55,000	47,914
Legal services provided by a law firm related to William Johnstone	71,686	58,842
Share based payments	-	82,500
Directors fees	-	12,000
	126,686	201,256
Balances owing as at	December 31	December 31
	2015	2014
	\$	\$
Legal services provided by a law firm related to William Johnstone	86,837	183,718
Management fees	20,000	237,085
Directors loans	14,500	-
Directors fees	-	56,000
	121,337	476,8032

These amounts were expensed in the period incurred as administrative and general expenses, except for the services of the former Vice-President, Exploration, which are treated as exploration expenses. The amounts paid and owing are measured at the exchange amount, are non-interest bearing and due on demand.

During the year ended December 31, 2014, a company related to Ian Brodie-Brown rented office space from the Company, resulting in a rent expense recovery of \$36,361.

On June 1, 2015 the Company entered into agreements to settle an aggregate of \$429,546 of debt owed to certain insiders of the Company and other parties (including former insiders) in consideration for the issuance of 8,590,914 common shares of the Company at a deemed price of \$0.05 per share. Certain insiders and former insiders have released the Company from debts totaling \$47,258 for no consideration. The debt settlement settles an aggregate of \$476,803 of current liabilities of the Company.

In May, 2015, directors of the Company loaned the Company working capital in the amount of \$14,500. The loans are in the form of demand promissory notes bearing interest at 10% per annum.

AurCrest Gold Inc.

Notes to the Audited Financial Statements

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(Expressed in Canadian dollars)

6. General and administrative expenses

For the years ended December 31	2015	2014
	\$	\$
Professional fees (legal & audit)	95,436	75,522
Consulting and management fees	66,500	25,400
Office rent	52,970	51,884
Regulatory and filing fees	19,638	27,370
Shareholder communications, advertising and promotion	12,352	2,914
Insurance	5,320	3,320
Office costs	10,718	2,370
Travel	11,350	16,090
Bad debts	10,036	-
Directors fees	-	12,000
	284,320	216,870

7. Commitments and contingencies

The Company has one contractual lease obligation related to its corporate premises that requires a minimum total lease payment for basic rent of \$42,502 until July, 2017. The following table illustrates the remaining yearly minimum lease payments:

	\$
2016	26,843
2017	15,659
	42,502

In accordance with an exploration agreement signed on February 4, 2010, the Company is committed to contribute 1.5% of all funds expended by the Company on its mining claims in the proximity of McFaulds Lake, Lower James Bay region of Ontario, as a contribution to a Community Sustainability Fund.

AurCrest Gold Inc.

Notes to the Audited Financial Statements

December 31, 2015

(Expressed in Canadian dollars)

8. Income taxes

Major items causing the Company's income tax rate to differ from the Canadian statutory rate of approximately 26.50% (2014 – 26.50%).

	2015	2014
	\$	\$
Loss before income taxes	(149,663)	(1,047,930)
Expected income tax benefit based on statutory rate	(39,660)	(277,700)
Adjustments to benefit resulting from:		
Stock based compensation	-	27,800
Mineral property expenditures expensed for accounting purposes	5,900	201,100
Valuation allowance	33,760	48,800
	-	-

The components of the Company's deferred income tax assets are as follows:

	2015	2014
	\$	\$
Non-capital losses	850,000	921,000
Capital losses	17,000	17,000
Resource related deductions	2,551,000	2,548,000
Future income tax assets	3,418,000	3,486,000
Less valuation allowance	(3,418,000)	(3,486,000)
Net deferred income tax asset	-	-

The Company has available approximately \$3,398,000 (2014 - \$3,939,400) in non-capital loss carry forwards which can be used to reduce future taxable income until their expiry. In the prior year a portion of these losses was recognized to offset a portion of the future income tax liability related to flow-through renunciations.

The loss carry forwards expire, if unused, as follows:

	\$
2026	459,000
2027	530,000
2028	377,000
2029	410,000
2030	477,000
2031	370,000
2032	310,000
2033	165,000
2034	175,000
2035	125,000
	3,398,000

In addition to the above noted loss carry forwards the company has approximately \$10,284,000 (2014 - \$10,261,000) in Canadian Development Expenditures and Canadian Exploration Expenditures which can be used to reduce future taxable income without expiry.

AurCrest Gold Inc.

Notes to the Audited Financial Statements

December 31, 2015

(Expressed in Canadian dollars)

9. Capital management

The mineral properties of the Company are in the exploration and development stage and, as a result, the Company currently has no source of operating cash flow. The Company intends to raise such funds as and when required to complete its projects. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The only sources of future funds presently available to the Company are through the issuance of share of debt instruments. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2015, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years.

10. Subsequent events

On March 16, 2016, the Company granted 750,000 common share stock options to a consultant, exercisable at \$0.05 per share until March 16, 2019.

On March 29, 2016, the Company announced the intent to complete a brokered private placement (the "Offering") of up to 5,000,000 working capital units (the "WC Units") of the Company at a price of \$0.05 per WC Unit for up to \$250,000. Each WC Unit consists of one common share of the Company priced at \$0.05 per common share and one common share purchase warrant (each a "WC Warrant"), with each WC Warrant entitling the holder to acquire one common share until five years from the closing of the Offering at a price of \$0.05. The Company has agreed to pay a commission of 9% cash and issue broker warrants ("Broker Warrants") equal to 10% of the number of WC Units sold under the Offering. Each Broker Warrant entitles the holder to acquire a WC Unit for five (5) years from Closing at a price of \$0.05 per Broker Warrant. On April 27, 2016 the Company closed the first tranche of 1,500,000 WC Units for gross proceeds of \$75,000. A cash commission of \$6,750 and 150,000 broker warrants were paid to the agent with respect to the closing of the first tranche of the Offering. The securities issued are subject to a hold period expiring on August 28, 2016.

AurCrest Gold Inc.

Notes to the Audited Financial Statements

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(Expressed in Canadian dollars)

Corporate Information

Officers

Ian Brodie-Brown - President, Chief Executive Officer
Chris Angeconeb - Executive Vice-President
Peter Brodie-Brown - Vice-President, Shareholder Relations
Errol Farr - Chief Financial Officer
William R. Johnstone - Corporate Secretary

Directors

Ian Brodie-Brown
William R. Johnstone
Richard Nemis
Frank van de Water
Chris Angeconeb

Legal Counsel

Gardiner Roberts LLP
Toronto, Ontario

Auditors

Wasserman Ramsay
Markham, Ontario

Transfer Agent

TMX Equity Transfer Services
Toronto, Ontario

Exchange Listing

TSX Venture Exchange

Trading Symbol

AGO

Address

67 Yonge Street, Suite 808
Toronto, Ontario, Canada
M5E 1J8
Tel: (416) 368-2929
Fax: (416) 601-1450
Email: info@aurcrestgold.com



AurCrest Gold Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2015

(Expressed in Canadian Dollars)

**AURCREST GOLD INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of AurCrest Gold Inc. ("AurCrest" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2015. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion, dated April 28, 2016, should be read in conjunction with the Company's audited annual financial statements for the years ended December 31, 2015 and 2014, together with the notes thereto. Results are reported in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Company trades on the TSX Venture Exchange under the symbol "AGO". Further information about the Company and its operations can be obtained from the offices of the Company or from www.sedar.com.

EXECUTIVE SUMMARY

The Company is a Ontario-based mineral exploration company focused on the acquisition, exploration and development of mineral resources. The Company holds several gold and base metal properties in Northern Ontario, including the Richardson Lake gold exploration prospect. The Company has historically and will continue to actively engage and involve the local First Nations communities in advancing exploration projects.

Richardson Lake is a gold exploration prospect located in the Birch-Uchi belt of the Red Lake mining division in Northwestern Ontario consisting of unpatented mineral claims called the Richardson Lake property totaling approximately 10,000 acres. In late 2011 and into 2012 the Company completed eight (8) drill holes for a total of 1,613 metres with a new gold discovery in hole RL-12-07. In May 2013, the Company received an exploration permit from the Ministry of Northern Development and Mines to further explore the Richardson Lake gold discovery. The Company completed an airborne magnetic survey of the property in July 2014, identifying a second target formation on the property. In late summer through fall 2014, the Company completed four (4) drill holes for a total of 1,975 metres as part of an Aboriginal training program, and a further short exploratory program in November 2014 east of the discovery. The Richardson Lake property discovery and survey target areas are the focus of exploration for the Company.

The Company's mission statement is as follows:

- 1) Create and maintain important relationships with the local indigenous peoples and to share the benefits the industry has to offer through employment and ownership in the Company's efforts;
- 2) Capitalize on the experience and technical abilities of the Company's management team to effectively explore for gold and/or base metals deposits in Northern Ontario;
- 3) Source and employ the most advanced exploration technologies available;
- 4) Enter into strategic relationships and generate sufficient capital to maintain a continuously high level of exploration and development activity; and
- 5) Increase shareholder value by adhering to AurCrest's objectives.

The Company has formed Wiigwaasaatig Energy Inc. ("WEI") as a wholly-owned subsidiary, which is mandated to establish renewable energy business structures as partnerships with First Nation communities and the mineral exploration and development industry proximal to those First Nations. This Corporate Social Responsibility energy initiative is intended to i) reduce the diesel dependency for electrical generation in remote First Nations and mineral development sites, ii) provide an economic base contributor for First Nations involved in the WEI partnerships, and iii) develop supplier-consumer relationships with mineral developments proximal to First Nations communities. WEI is an Aboriginally-

**AURCREST GOLD INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS**

driven corporation, with First Nations representation and direction at both management and Board levels.

A key initiative continued by the Company is its relationship building with the First Nation communities and their role in the future of exploration in Canada. The Company has completed two financings with the Lac Seul First Nation and is represented by a member of the community as Executive Vice-President of the Company, President of WEI and a member of the Board of Directors. AurCrest also signed a significant exploration agreement with the Webequie First Nation, which was the first of its kind in Ontario's 'Ring of Fire'. AurCrest has chosen an approach of "consultation and inclusion" in planning of the Company's 'Social License to Operate' or 'SLO' with First Nations potentially affected by Company activities, and feel that the Company is at the forefront of the important industry relationship developments necessary to support continued exploration.

Subsequent to the year end the Company, through WEI, entered into a Letter of Intent with Cat Lake First Nation (the "LOI") for mutual collaboration to investigate the feasibility of and develop up to a 40 MW renewable energy project at Cat Lake (the "Project"). The Project is expected to incorporate a phased blend of wind, solar, geothermal and biomass technologies, capable of energizing community needs and mineral exploration and development sites proximal to Cat Lake. The Company also entered into a Technical Consulting Agreement with Maple Energy and Mining Fund, Inc. ("Maple Energy") to provide technical and advisory services to Wiigwaasaatig with regards to the Project.

Activities

2016

- The Company entered into a LOI with Cat Lake First Nation for mutual collaboration to investigate the feasibility of and develop up to a 40 MW renewable energy project at Cat Lake.
- The Company entered into a Technical Consulting Agreement with Maple Energy.
- The Company closed a first tranche of a private placement of 1,500,000 Working Capital Units (the "WC Units") for gross proceeds of \$75,000.

2015

- On November 30, 2015, the Company completed a sale of 1,000,000 working capital units priced at \$0.05 per unit for proceeds of \$50,000.
- On October 14, 2015, the Company announced the formation of Wiigwaasaatig Energy Inc., a wholly-owned subsidiary of AurCrest. WEI has been incorporated to fulfill a portion of AurCrest's ongoing commitment for consultation and accommodation with First Nation communities. It will focus on building wind and other renewable generation technology energy partnerships.
- On August 31, 2015 the Company settled \$32,244 of trade payables in consideration for the issuance of 644,879 working capital units of the Company at a deemed price of \$0.05 per unit.
- On July 13, 2015, the Company issued 1,000,000 working capital units priced at \$0.05 per unit for proceeds of \$50,000.
- On June 1, 2015 the Company settled an aggregate of \$429,546 of debt in consideration for the issuance of 8,590,914 common shares of the Company at a deemed price of \$0.05 per share. Certain insiders and former insiders have released the Company from debts totaling \$47,258 for no consideration. The debt settlement settles an aggregate of \$476,803 of current liabilities of the Company.

2014

- The Company raised a total of \$798,432 through issuance of working capital units and flow through units with the objective of funding further drilling of the Company's Richardson Lake property gold targets.
- The Company settled \$255,296 of debt in consideration for the issuance of 2,836,618 working capital units.
- A significant new gold discovery was made during the winter of 2012 drill program. Hole RL-12-07 returned the following results: 15 metres of 1.83 g/t gold, including 9 metres of 2.95 g/t, including 4 metres of 6 g/t and 3 metres of 7.4 g/t. The highest individual sample within the discovery zone

**AURCREST GOLD INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS**

was 1 metre of 11.1 g/t gold. In Late summer through the fall of 2014, the Company continued drilling on this project. Results include RL-14-08 with an average grade of 1.85 g/t Au over 18 metres, including 2.93 g/t Au over 10 metres including 6.0 g/t Au over 4.5 metres, including 7.57 g/t Au over 3.5 metres, and including 10.4 g/t over 2.5 metres. In November the Company completed a follow-up drill program designed to test the area east of the discovery.

- In July 2014 an airborne magnetic survey defined a second interpreted iron formation to the west of the Richardson Lake gold discovery, approximately eight kilometres in length. These formations are collectively what was previously identified as the Jacquie-Girl Iron Formation. The Richardson Lake formation will remain identified as the Jacquie-Girl and the western formation will now be known as the Western Fold.

MINERAL PROPERTIES

Richardson Lake

The Richardson property is situated in the Red Lake Mining Division approximately 115 km northeast of the Town of Red Lake. The property is 100% owned by the Company with an underlying NSR royalty of 2%. The property is known to contain 5 areas with gold mineralization or gold mineralization potential. The most significant mineralization occurs at the Discovery zone where the gold is hosted by quartz veins and breccia, which are encompassed by a broad zone of silicification, carbonization, and sericitization.

The Company owns 100% of 6 claims that make up the Richardson Lake Property originally optioned in 2002. An additional 2 claims were staked by the Company in early 2010, plus 23 claims staked in early 2011. The total area of the Richardson Lake property is now approximately 10,000 acres. The original 6 claims plus an area of influence around the claims are subject to the Company's obligation to pay a NSR royalty of 2%.

Drilling on the property commenced in late 2011 and continued into March of 2012. AurCrest completed the winter 2011/2012 drilling program on Richardson Lake in March 2012 completing eight NQ drill holes for a total of 1,613 metres. Results from this program included a new gold discovery in hole RL-12-07. Located in a new area of the property, this discovery provides the Company with an entirely new and very promising area to drill. Hole RL-12-07 encountered 15 metres of 1.83 g/t gold, including 9 metres of 2.95 g/t, including 4 metres of 6 g/t and 3 metres of 7.4 g/t. The highest individual sample within the discovery zone was 1 metre of 11.1 g/t gold. In Late summer through the fall of 2014, the Company continued drilling on this project. Results include RL-14-08 with an average grade of 1.85 g/t Au over 18 metres, including 2.93 g/t Au over 10 metres including 6.0 g/t Au over 4.5 metres, including 7.57 g/t Au over 3.5 meters, and including 10.4 g/t over 2.5 metres. In November 2014 the Company completed a follow-up drill program designed to test the area east of the discovery.

Confederation Lake

The Company's Confederation Lake properties, comprising 8 claim groups covering approximately 29,000 acres, were acquired from GlencoreXstrata by incurring exploration expenditures totaling \$3.5 million over four years, including 16,000 metres of diamond drilling. GlencoreXstrata retains a back-in option for a 50% participating interest in any deposit indicated by an independent scoping study to contain at least 8 million tonnes of massive sulphide or one million ounces of gold by expending 150% of AurCrest's expenditures on the property, or cash payment equal to that amount. If the back-in option is exercised, a joint venture will be formed relating to the area (a "Project Area") defined to contain the deposit. Should GlencoreXstrata elect not to exercise its back-in option, GlencoreXstrata will retain a 2% NSR royalty relating to the relevant Project Area. In addition, GlencoreXstrata will receive a one-time cash payment of \$500,000 due upon submission of the first such scoping study with respect to which GlencoreXstrata does not exercise its back-in option and a further sum of \$1.5 million payable upon commercial production from that Project Area. GlencoreXstrata also retains the right to carry out a sole risk exploration drilling program to confirm the contents of an independent scoping study delivered by the Company. The agreement anticipates that there may be more than one Project Area on the property.

**AURCREST GOLD INC.
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On August 14, 2007 the Company announced an updated National Instrument 43-101 ("NI 43-101") compliant technical report titled Garnet Lake Property (also known as the Arrow Zone), Confederation Lake Belt prepared by independent Qualified Person G.S. Carter, P. Eng. of Broad Oak Associates. At a cut-off grade of 3% zinc ("Zn") equivalent, Broad Oak Associates estimated an indicated resource of 2.071 million tonnes plus an inferred resource of 120,552 tonnes as presented in the following table:

Category	Tonnes	Zn (%)	Cu (%)	Au (g/t)	Ag (g/t)
At a 3% zinc equivalent					
Indicated	2,070,888	5.92	0.75	0.58	21.1
(Plus an average indium value of 34.6 g/t for 19 out of 24 holes intersecting the Arrow Zone.)					
Inferred	120,552	2.60	0.56	0.40	21.5
At a 5% zinc equivalent					
Indicated	1,762,211	6.75	0.79	0.61	22.3
(Plus an average indium value of 28.7 g/t for 18 out of 23 holes intersecting the Arrow Zone.)					
Inferred	51,631	3.86	0.79	0.58	23.8
At a 10% zinc equivalent					
Indicated	633,429	14.3	1.11	0.85	31.7
(Plus an average indium value of 55.2 g/t for 10 out of 13 holes intersecting the Arrow Zone.)					

The Mineral Resources are effective as of September 4, 2007.

Resource estimations were based on three chosen cut-off grades of 10%, 5% and 3% Zn equivalent, which is equal to the Zn (wt.%) plus 2.4 Cu (wt.%). (Cut-off grades are calculated using zinc and copper only. No indium grades have been determined for the inferred tonnage as of this date).

Until an economic evaluation is completed, the economic cut-off for this deposit is unknown. Mineral resources that are not mineral reserves do not have demonstrated economic viability. In consultation with Broad Oak Associates, and based upon base metal prices as at August 14, 2007, the Company determined that 3% Zinc was the minimum acceptable cut-off grade to report. The Arrow Zone, using the 10% Zn equivalent cut-off, has a high-grade centre of indicated resource of 633,429 tonnes at 14.3% Zn, 1.11% Cu, 0.85 g/t Au and 31.7 g/t Ag, separated to date into two pods based on the high-grade intersections.

In June 2010, the Company completed a borehole survey on three holes on the Fredart Lake property, the results have been interpreted and drill targets identified.

McFaulds Lake

The Company currently holds a 100% interest in a group of properties (10,000 acres) within the area known as 'The Ring of Fire' located in the Lower James Bay region of Ontario, in the proximity of McFaulds Lake.

Bridget Lake

On September 16, 2008 (the "effective date"), the Company signed an option agreement with Sendero for the exclusive right for Sendero to earn up to a 75% interest in the Bridget Lake property, comprising 9 claim units covering approximately 144 hectares, in Ball Township, Red Lake Mining Division, Northwestern Ontario. Sendero earned a 65% interest by incurring \$50,000 in exploration expenses, making cash compensation to the Company totaling \$50,000 and issuing 400,000 common shares of Sendero to the Company. Sendero declined a second option to acquire an additional 10% interest. The Company signed a joint venture agreement whereby Sendero will be operator of the joint venture with

**AURCREST GOLD INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Red Lake Gold Mines (a partnership of Goldcorp Inc. and Goldcorp Canada Ltd.) having acquired a 40% interest in Sendero's interest in the Property.

Exploration and evaluation assets

None of the Company's exploration and evaluation assets have reached the development stage and as a result are considered exploration and evaluation assets. The Company capitalizes acquisition costs that result in the acquisition and retention of exploration and evaluation assets or an interest therein and expenses all exploration and evaluation expenditures. The amount shown for exploration and evaluation assets represents acquisition costs to date and does not necessarily reflect present or future values. If the properties are sold, allowed to lapse or are no longer of interest, accumulated capitalized costs are written off.

Expenditures on properties in which the Company does not have a registered or contractual interest are expensed as incurred.

SELECTED ANNUAL INFORMATION

Year ended December 31	2015 \$	2014 \$	2013 \$
Net loss for the year	149,663	1,047,930	169,321
Cash flow used in operating activities	108,416	773,954	134,871
Total assets ⁽¹⁾	89,375	165,236	117,325
Loss per share (basic and diluted)	0.00	0.02	0.00

⁽¹⁾ As at December 31

SUMMARY OF QUARTERLY RESULTS

For the eight most recent quarters:

	December 31 2015 \$	September 30 2015 \$	June 30 2015 \$	March 31 2015 \$
Net income (loss) for the period	(98,348)	(73,658)	(26,598)	48,941
Net loss per share (basic and diluted)	0.00	0.00	0.00	0.00

	December 31 2014 \$	September 30 2014 \$	June 30 2014 \$	March 31 2014 \$
Net (loss) for the period	(469,329)	(352,950)	(202,973)	(22,678)
Net loss per share (basic and diluted)	0.01	0.01	0.00	0.00

The variations in net loss between quarters are generally due to timing of the Company's exploration activities.

For the three months ended March 31, 2015 and June 30, 2015 trade and other payables were written off in the amounts of \$89,494 and \$47,258 respectively.

RESULTS OF OPERATIONS

The Company's net loss for the year ended December 31, 2015 was \$149,663 or \$0.00 per share (\$1,047,930 or \$0.02 for the year ended December 31, 2014).

General and administrative expenses of \$284,320 for the year ended December 31, 2015 (\$216,870 for the year ended December 31, 2014) included costs associated with the promotion, financing and

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regulatory compliance activities of the Company, and overhead of the Company's Toronto administrative facilities, as noted below.

For the years ended December 31	2015 \$	2014 \$
Professional fees (legal & audit)	95,436	75,522
Consulting and management fees	66,500	25,400
Office rent	52,970	51,884
Regulatory and filing fees	19,638	27,370
Shareholder communications, advertising and promotion	12,352	2,914
Insurance	5,320	3,320
Office costs	10,718	2,370
Travel	11,350	16,090
Bad debts	10,036	-
Directors fees	-	12,000
	284,320	216,870

During the year ended December 31, 2015, exploration and project evaluation expenses totaled \$22,296 (\$762,389 for the year ended December 31, 2014).

The Company wrote off \$136,752 of trade and other payables during the year ended December 31, 2015 (nil for the year ended December 31, 2014).

EXPLORATION EXPENDITURES

Property acquisition cost

	Balance at January 1, 2015 \$	Additions \$	Balance at December 31, 2015 \$
Richardson Lake	60,200	-	60,200
Confederation Lake	10,250	-	10,250
Amount capitalized	70,450	-	70,450

	Balance at January 1, 2014 \$	Additions \$	Balance at December 31, 2014 \$
Richardson Lake	60,200	-	60,200
Confederation Lake	10,250	-	10,250
Amount capitalized	70,450	-	70,450

Exploration & project evaluation

	Cumulative expenditures as at January 31, 2015 \$	Expenditures \$	Cumulative expenditures as at December 31, 2015 \$
Richardson Lake	2,186,757	12,296	2,199,053
Confederation Lake	10,435,071	-	10,435,071
Other	4,330,636	10,000	4,340,636
Amount expensed	16,952,464	22,296	16,974,760

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	Cumulative expenditures as at January 31, 2014	Expenditures	Cumulative expenditures as at December 31, 2014
	\$	\$	\$
Richardson Lake	1,434,368	752,389	2,186,757
Confederation Lake	10,435,071	-	10,435,071
Other	4,320,636	10,000	4,330,636
Amount expensed	16,190,075	762,389	16,952,464

"Other" includes exploration expenditures on projects with minor activity during the period and includes the Bridget Lake, McFaulds Lake and the Fredart Lake properties, all of which are in Northern Ontario.
Note: As disclosed in the Company's significant accounting policies (Note 2) exploration and project evaluation expenditure have been reflected in the statement of loss and comprehensive loss.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2015 and April 29, 2016, the Company had no sources of operating cash flows. The Company will therefore require additional funding which, if not raised, would result in the curtailment of activities and project delays. AurCrest had a working capital deficit of \$383,180 (a working capital deficit of \$791,807 as at December 31, 2014), and has an accumulated operating deficit of \$19,062,268. During the year ended December 31, 2015, the Company raised \$100,000 through the sale of working capital units. The Company's ability to continue as a going concern is uncertain and is dependent upon its ability to continue to raise adequate financing. There can be no assurances that the Company will be successful in this regard, and therefore, there is substantial doubt regarding the Company's ability to continue as a going concern, and accordingly, the use of accounting principles applicable to a going concern.

On June 1, 2015 the Company entered into agreements to settle an aggregate of \$429,546 of debt owed to certain insiders of the Company and other parties (including former insiders) in consideration for the issuance of 8,590,914 common shares of the Company at a deemed price of \$0.05 per share. Certain insiders and former insiders have released the Company from debts totaling \$47,258 for no consideration. The debt settlement settles an aggregate of \$476,803 of current liabilities of the Company significantly improving the working capital deficit.

On July 13, 2015, the Company completed a sale of 1,000,000 working capital units priced at \$0.05 per unit for proceeds of \$50,000. Each unit consists of one common share and one common share purchase warrant with each warrant entitling the holder to acquire a further common share at a price of \$0.05 until July 13, 2020. The Company paid a cash commission of \$3,500 and issued 80,000 brokers warrants. Each broker warrant entitles the holder to acquire a working capital unit, at a price of \$0.05 per unit until July 13, 2020. Each unit consists of one common share and one common share purchase warrant with each warrant entitling the holder to acquire a further common share at a price of \$0.05 until July 13, 2020.

On August 31, 2015 the Company entered into an agreement to settle an additional of \$32,244 of trade payables in consideration for the issuance of 644,879 working capital units of the Company at a deemed price of \$0.05 per unit. Each unit consists of one common share and one common share purchase warrant with each warrant entitling the holder to acquire a further common share at a price of \$0.05 until August 31, 2020.

On November 30, 2015, the Company completed a sale of 1,000,000 working capital units priced at \$0.05 per unit for proceeds of \$50,000. Each unit consists of one common share and one common share purchase warrant with each warrant entitling the holder to acquire a further common share at a price of \$0.05 until November 30, 2020.

On March 29, 2016, the Company announced the intent to complete a brokered private placement (the "Offering") of up to 5,000,000 working capital units (the "WC Units") of the Company at a price of \$0.05 per WC Unit for up to \$250,000. Each WC Unit consists of one common share of the Company priced at

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\$0.05 per common share and one common share purchase warrant (each a "WC Warrant"), with each WC Warrant entitling the holder to acquire one common share until five years from the closing of the Offering at a price of \$0.05. The Company has agreed to pay a commission of 9% cash and issue broker warrants ("Broker Warrants") equal to 10% of the number of WC Units sold under the Offering. Each Broker Warrant entitles the holder to acquire a WC Unit for five (5) years from Closing at a price of \$0.05 per Broker Warrant. On April 27, 2016 the Company closed the first tranche of 1,500,000 WC Units for gross proceeds of \$75,000. A cash commission of \$6,750 and 150,000 Broker Warrants were paid to the agent with respect to the closing of the first tranche of the Offering. The securities issued are subject to a hold period expiring on August 28, 2016.

FINANCIAL INSTRUMENTS

The carrying amount of financial instruments approximates fair value. The Company's financial assets include cash, cash equivalents, and accounts receivable. The Company does not consider these assets to be subject to credit risk or interest rate risk.

SHAREHOLDERS' EQUITY

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preference shares. As at December 31, 2015, the Company had no preference shares issued and outstanding.

Share capital

Share capital comprises the following:

	Number of shares	Amount \$
Balance, January 1, 2014	42,513,147	16,873,275
Private placements	16,488,633	798,432
Shares issued for debt settlement	2,836,618	255,296
Private placements - compensation options	-	(19,448)
Private placements - compensation warrants	-	(11,752)
Warrant term extension	-	(9,100)
Balance, December 31, 2014	61,838,398	17,886,703
Private placement	2,000,000	100,000
Share issue expense	-	(4,284)
Shares issued for debt settlement	9,235,793	461,790
Balance, December 31, 2015	73,074,191	18,444,209
Private placement	1,500,000	75,000
Balance, April 28, 2016	74,574,191	18,519,209

On June 1, 2015 the Company entered into agreements to settle an aggregate of \$429,546 of debt owed to certain insiders of the Company and other parties (including former insiders) in consideration for the issuance of 8,590,914 common shares of the Company at a deemed price of \$0.05 per share.

On July 13, 2015, the Company completed a sale of 1,000,000 working capital units priced at \$0.05 per unit for proceeds of \$50,000. Each unit consists of one common share and one common share purchase warrant with each warrant entitling the holder to acquire a further common share at a price of \$0.05 until July 13, 2020. The Company paid a cash commission of \$3,500 and issued 80,000 brokers warrants. Each broker warrant entitles the holder to acquire a working capital unit, at a price of \$0.05 per unit until July 13, 2020. Each unit consists of one common share and one common share purchase warrant with each warrant entitling the holder to acquire a further common share at a price of \$0.05 until July 13, 2020.

On August 31, 2015 the Company entered into an agreement to settle \$32,244 of trade payables in consideration for the issuance of 644,879 working capital units of the Company at a deemed price of \$0.05 per unit. Each unit consists of one common share and one common share purchase warrant

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with each warrant entitling the holder to acquire a further common share at a price of \$0.05 until August 31, 2020.

On November 30, 2015, the Company completed a sale of 1,000,000 working capital units priced at \$0.05 per unit for proceeds of \$50,000. Each unit consists of one common share and one common share purchase warrant with each warrant entitling the holder to acquire a further common share at a price of \$0.05 until November 30, 2020.

The Company completed the following equity financing transactions during the current and previous year.

Type	Date	Units/Shares		Warrants (** compensation options)			
		#	Price Proceeds ¹	#	Price	Expiry date	
During the year ended December 31, 2015							
Debt settlement shares	June 1	8,590,914	0.05	429,456	-		
Working capital units	July 13	1,000,000	0.05	50,000	1,000,000	0.05	July 13, 2020
Debt settlement units	August 31	644,879	0.05	32,244	644,879	0.05	August 31, 2020
Working capital units	November 30	1,000,000	0.05	50,000	1,000,000	0.05	November 30, 2020
During the year ended December 31, 2014							
Flow-through units	April 25	1,300,000	0.05	65,000	1,300,000	0.05	April 25, 2019
Working capital units	April 25	1,300,000	0.05	65,000	1,300,000	0.05	April 25, 2019
Working capital units	May 26	500,000	0.05	25,000	500,000	0.05	May 26, 2019
Working capital units	July 7	4,240,000	0.05	212,000	4,240,000	0.055	July 7, 2019
Working capital units	August 5	200,000	0.05	10,000	200,000	0.055	August 5, 2019
Working capital units	August 11	500,000	0.05	25,000	500,000	0.055	August 11, 2019
Working capital units	August 15	1,060,000	0.05	53,000	1,060,000	0.055	August 15, 2019
Debt settlement units	August 19	2,836,618	0.09	255,295	2,836,618	0.12	August 19, 2017
Working capital units	October 14	666,785	0.05	33,339	666,785	0.05	October 14, 2019
Working capital units	October 23	450,000	0.05	22,500	450,000	0.055	October 23, 2019
Working capital units	November 13	451,848	0.05	22,592	451,848	0.055	November 13, 2019
*Flow-through units	November 14	5,200,000	0.05	260,000	2,600,000	0.055	November 14, 2019
**Compensation units	November 14	520,000	0.05	26,000	520,000	0.05	November 14, 2017
Working capital units	November 14	100,000	0.05	5,000	100,000	0.055	November 14, 2019

¹ In the case of debt settlement issues, no proceeds are generated. Shares or units are issued to relieve liabilities.

* Each warrant entitling the holder to acquire a further common share at a price of \$0.055 until the earlier of: November 14, 2019, and in the event that the closing price of the common shares on the TSX-V is at least \$0.15 for twenty (20) consecutive trading days, and the 20th trading day (the "Final Trading Day") is at least four months from November 14, 2014, the date which is thirty days from the Final Trading Day.

** A finder's fee consisting of the issuance of 520,000 common shares of the Company, nominally valued at \$0.05 per share, and 520,000 Compensation Options exercisable for a period of two years from closing at \$0.05 per Compensation Option was paid in respect of the issuance. Each Compensation Option entitles the finder to acquire one common share and one-half a Warrant.

Stock options

As at December 31, 2015, 2,920,000 common shares were reserved for the exercise of common stock options ("options") granted to directors, officers, employees and service providers in connection with the Company's stock option plan (the "Plan"). All common stock options issued to date under the Plan are fully vested.

On August 13, 2014, the Company granted 2,170,000 common stock options ("options") to 5 directors, 1

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director/officer, 2 officers, 3 consultants and 1 Investor Relations ("IR") consultant. Each option entitles the holder to purchase one common share of the Company at a price of \$0.10 per common share over a period of 5 years.

The options vested immediately, except for 200,000 options granted to the IR consultant which vested as follows: 50,000 upon grant date and an additional 50,000 on November 13, 2014. The balance of the options did not vest due to the passing of the consultant. The 100,000 vested options expired on June 11, 2015 the options have a Black-Scholes valuation of \$0.05 per option calculated using a risk free rate of 1.52% and an annualized weekly volatility of 141%.

On September 28, 2014, 1,180,000 common stock options, with an exercise price of \$0.50, expired unexercised.

On October 23, 2014, 200,000 common stock options, with an exercise price of \$0.18, expired unexercised.

On April 1, 2015, 200,000 common stock options, with an exercise price of \$0.30, expired unexercised.

On June 11, 2015, 100,000 common stock options, with an exercise price of \$0.10, expired unexercised.

On August 21, 2015, 100,000 stock options with an exercise price of \$0.20 and 200,000 stock options with an exercise price of \$0.10 expired unexercised.

On March 16, 2016, the Company granted 750,000 common share stock options to a consultant, exercisable at \$0.05 per share until March 16, 2019.

The following summary sets out the activity in the Plan:

	Options #	Weighted average exercise price \$
Outstanding, December 31, 2013	2,830,000	0.33
Granted	2,170,000	0.10
Expired	(1,180,000)	0.50
Expired	(200,000)	0.18
Expired	(100,000)	0.10
Outstanding, December 31, 2014	3,520,000	0.15
Expired	(200,000)	0.30
Expired	(100,000)	0.10
Expired	(100,000)	0.20
Expired	(200,000)	0.10
Outstanding and exercisable, December 31, 2015	2,920,000	0.14
Granted	750,000	0.05
Outstanding April 28, 2016	3,670,000	0.12
Exercisable, April 28, 2016	3,170,000	0.13

The following table sets out the details of the common stock options granted and outstanding as at December 31, 2015:

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
1,150,000	1,150,000	0.55 years	\$0.10	July 18, 2016
1,770,000	1,770,000	3.63 years	\$0.10	August 13, 2019
2,920,000	2,920,000			

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The following table sets out the details of the common stock options granted and outstanding as at April 28, 2016:

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
1,150,000	1,150,000	0.22 years	\$0.14	July 18, 2016
1,770,000	1,770,000	3.30 years	\$0.12	August 13, 2019
750,000	250,000	2.89 years	\$0.12	March 16, 2019
3,670,000	3,170,000			

The weighted average exercise price of the options outstanding at December 31, 2015 and April 28, 2016 is \$0.14 and \$0.12 per option respectively.

Warrants

Certain issuances of common shares include warrants entitling the holder to acquire additional common shares of the Company. A summary of the warrant activity is as follows:

	Warrants #	Weighted average exercise price \$
Outstanding, December 31, 2013	3,278,950	0.26
Issued – private placements	16,205,251	0.06
Issued – compensation options	520,000	0.05
Issued – compensation warrants	260,000	0.055
Outstanding, December 31, 2014	20,264,201	0.10
Expired	(3,178,950)	0.26
Issued – private placement	2,000,000	0.05
Issued – compensation units	80,000	0.05
Issued – compensation warrants	80,000	0.05
Issued – debt settlement	644,879	0.05
Outstanding, December 31, 2015	19,890,130	0.06
Issued – private placement	1,500,000	0.05
Issued – compensation units	150,000	0.05
Issued – compensation warrants	150,000	0.05
Expired	(100,000)	0.25
Outstanding, April 28, 2016	21,590,130	0.06

On December 16, 2014, the term of 3,100,000 warrants expiring December 21, 2014 and 100,000 warrants expiring January 21, 2015 were extended one year, expiring on December 21, 2015 and January 21, 2016 respectively.

On February 11, 2015, 78,950 warrants, with an exercise price of \$0.60, expired unexercised.

On December 21, 2015, 3,100,000 warrants, with an exercise price of \$0.25, expired unexercised.

On January 21, 2016, 100,000 warrants, with an exercise price of \$0.25, expired unexercised.

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The composition of the outstanding warrants as at December 31, 2015 consists of the following:

	Expiry date	Number	Exercise Price
Warrants	January 21, 2016	100,000	\$0.250
Warrants	August 19 2017	2,836,618	\$0.120
Warrants	April 25, 2019	2,600,000	\$0.050
Warrants	May 26 2019	500,000	\$0.050
Warrants	July 7, 2019	4,240,000	\$0.055
Warrants	August 5, 2019	200,000	\$0.055
Warrants	August 11, 2015	500,000	\$0.055
Warrants	August 15, 2019	1,060,000	\$0.055
Warrants	October 14, 2019	666,785	\$0.050
Warrants	October 23, 2019	450,000	\$0.055
Warrants	November 13, 2019	451,848	\$0.055
Warrants	November 14, 2015	2,600,000	\$0.055
Warrants	November 14, 2019	100,000	\$0.055
Warrants	July 13, 2020	1,000,000	\$0.050
Warrants	August 31, 2020	644,879	\$0.050
Warrants	November 30, 2020	1,000,000	\$0.050
Warrants – compensation options	November 14, 2016	520,000	\$0.050
Warrants – compensation warrants	November 14, 2019	260,000	\$0.055
Warrants – compensation units	July 13, 2020	80,000	\$0.050
Warrants – compensation warrants	July 13, 2020	80,000	\$0.050
		19,890,130	

The composition of the outstanding warrants as at April 28, 2016 consists of the following:

	Expiry date	Number	Exercise Price
Warrants	August 19 2017	2,836,618	\$0.120
Warrants	April 25, 2019	2,600,000	\$0.050
Warrants	May 26 2019	500,000	\$0.050
Warrants	July 7, 2019	4,240,000	\$0.055
Warrants	August 5, 2019	200,000	\$0.055
Warrants	August 11, 2015	500,000	\$0.055
Warrants	August 15, 2019	1,060,000	\$0.055
Warrants	October 14, 2019	666,785	\$0.050
Warrants	October 23, 2019	450,000	\$0.055
Warrants	November 13, 2019	451,848	\$0.055
Warrants	November 14, 2015	2,600,000	\$0.055
Warrants	November 14, 2019	100,000	\$0.055
Warrants	July 13, 2020	1,000,000	\$0.050
Warrants	August 31, 2020	644,879	\$0.050
Warrants	November 30, 2020	1,000,000	\$0.050
Warrants	April 27, 2021	1,500,000	\$0.050
Warrants – compensation options	November 14, 2016	520,000	\$0.050
Warrants – compensation warrants	November 14, 2019	260,000	\$0.055
Warrants – compensation units	July 13, 2020	80,000	\$0.050
Warrants – compensation warrants	July 13, 2020	80,000	\$0.050
Warrants – compensation units	April 27, 2021	150,000	\$0.05
Warrants – compensation warrants	April 27, 2021	150,000	\$0.05
		21,590,130	

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Fully diluted share capital

As of December 31, 2015 the Company has issued 73,074,191 common shares, 2,920,000 common share stock options, 18,950,130 common share purchase warrants and 940,000 compensation related units and warrants. The number of common shares outstanding, on a fully-diluted basis is 95,884,321.

As of April 28, 2016 the Company has issued 74,574,191 common shares, 3,670,000 common share stock options 20,350,130 common share purchase warrants and 1,240,000 compensation related units and warrants. The number of common shares outstanding, on a fully-diluted basis is 99,834,321.

RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT REMUNERATION

Compensation of key management and directors

Key management compensation expenses includes the Chief Executive Officer, the Executive Vice-President, the Chief Financial Officer and the Vice-President, Shareholder Relations (on leave as of June 1, 2014). Share-based compensation includes key management and directors.

For the years ended December 31	2015 \$	2014 \$
Management fees	55,000	47,914
Legal services provided by a law firm related to William Johnstone	71,686	58,842
Share based payments	-	82,500
Directors fees	-	12,000
	126,686	201,256

Balances owing as at December 31	2015 \$	2014 \$
Legal services provided by a law firm related to William Johnstone	86,837	183,718
Management fees	20,000	237,085
Directors loans	14,500	-
Directors fees	-	56,000
	121,337	476,803

These amounts were expensed in the period incurred as administrative and general expenses, except for the services of the former Vice-President, Exploration, which are treated as exploration expenses. The amounts paid and owing are measured at the exchange amount, are non-interest bearing and due on demand.

During the year ended December 31, 2014, a company related to Ian Brodie-Brown rented office space from the Company, resulting in a rent expense recovery of \$36,361.

On June 1, 2015 the Company entered into agreements to settle an aggregate of \$429,546 of debt owed to certain insiders of the Company and other parties (including former insiders) in consideration for the issuance of 8,590,914 common shares of the Company at a deemed price of \$0.05 per share. Certain insiders and former insiders have released the Company from debts totaling \$47,258 for no consideration. The debt settlement settles an aggregate of \$476,803 of current liabilities of the Company.

In May, 2015, directors of the Company loaned the Company working capital in the amount of \$14,500. The loans are in the form of demand promissory notes bearing interest at 10% per annum.

COMMITMENTS, CONTINGENCIES AND GUARANTEES

The Company has one contractual lease obligation related to its corporate premises that requires a

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minimum total lease payment for basic rent of \$42,502 until July, 2017. The following table illustrates the remaining yearly minimum lease compensation:

	\$
2016	26,843
2017	15,659
	42,502

In accordance with an exploration agreement signed on February 4, 2010, the Company is committed to contribute 1.5% of all funds expended by the Company on its mining claims in the proximity of McFaulds Lake, Lower James Bay region of Ontario, as a contribution to a Community Sustainability Fund.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

CHANGES IN ACCOUNTING POLICIES AND FUTURE ACCOUNTING PRONOUNCEMENTS

Certain pronouncements were issued by the IASB or the IFRIC became effective January 1, 2013 and were adopted by the Company on that date. The adoption of these accounting policies had no effect on the Company. These pronouncements are detailed in the audited financial statements for the year ended December 31, 2014.

RISK FACTORS

Given the Company's current status as an exploration stage company, there are numerous risk factors that could affect the Company's business prospects and future performance and are detailed in the audited financial statements and management's discussion and analysis for the year ended December 31, 2015. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company, or that the Company currently deems immaterial, may also affect the Company's business prospects and future performance.

OUTLOOK

AurCrest is focused on its 100% owned Richardson Lake property. With the current gold price and the prospects for Richardson Lake, it is management's view that focusing on this significant gold asset is in the best interest of its shareholders. The Company's staking activity in late 2010 and early 2011 has increased the local land holdings to 10,000 acres. AurCrest completed a field program in 2012, which included 1,613 metres of drilling with a new gold discovery in hole RL-12-07. Having received an exploration permit in 2013, allowing for the Company to drill up to 6,000 metres, AurCrest raised the capital necessary to complete 1,957.5 metres in 4 drill holes during the summer & autumn drill season of 2014. The Company also completed 511 line kilometres of an airborne magnetic survey to compliment the drill work and begin exploring areas to the west.

Hole RL12-07 returned the following results: 15 metres of 1.83 g/t gold, including 9 metres of 2.95 g/t, including 4 metres of 6 g/t and 3 metres of 7.4 g/t. The highest individual sample within the discovery zone was 1 metre of 11.1 g/t gold. The 2014 drill program was established to follow up on this discovery and to try and define the continuation of this promising gold strike. Drill hole RL-14-08 drilled to a depth of 448.5 metres, succeed in hitting a gold bearing zone 140 metres south of the discovery in RL-12-07, and with remarkably consistent grades. RL-14-08 encountered 18 metres of 1.85 grams gold, including 10 metres of 2.93, 4.5 metres of 6 grams, 3.5 of 7.57, 2.5 metres of 10.4 grams, and one metre of 15 grams.

This follow-up drill hole confirms the promising new discovery made in 2012. AurCrest intends to complete further drilling in this area when it is able to raise additional financing to complete a meaningful program. The next phase of drilling will help to further establish this discovery, and the Company will

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endeavor to finance a meaningful drill program to outline this new gold discovery.

The current capital markets for junior exploration companies is considered extremely depressed. It is management's view that gold as a commodity will however, remain attractive. The Company's decision to remain focused on this metal and this discovery along with our persistent team, will allow management to continue to market AurCrest in the coming months. We look forward to further drill results from the Richardson Lake Property.

On May 22, 2015 the Company announced that it had entered into agreements to settle an aggregate of \$429,546 of debt owed to certain insiders of the Company and other parties (including former insiders) in consideration for the issuance of 8,590,914 common shares of the Company at a deemed price of \$0.05 per share. Certain insiders and former insiders have released the Company from debts totaling \$47,258 for no consideration. This settles an aggregate of \$476,803 of current liabilities of the Company.

Lac Seul First Nation, Cyr Drilling and AurCrest developed a unique training relationship to provide for drilling in the summer and fall of 2014. Cyr Drilling and Lac Seul Training Centre of Excellence trained community members on the exploration program to provide them with mandatory hands-on experience to qualify for the the common core handlers certification.

Christopher Angeconeb of the Lac Seul First Nation, having been on our Board since 2011, has accepted the position of Executive Vice-President and may assume the role as President in the future, helping to further implement our exploration and discovery of gold at Richardson Lake in the traditional lands shared primarily by the Cat Lake, Slate Falls, and Lac Seul First Nations.

The Company has recently formed Wiigwaasaatig Energy Inc. ("WEI") with the intention of deploying and operating wind, solar, and other renewable energy technologies through business partnerships with First Nation communities and the mineral exploration and development industry proximal to those First Nations. AurCrest Executives have been focusing on the new CSR energy initiative, while they wait for the capital markets to support mineral exploration. The need for First Nations electricity, clean and renewable over an out-of-date diesel dependency that does not meet their basic requirements, is as critical as any issue facing the communities in the north today.

AurCrest continues to build its relationship with the local communities and believes that this ongoing focus will enhance future exploration success. These valued relationships, and the proper access to mineral exploration opportunities are integral, and above all, the most important part of our business endeavors.

Blaine Webster, P.Geo., consultant to the Company and a qualified person as defined by National Instrument 43-101, has reviewed and approved the technical information contained in this MD&A.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis contains forward-looking statements that involve risks and uncertainties, which may cause actual results to differ materially from the statements made. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to such risks and uncertainties. Many factors could cause our actual results to differ materially from the statements made, including those factors discussed in filings made by us with the Canadian securities regulatory authorities. Should one or more of these risks and uncertainties, such as actual results of current exploration programs, the general risks associated with the mining industry, the price of gold and other metals, currency and interest rate fluctuations, increased competition and general economic and market factors, occur or should assumptions underlying the forward looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, or expected. We do not intend and do not

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assume any obligation to update these forward-looking statements except as required by law. Shareholders are cautioned not to put undue reliance on such forward-looking statements.