FREEGOLD VENTURES LIMITED

(An Exploration Stage Company)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

June 30, 2016 and 2015

MANAGEMENT'S COMMENTS ON
UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed consolidated interim financial statements of Freegold Ventures Limited (the "Company") have been prepared by and are the responsibility of the Company's management. The unaudited condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgements based on information currently available.

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

Freegold Ventures Limited
(An Exploration Stage Company)

Condensed Consolidated Statements of Financial Position

Canadian Funds

ASSETS		June 30, 2016		December 31, 2015 (audited)
Current				
Cash and cash equivalents	**$**	**6,205,077**	$	513,189
Amounts receivable		**60,118**		13,480
Prepaid expenses and deposits		**127,437**		77,862
Assets held for sale *(Note 4)*		**-**		44,370
		6,392,632		648,901
Exploration and Evaluation Properties *(Note 5)*		**40,756,291**		43,338,124
Property, Plant and Equipment *(Note 6)*		**492,507**		534,498
	$	**47,641,430**	$	44,521,523

LIABILITIES				
Current				
Trade payables *(Note 7)*	**$**	**565,686**	$	577,242
Accrued liabilities		**-**		24,623
Due to related parties *(Note 8)*		**713,298**		558,926
		1,278,984		1,160,791
Restoration and Environmental Obligations *(Note 9)*		**267,826**		280,993
Trade payables – Non-current *(Note 7)*		**804,718**		862,219
		2,351,528		2,304,003
EQUITY				
Share Capital *(Note 10)*		**85,715,063**		82,587,241
Reserves		**25,066,134**		24,616,394
Deficit		**(65,491,295)**		(64,986,115)
		45,289,902		42,217,520
	$	**47,641,430**	$	44,521,523

Nature and Continuance of Operations *(Note 1)*, **Commitments and Contingency** *(Note 11)* and **Subsequent Event** *(Note 15)*

APPROVED AND AUTHORIZED FOR ISSUE ON BEHALF OF THE BOARD OF DIRECTORS ON AUGUST 12, 2016:

"Gary Moore", Director   *"David Knight"*, Director

Freegold Ventures Limited
(An Exploration Stage Company)

Condensed Consolidated Statements of Changes in Equity

Canadian Funds

	Common Shares	Amount	Stock Options Reserve	Warrants Reserve	Foreign Currency Translation Reserve	Deficit	Total
Balance – December 31, 2014 (audited)	**83,998,351**	**$ 81,313,352**	**$ 7,117,435**	**$ 5,439,656**	**$ 4,535,325**	**$ (64,025,600)**	**$ 34,380,168**
Issuance and allotment of shares for:							
- Private placements (Note 10a)	6,872,500	687,250	-	-	-	-	687,250
- Value assigned to warrants (Note 10a and 10c)	-	(237,861)	-	237,861	-	-	-
Share issue costs (Note 10a)	-	(8,546)	-	-	-	-	(8,546)
Foreign currency translation adjustment	-	-	-	-	2,671,984	-	2,671,984
Loss for the period	-	-	-	-	-	(561,753)	(561,753)
Balance – June 30, 2015	**90,870,851**	**81,754,195**	**7,117,435**	**5,677,517**	**7,207,309**	**(64,587,353)**	**37,169,103**
Balance – December 31, 2015 (audited)	**104,370,851**	**82,587,241**	**7,125,936**	**6,212,319**	**11,278,139**	**(64,986,115)**	**42,217,520**
Issuance and allotment of shares for:							
- Private placements (Note 10a)	40,461,766	7,283,118	-	-	-	-	7,283,118
- Value assigned to warrants (Note 10a and 10c)	-	(2,918,118)	-	2,918,118	-	-	-
Exercise of warrants (Note 10b)	250,000	54,800	-	(17,300)	-	-	37,500
Share issue costs (Note 8 and 10a)	-	(905,763)	-	-	-	-	(905,763)
Share issue costs – agents warrants (Note 10a)	-	(386,215)	-	386,215	-	-	-
Foreign currency translation adjustment	-	-	-	-	(2,837,293)	-	(2,837,293)
Loss for the period	-	-	-	-	-	(505,180)	(505,180)
Balance – June 30, 2016	**145,082,617**	**$ 85,715,063**	**$ 7,125,936**	**$ 9,499,352**	**$ 8,440,846**	**$ (65,491,295)**	**$ 45,289,902**

- See Accompanying Notes -

Freegold Ventures Limited
(An Exploration Stage Company)

Condensed Consolidated Statements of Loss and Comprehensive Income (Loss)

Canadian Funds

		3 Months Ended June 30, 2016	3 Months Ended June 30, 2015	6 Months Ended June 30, 2016	6 Months Ended June 30, 2015
General and Administrative Expenses					
Wages, salaries and benefits *(Note 8)*	$	98,239	99,727	196,794	202,596
Consulting fees *(Note 8)*		25,653	39,837	50,553	72,237
Professional fees (*Note 8)*		28,603	26,590	49,023	45,390
Transfer, filing and other fees		36,905	36,622	86,196	87,949
Travel and transportation		20,433	48,644	51,725	72,233
Office and miscellaneous		14,546	11,398	24,155	24,046
Rent and utilities		10,802	10,803	21,606	21,606
Promotion and shareholder relations		4,952	5,591	13,033	21,175
Accretion *(Note 9)*		2,774	1,632	5,688	4,977
Depreciation *(Note 6)*		3,425	3,761	6,995	7,465
Total General and Administrative Expenses		(246,332)	(284,605)	(505,768)	(559,674)
Interest and bank charges		(1,253)	(763)	(1,997)	(1,432)
Foreign exchange gain (loss), net		1,023	(270)	1,139	(839)
Interest income		2,379	88	2,648	192
Write down of assets held for sale		(1,202)	-	(1,202)	-
		947	(945)	588	(2,079)
Net Loss for the Period	$	(245,385)	(285,550)	(505,180)	(561,753)
Loss per Share – Basic and Diluted	$	(0.00)	(0.00)	(0.00)	(0.01)
Weighted Average Number of Shares Outstanding		122,945,100	88,350,934	108,950,803	86,174,643
Comprehensive Income (Loss)					
Net loss for the period	$	(245,385)	(285,550)	(505,180)	(561,753)
Foreign currency translation adjustment		(215,326)	(518,519)	(2,837,293)	2,671,984
Total Comprehensive Income (Loss) for the Period		(460,711)	(804,069)	(3,342,473)	2,110,231
Comprehensive Income (Loss) per Share – Basic and Diluted	$	(0.00)	(0.01)	(0.03)	0.02

Freegold Ventures Limited
(An Exploration Stage Company)

Condensed Consolidated Statements of Cash Flows

For the Six months Ended June 30,

Canadian Funds

Cash Resources Provided By (Used In)	2016	2015
Operating Activities		
Loss for the period	$ (505,180)	$ (561,753)
Items not affecting cash:		
Depreciation	6,995	7,465
Accretion	5,688	4,977
Write-down of assets held for sale	1,202	-
Net changes in non-cash working capital components:		
Amounts receivable	(46,638)	(5,902)
Prepaid expenses and deposits	(49,576)	2,318
Trade payables	(27,226)	17,615
Accrued liabilities	(24,622)	(26,186)
Due to related parties	154,373	193,030
	(484,984)	(368,436)
Investing Activities		
Exploration and evaluation property acquisition costs	(211,548)	(140,550)
Exploration and evaluation property deferred exploration costs	(85,560)	(103,200)
Proceeds on sale of assets held for sale	40,000	-
	(257,108)	(243,750)
Financing Activities		
Share capital issued	7,320,618	687,250
Share issue costs	(905,763)	(8,546)
	6,414,855	678,704
Effect of Foreign Currency on Cash and Cash Equivalents	19,125	(40,098)
Net Increase (Decrease) in Cash and Cash Equivalents	5,691,888	26,420
Cash and cash equivalents - Beginning of year	513,189	234,901
Cash and Cash Equivalents - End of Period	$ 6,205,077	$ 261,321
Interest paid	$ -	$ 669
Interest received	$ 2,648	$ -
Supplemental Disclosure of Non-Cash Items		
Exploration expenditures included in trade payables	$ 11,313	$ 133,900

1. Nature and Continuance of Operations

Freegold Ventures Limited (the "Company") is in the process of acquiring, exploring and developing precious metal exploration and evaluation properties. The Company will attempt to bring the properties to production, structure joint ventures with others, option or lease properties to third parties or sell the properties outright. The Company has not determined whether these properties contain ore reserves that are economically recoverable and the Company is considered to be in the exploration stage. The recoverability of the amounts expended by the Company on acquiring and exploring exploration and evaluation properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to complete the acquisition and/or development of the properties and upon future profitable production.

The head office, principal address and registered records office of the Company is Suite 888 – 700 West Georgia Street, Vancouver, British Columbia, Canada, V7Y 1G5.

The Company's condensed consolidated financial statements as at June 30, 2016 and for the year then ended have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company had a comprehensive loss of $3,342,473 for the six month period ended June 30, 2016 (June 30, 2015 – comprehensive income of $2,110,231) and had working capital of $5,113,648 at June 30, 2016 (December 31, 2015 – working capital deficit of $511,890).

The Company had cash and cash equivalents of $6,205,077 at June 30, 2016 (December 31, 2015 - $513,189), but management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. If the Company is unable to raise additional capital in the immediate future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures or cease operations. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. These condensed consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Significant Accounting Policies

The condensed interim consolidated financial statements of the Company and its subsidiaries (the "Group") have been prepared in accordance with International Accounting Standards ("IAS") 34, "*Interim Financial Reporting*" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim consolidated financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's annual financial statements for the year ended December 31, 2015.

a) **Consolidation**

These condensed consolidated financial statements include the accounts of the Company's wholly-owned subsidiaries, Free Gold Recovery, USA, Freegold Ventures Limited, USA, Grizzly Bear Gold Inc., Dolphin Gold Inc. (inactive) and McGrath Gold Inc. (inactive). All subsidiaries are

US corporations which are involved in exploration and evaluation of properties. Inter-company balances are eliminated upon consolidation.

b) **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the Company's condensed consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for restoration and environmental obligations, the recoverability and measurement of deferred tax assets and liabilities, determination of functional currencies and ability to continue as a going concern. Actual results may differ from those estimates and judgments.

3. Approval

These condensed consolidated financial statements were approved and authorized for issue by the Audit Committee of the Board of Directors on August 12, 2016.

4. Assets Held For Sale

	June 30, 2016	December 31, 2015
Opening assets held for sale	$ 44,370	$ 147,900
Dispositions	(40,000)	-
Write down	(1,202)	(123,038)
Foreign currency translation	(3,168)	19,508
Ending assets held for sale	$ -	$ 44,370

As at June 30, 2016, the Company had classified certain of its mining equipment as assets held for sale as it no longer had a use for this equipment. During the period ended June 30, 2016, the Company sold its remaining assets held for sale for proceeds of $40,000.

Notes to Condensed Consolidated Financial Statements

June 30, 2016 and 2015

Canadian Funds

5. Exploration and Evaluation Properties

	Golden Summit Property	Shorty Creek Property	Total
Acquisition costs			
Balance, December 31, 2014	$ 2,328,392	$ 211,936	$ 2,540,328
Additions	288,232	3,713	291,945
Foreign currency translation	449,381	40,904	490,285
Balance, December 31, 2015	$ 3,066,005	$ 256,553	$ 3,322,558
Exploration and evaluation costs			
Balance, December 31, 2014	$ 32,075,928	$ 271,632	$ 32,347,560
Assaying	-	21,851	21,851
Drilling	-	191,557	191,557
Engineering and consulting	24,128	84,570	108,698
Geological and field expenses	80,262	260,658	340,920
Helicopter support	-	260,900	260,900
Preliminary economic assessment	348,350	-	348,350
Metallurgical studies	6,325	-	6,325
Land maintenance and tenure	89,838	4,706	94,544
Personnel	151,309	270,777	422,086
Revision to restoration costs	(345,910)	-	(345,910)
Foreign currency translation	6,157,158	61,527	6,218,685
Balance, December 31, 2015	$ 38,587,388	$ 1,428,178	$ 40,015,566
Total	$ 41,653,393	$ 1,684,731	$ 43,338,124

	Golden Summit Property	Shorty Creek Property	Total
Acquisition costs			
Balance, December 31, 2015	$ 3,066,005	$ 256,553	$ 3,322,558
Additions	211,548	-	211,548
Foreign currency translation	(253,643)	(17,110)	(270,753)
Balance, June 30, 2016	$ 3,023,910	$ 239,443	$ 3,263,353
Exploration and evaluation costs			
Balance, December 31, 2015	$ 38,587,388	$ 1,428,178	$ 40,015,566
Assaying	-	744	744
Engineering and consulting	6,106	14,271	20,377
Geological and field expenses	6,420	41,227	47,647
Camp costs	-	5,238	5,238
Preliminary economic assessment	1,837	-	1,837
Land maintenance and tenure	375	-	375
Legal	5,490	-	5,490
Personnel	7,857	7,308	15,165
Foreign currency translation	(2,524,253)	(95,248)	(2,619,501)
Balance, June 30, 2016	$ 36,091,220	$ 1,401,718	$ 37,492,938
Total	$ 39,115,130	$ 1,641,161	$ 40,756,291

a) **Golden Summit Property, Alaska, USA**

Fairbanks Exploration Inc.

By various agreements dated from December 1, 1992 to May 9, 1997, the Company acquired from Fairbanks Exploration Inc. ("FEI") certain mineral claims in the Fairbanks Mining District of Alaska known as the Golden Summit Property, subject to a 7% working interest held in trust for FEI by the Company on certain mineral claims. The property is controlled by the Company through long-term lease agreements or outright claim ownership. As consideration, the Company issued 20,833 shares and expended US$1,767,000 on the property before the year 2000. The Company is also required to make all underlying lease payments.

The Company will fund 100% of the property until commercial production is achieved at which point FEI will be required to contribute 7% of any approved budget. The property is subject to a 2% Net Smelter Royalty ("NSR"), unless otherwise noted. The Company has a 30 day right of first refusal in the event that the 7% working interest of FEI or the NSR is to be sold. The Company can also purchase the NSR at any time following commercial production, based on its net present value as determined by commercial ore reserves.

(i) **Keystone Claims**

By an agreement dated May 17, 1992, the Company entered into a lease with Keystone Mines Partnership ("Keystone") whereby the Company agreed to make advance royalty payments of US$15,000 per year. In May 2000, the agreement was renegotiated and on October 15, 2000, a US$50,000 signing bonus was paid. On November 30, 2001, the Company restructured the advance royalty payments as follows:

		US Funds		
1992 – 1998 (US$15,000 per year)	$	105,000		(paid)
2000	$	50,000		($25,000 paid in cash and $25,000 with 9,816 treasury shares issued)
2001 - 2006 (US$50,000 per year)	$	300,000		(paid)
2007	$	150,000		(paid)
2008	$	150,000		(paid)
2009	$	150,000		(paid)
2010	$	150,000		(paid)
2011	$	150,000		(paid)
2012	$	150,000		(paid)
2013	$	150,000		(paid)
2014	$	112,500		(paid)
2014	$	37,500		(paid)
2015	$	75,000		(paid)
2015	$	75,000	**	(paid)
2016 – 2019 (US$150,000 per year)	$	600,000	*	

The property is subject to a 3% NSR.

In 2011, the Company negotiated an extension of the lease. As long as there is either permitting, development mining or processing being conducted on a continuous basis or advance royalties being paid, the lease shall be renewable for successive 10 year terms.

* On December 8, 2015, the Company renegotiated the lease to reduce the 2016 annual payment to US$75,000 payable in two equal installments on August 1, 2016 and November 1, 2016, until such time as the price of gold averages US$1,400 per oz. for a period of 3 months at which time the original agreement will be re-instated. In addition, the Company will undertake US$75,000 annual exploration expenditures as consideration for the reduced payments until such time as the advance royalty payments are resumed at US$150,000 per year.

** US$37,500 was paid during the period ended March 31, 2016 and US$37,500 was paid during the period ended June 30, 2016.

(ii) **Newsboy Claims**

By lease agreement dated February 28, 1986 and amended March 26, 1996, the Company assumed the obligation to make advance royalty payments of US$2,500 per year until 1996 (paid) and US$5,000 per year until 2006 (paid). During 2006, the Company renewed the existing lease term for an additional 5 years on the same terms and conditions.

On October 12, 2012, the Company amended the lease agreement and the lease term was extended for an additional 5 years, from March 1, 2011 to February 29, 2016. The minimum royalty payable under the amended lease was US$12,000 per year for the term of the lease. The Company amended the lease agreement whereas US$12,000 due February 29, 2016 was deferred to May 31, 2016 (paid) and the lease term was extended for an additional 5 year term from March 1, 2016 to February 28, 2021. As consideration, the Company has agreed to a one-time payment of US$50,000 due on or before February 28, 2017. The claims are subject to a 4% NSR. The Company has the option to purchase the NSR for the greater of the current value or US$1,000,000 less all advance royalty payments made.

(iii) **Tolovana Claims**

In May 2004, the Company entered into an agreement with a third party (the “Seller”) whereby the Seller transferred 100% of the rights via Quit Claim Deed to a 20 year lease on the Tolovana Gold Property in Alaska.

Under the terms of the agreement, the Company assumed all of the Seller’s obligations under the lease, which include making annual payments of $1,000 per month for the first 23 months increasing to $1,250 per month for the 24th to the 48th months and increasing to $1,500 after the 49th month and for the duration of the lease. These payments are current.

In addition, the Company made a cash payment to the seller of US$7,500 on signing and issued 66,667 shares on regulatory approval. An additional 33,333 shares were to be issued within 30 days of a minimum 200,000 ounce mineral resource being calculated on the property if the resource is established in 5 years or less from the date of the agreement. No resource was calculated during the prescribed time frame so these shares were not issued.

The property is subject to a sliding scale NSR as follows: 1.5% NSR if gold is below US$300 per ounce, 2.0% NSR in the event the price of gold is between US$300 to US$400, and 3.0% NSR in the event that the price of gold is above US$400.

The Company, at its option, can purchase 100% of the Tolovana Gold Property claims and NSR for US$1,000,000 less any amounts paid.

(iv) **Green Claims**

On December 16, 2010, the Company entered into a 20 year lease agreement with Christina Mining Company, LLC to acquire certain mineral claims in the Fairbanks Mining District of Alaska known as the Green Property. The claims are subject to a 3% NSR. The Company is required to make annual cash payments and cumulative exploration expenditures as follows:

	Payments	Cumulative Exploration Expenditures
December 1, 2010	US$100,000 (paid)	-
December 1, 2011	US$100,000 (paid)	US$250,000 (incurred)
December 1, 2012	US$100,000 (paid)	US$500,000 (incurred)
December 1, 2013	US$100,000 (paid)	US$750,000 (incurred)
December 1, 2014	US$50,000 (paid)	US$1,000,000 (incurred)
December 1, 2014	US$50,000 (paid)	-
December 1, 2015	US$50,000 * (paid)	-
December 1, 2016 to 2019	US$100,000 per year	-
December 1, 2020 to 2028	US$200,000 per year	-
December 1, 2029	US$150,000 per year	-
Total	US$2,950,000	

*In December 2015, an amendment was negotiated to reduce the annual advance royalty for 2015 to US$50,000 and payment was deferred and made on March 31st, 2016.

(v) **Chatham Claims**

On July 11, 2011, the Company entered into a 4 year lease agreement to acquire certain mineral claims in the Fairbanks Mining District of Alaska known as the Chatham Property. The claims are subject to a 2% NSR. The Company was required to make annual cash payments and exploration expenditures as follows:

	Payments	Exploration Expenditures
Execution of agreement	US$20,000 (paid)	-
July 11, 2012	US$30,000 (paid)	US$50,000 (incurred)
July 11, 2013	US$40,000 (paid)	US$50,000 (incurred)
July 11, 2014	US$50,000 (paid)	US$50,000
July 11, 2015	-	US$50,000
Total	US$140,000	US$200,000

On July 11, 2015, the Company renegotiated and extended the lease agreement for an additional 4 years. The Company is now required to make annual cash payments and exploration expenditures as follows:

	Payments	Exploration Expenditures
September 30, 2016	US$25,000	US$20,000
September 30, 2017	US$50,000	US$20,000
September 30, 2018	US$50,000	US$20,000
September 30, 2019	US$50,000	US$20,000
Total	US$175,000	US$80,000

The Company has the option to purchase the property for US$750,000 less the annual payments made under the amended lease agreement.

The Company also has the option to purchase one-half of the NSR for US$750,000.

(vi) **Alaska Mental Health Trust Property**

By lease agreement effective June 1, 2012, the Company entered into a new mining lease to acquire certain mineral claims in the Fairbanks Mining District of Alaska known as the Alaska Mental Health Trust Property. The property is controlled by the Company through a 3 year lease agreement and may be extended for two extensions of 3 years. On February 1, 2013, the Company entered into an agreement to amend the terms of the lease to reflect an increase in the size of the lease to 403 acres. On June 1, 2015, the Company entered into an agreement to amend the terms of the lease to reflect an increase in the size of the lease to 1,576 acres. As a result, the work commitment schedule and annual cash payments have been modified. The Company is required to make annual cash payments and exploration expenditures as follows:

For the amendment to 403 acres:

	Payments	Exploration Expenditures
Execution of agreement	US$25,000 (paid)	-
Year 1 (2012)	US$10 per acre per year (paid)	US$125 per acre per year (incurred)
Year 2 (2013)	US$10 per acre per year (paid)	US$125 per acre per year (incurred)
Year 3 (2014)	US$10 per acre per year (paid)	US$125 per acre per year (incurred)
Year 4 (2015)	US$10 per acre per year (paid)	US$125 per acre per year (incurred)
Years 5-6	US$15 per acre per year	US$235 per acre per year
Years 7-9	US$20 per acre per year	US$355 per acre per year

For the amendment for an additional 1,173 acres:

	Payments	Exploration Expenditures
Year 1 (2015)	US$10 per acre per year (paid)	US$125 per acre per year
Year 2	US$10 per acre per year	US$125 per acre per year
Year 3	US$10 per acre per year	US$125 per acre per year
Year 4	US$15 per acre per year	US$235 per acre per year
Years 5-6	US$15 per acre per year	US$235 per acre per year
Years 7-9	US$20 per acre per year	US$355 per acre per year

The claims will be subject to the following NSR:

Price of Gold (per ounce)	Net Royalty
US$500 or below	1.0%
US$500.01 - US$700.00	2.0%
US$700.01 - US$900.00	3.0%
US$900.01 - US$1,200.00	3.5%
above US$1,200.00	4.5%

b) **Shorty Creek Property, Alaska, USA**

By agreement dated July 17, 2014, the Company entered into a renewable 10 year lease agreement to acquire certain mineral claims located 100 km northwest of Fairbanks, Alaska known as the Shorty Creek Property. On August 8, 2014, the Company issued 750,000 common shares as consideration. The vendor will retain a 2% NSR and be responsible for the annual State of Alaska rents for the first 5 years after which the Company will be responsible. In 2014, additional claims were staked in the area of interest and the Company will be responsible for these annual State of Alaska rents.

6. Property, Plant and Equipment

	Automotive	Computer Equipment	Office Equipment	Exploration Office	Exploration Office Equipment	Land	Total
Costs							
Balance, December 31, 2014	$ 38,982	$ 8,224	$ 7,724	$ 208,753	$ 15,540	$ 253,937	$ 533,160
Additions	-	2,725	-	-	-	-	2,725
Foreign currency translation	7,523	-	-	40,290	2,999	49,010	99,822
Balance, December 31, 2015	$ 46,505	$ 10,949	$ 7,724	$ 249,043	$ 18,539	$ 302,947	$ 635,707
Accumulated Depreciation							
Balance, December 31, 2014	$ (27,617)	$ (5,055)	$ (4,165)	$ (27,756)	$ (8,379)	$ -	$ (72,972)
Depreciation	(3,789)	(986)	(534)	(8,045)	(1,592)	-	(14,946)
Foreign currency translation	(5,608)	-	-	(5,949)	(1,734)	-	(13,291)
Balance, December 31, 2015	$ (37,014)	$ (6,041)	$ (4,699)	$ (41,750)	$ (11,705)	$ -	$ (101,209)
Net Book Value	$ 9,491	$ 4,908	$ 3,025	$ 207,293	$ 6,834	$ 302,947	$ 534,498

	Automotive	Computer Equipment	Office Equipment	Exploration Office	Exploration Office Equipment	Land	Total
Costs							
Balance, December 31, 2015	$ 46,505	$ 10,949	$ 7,724	$ 249,043	$ 18,539	$ 302,947	$ 635,707
Additions	-	-	-	-	-	-	-
Foreign currency translation	(3,101)	-	-	(16,609)	(1,236)	(20,204)	(41,150)
Balance, June 30, 2016	$ 43,404	$ 10,949	$ 7,724	$ 232,434	$ 17,303	$ 282,743	$ 594,557
Accumulated Depreciation							
Balance, December 31, 2014	$ (37,014)	$ (6,041)	$ (4,699)	$ (41,750)	$ (11,705)	$ -	$ (101,209)
Depreciation	(1,388)	(736)	(302)	(3,901)	(668)	-	(6,995)
Foreign currency translation	2,528	-	-	2,815	811	-	6,154
Balance, June 30, 2016	$ (35,874)	$ (6,777)	$ (5,001)	$ (42,836)	$ (11,562)	$ -	$ (102,050)
Net Book Value	$ 7,530	$ 4,172	$ 2,723	$ 189,598	$ 5,741	$ 282,743	$ 492,507

7. Trade Payables

The Company entered into an agreement with one of its vendors to pay certain trade payables over two years. Accordingly, the Company has presented a portion of its trade payables as non-current as at June 30, 2016 and December 31, 2015.

8. Related Party Balances and Transactions

A summary of key management compensation is as follows:

		Three months ended June 30 2016	Three months ended June 30 2015	Six months ended June 30 2016	Six months ended June 30 2015
Accounting - CFO	**$**	18,700	18,700	37,400	37,500
Consulting – Corp. Secretary		8,100	8,100	16,200	16,200
Salaries and benefits – President and Vice President		87,500	87,500	175,000	175,000
Total	**$**	114,300	114,300	228,600	228,700

A summary of amounts due to related parties is as follows:

		June 30, 2016		December 31, 2015
President and Chief Executive Officer	$	294,271	$	235,937
Vice President, Exploration and Development		286,979		228,646
Chief Financial Officer		91,770		65,573
Corporate Secretary		40,278		28,770
Total	$	713,298	$	558,926

Key management personnel includes individuals having authority and responsibility for planning, directing and controlling the activities of the Company, including the directors, and any companies controlled by these parties.

Other than disclosed elsewhere in these consolidated financial statements, the Company incurred the following related party transactions during the period ended June 30, 2016 that are share issue costs relating to the May 20, 2016 short form prospectus. $187,672 was incurred with Norton Rose Fulbright Canada LLP, a legal firm that a Director is a Partner and commissions of $509,818 were paid to Paradigm Capital that another Director is a Partner, Corporate Finance.

These amounts were incurred in the ordinary course of business, are non-interest bearing, unsecured and due on demand unless otherwise noted.

9. Restoration and Environmental Obligations

The Company's restoration and environmental obligations consist of reclamation and closure costs for the Golden Summit Property *(Note 5a)*. As at June 30, 2016, the present value of the estimated obligations relating to properties is $267,826 (December 31, 2015 - $280,993) using a discount rate of 4.25% (2015 – 4.25%). During the year ended December 31, 2015, the Company revised the estimated reclamation costs resulting in a reduction of $300,238 (US$217,000). Significant reclamation and closure cost activities include, land rehabilitation, demolition of field camps, ongoing care and maintenance and other costs.

The undiscounted reclamation and closure cost obligation at June 30, 2016 is $346,000 (US$250,000) (December 31, 2015 - $346,000 (US$250,000)) and the revised estimate of remediation work is expected to occur in 2020.

Movements in the reclamation and closure cost balance during the year are as follows:

		June 30, 2016		December 31, 2015
Balance, beginning of year	$	280,993	$	555,087
Costs incurred		-		(45,672)
Estimate revision		-		(300,238)
Accretion		5,688		23,205
Foreign currency translation		(18,855)		48,701
Balance, end of period	$	267,826	$	280,993

10. Share Capital

The Company has authorized an unlimited number of common shares with no par value. At June 30, 2016, the Company had 145,082,617 common shares outstanding (December 31, 2015 – 104,370,851).

a) **Share Issuances and Other**

On May 20, 2016, the Company filed a short form prospectus ("Prospectus"). The Prospectus qualified the distribution of 40,461,766 units of securities (the Units) of the Company at a price of $0.18 per Unit for gross proceeds of $7,283,118. Each Unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole common share purchase warrant will entitle the holder thereof to purchase one common share at a price of $0.25 per warrant at any time prior to May 20, 2019.

The Company granted the Agent, Paradigm Capital, a related party as a Director of the Company is a Partner, Corporate Finance of Paradigm Capital, 2,832,324 agent warrants relating to the short form prospectus offering. Each warrant entitles the holder to purchase one additional common share at a price of $0.18 per share exercisable until May 20, 2019. The Company incurred share issue costs associated with this financing of $1,291,978 of which $905,763 were commissions and related expenses and $386,215 was the value attributed to the agent warrants.

On August 12, 2015, the Company completed a first tranche of a non-brokered private placement of 13,500,000 units, priced at $0.10 per unit for total proceeds of $1,350,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to acquire an additional share at a price of $0.15 per share for a period of 3 years from the date of closing. Each warrant is subject to accelerated expiry provisions such that if at any time after the expiry of any resale restriction governing the subscribed shares, the Company's common shares trade on the Toronto Stock Exchange ("TSX") at or above a volume weighted average trading price of $0.30 per common share for 10 consecutive trading days, the Company may give notice to the holders that each warrant will expire 30 days from the date of providing such notice. The Company incurred share issue costs of $9,669 associated with this financing.

On May 4, 2015, the Company completed a non-brokered private placement of 6,872,500 units, priced at $0.10 per unit for total proceeds of $687,250. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to acquire an additional share at a price of $0.15 per share for a period of 3 years from the date of closing. Each warrant is subject to accelerated expiry provisions such that if at any time after the expiry of any resale restriction governing the subscribed shares, the Company's common shares trade on the TSX at or above a volume weighted average trading price of $0.30 per common share for 10 consecutive trading days, the Company may give notice to the holders that each warrant will expire 30 days from the date of providing such notice. The Company incurred share issue costs of $1,267 associated with this financing.

b) **Exercise of Warrants and Options**

During the six month period ended June 30, 2016, 250,000 warrants were exercised at a price of $0.15 for proceeds of $37,500 and no options were exercised.

c) **Share Purchase Warrants**

The following is a summary of the changes in the Company's share purchase warrants for the six month period ended June 30, 2016 and the year ended December 31, 2015:

	June 30, 2016		December 31, 2015	
	Number of warrants	Weighted average exercise price $	Number of warrants	Weighted average exercise price $
Outstanding, beginning of the year	19,479,628	0.27	10,991,676	0.27
Exercised	(250,000)	0.15	-	-
Granted	20,230,883	0.25	3,436,250	0.15
Amended old	-	-	(1,250,000)	0.30
Amended new	-	-	1,250,000	0.30
Granted	2,832,324	0.18	6,750,000	0.15
Expired	(1,250,000)	0.30	-	-
Expired	(2,871,878)	0.35	(1,698,298)	0.25
Outstanding, end of the period	38,170,957	0.18	19,479,628	0.22

The following table summarizes information regarding share purchase warrants outstanding as at June 30, 2016:

	Number	Price per Share	Expiry Date	
	5,171,500	$0.25/$0.30	September 11, 2016/2017	*****
	3,186,250	$0.15	May 4, 2018	****
	6,750,000	$0.15	August 12, 2018	***
	20,230,883	$0.25	May 20, 2019	**
	2,832,324	$0.18	May 20, 2019	*
Total	38,170,957			

*During the period ended June 30, 2016, 20,230,883 share purchase warrants having a relative fair value of $2,918,118 were issued relating to a short form prospectus offering. Each warrant entitles the holder to purchase one additional common share at a price of $0.25 per share exercisable until May 20, 2019. The fair values were calculated using the Black-Scholes option pricing model with an expected life of 3.0 years, risk-free interest rate of 0.55%, a dividend yield of 0% and historical volatility of 121% *(Note 10a)*.

**During the period ended June 30, 2016, 2,832,324 share purchase agent warrants having a fair value of $386,215 were issued to Paradigm Capital relating to a short form prospectus offering. Each warrant entitles the holder to purchase one additional common share at a price of $0.18 per share exercisable until May 20, 2019. The fair values were calculated using the Black-Scholes option pricing model with an expected life of 3.0 years, risk-free interest rate of 0.55%, a dividend yield of 0% and historical volatility of 121% *(Note 10a)*.

***During the year ended December 31, 2015, 6,750,000 share purchase warrants having a relative fair value of $514,564 were issued relating to private placements. Each warrant entitles the holder to purchase one additional common share at a price of $0.15 per share exercisable until August 12, 2018. The fair values were calculated using the Black-Scholes option pricing model with an expected life of 3.0 years, risk-free interest rate of 0.71%, a dividend yield of 0% and historical volatility of 105% *(Note 10a)*.

****During the year ended December 31, 2015, 3,436,250 share purchase warrants having a relative fair value of $237,861 were issued relating to private placements. Each warrant entitles the holder to purchase one additional common share at a price of $0.15 per share exercisable until May 4, 2018. The fair values were calculated using the Black-Scholes option pricing model with an expected life of 3.0 years, risk-free interest rate of 0.43%, a dividend yield of 0% and historical volatility of 99% *(Note 10a)*.

***** During the year ended December 31, 2014, 5,000,000 share purchase warrants having a relative fair value of $328,584 were issued relating to private placements. Each warrant entitles the holder to purchase one additional common share at a price of $0.25 per share exercisable until September 11, 2016 and at a price of $0.30 per share exercisable until September 11, 2017. The Company also issued 171,500 broker warrants valued at $15,107 with similar terms. The fair values were calculated using the Black-Scholes option pricing model with an expected life of 2.5 years, risk-free interest rate of 1.17%, a dividend yield of 0% and historical volatility of 102%.

d) **Share Purchase Options**

The Company has established a stock option plan (the “Stock Option Plan”) whereby the Board of Directors (the “Board”), may from time to time, grant options to directors, officers, employees or consultants. At the Company’s Annual General Meeting held on June 29, 2015, shareholders re-approved a resolution which reserves up to 10% of the issued and outstanding shares from time to time (including existing stock options), as a “rolling stock option plan”. Stock options may be granted under the Stock Option Plan with an exercise period of up to ten (10) years from the date of grant or such lesser period as determined by the Board, subject to a short extension in the case of a Company imposed blackout period. Any stock options granted under the Stock Option Plan will not be subject to any vesting schedule, unless otherwise determined by the Board. The exercise price of an option will not be less than the closing price of the common shares on the day prior to grant. The policies of the TSX require the approval of all unallocated options, rights or entitlements under the Stock Option Plan by the Company’s shareholders every three years with the next such renewal approval requested by shareholders on or before June 29, 2018.

A summary of the Company’s stock options at June 30, 2016 and the changes for the period are as follows:

Number Outstanding December 31, 2015	Granted	Exercised	Cancelled	Expired	Number Outstanding June 30, 2016	Number Exercisable June 30, 2016		Exercise Price	Expiry Date
2,035,000	-	-	-	(2,035,000)	-	-	$	0.87	May 10, 2016
1,585,000	-	-	-	-	1,585,000	1,585,000	$	0.65	October 20, 2016
20,000	-	-	-	-	20,000	20,000	$	0.75	February 20, 2017
200,000	-	-	(200,000)	-	-	-	$	0.92	November 12, 2017
700,000	-	-	-	-	700,000	700,000	$	0.25	January 1, 2019
150,000	-	-	-	-	150,000	150,000	$	0.20	July 23, 2019
150,000	-	-	-	-	150,000	150,000	$	0.12	July 28, 2020
4,840,000	-	-	(200,000)	(2,035,000)	2,605,000	2,605,000	$	0.49	(weighted average)

During the year ended December 31, 2015, the Company granted the following options to a Director of the Company which vested immediately:

	Exercise Price	Number of options	2015 Vested Amount
Total	$0.12	150,000	$8,501

*The $8,501 ($0.057 per option) estimated fair value of these options is recorded in the Company accounts as share-based payments expense calculated on the vesting date. The offsetting entry was to the stock options reserve.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	June 30, 2016	December 31, 2015
Expected dividend yield	n/a	0.00%
Historical volatility	n/a	103.82%
Risk-free interest rate	n/a	0.98%
Expected life of options	n/a	5.00 years

e) **Shareholders Rights Plan**

Effective May 9, 2012, the Board has approved and adopted a shareholders rights plan (the "Rights Plan"). The Rights Plan extends the minimum expiry period for a takeover bid to 60 days and requires a bid to remain open for an additional 10 business days after an offeror publicly announces it has received tenders for more than 50% of the Company's voting shares. The principal purpose of the Rights Plan is to ensure that shareholders have sufficient time to consider a takeover bid without undue time constraints. It is designed to provide the Board additional time to consider alternatives in maximizing for shareholders the full and fair value for their common shares.

11. Commitments and Contingency

a) The Company has the following commitments related to payments required under an office lease and a photocopier lease:

	< 1 year	**2-5 years**	**> 5 years**	**Total**
Office lease - Vancouver	$ 52,150	$ 233,819	$ 15,144	$ 301,113
Photocopier lease payments	$ 4,006	$ 15,023	$ -	$ 19,029
Total	$ 56,156	$ 248,842	$ 15,144	$ 320,142

b) The Company has future commitments under exploration and evaluation property option agreements to pay cash and incur exploration expenditures *(Note 5).*

12. Segmented Information

Details on a geographic basis as at June 30, 2016 are as follows:

	USA	Canada	Total
Loss for the period	$ (13,386)	$ (491,794)	$ (505,180)
Comprehensive income (loss) for the period	$ (2,850,679)	$ (491,794)	$ (3,342,473)
Current assets	$ 319,875	$ 6,072,757	$ 6,392,632
Property, plant and equipment	$ 485,612	$ 6,895	$ 492,507
Exploration and evaluation properties	$ 40,756,291	$ -	$ 40,756,291
Total assets	$ 41,561,778	$ 6,079,652	$ 47,641,430

Details on a geographic basis as at December 31, 2015 are as follows:

	USA	Canada	Total
Loss for the year	$ (272,235)	$ (688,280)	$ (960,515)
Comprehensive income (loss) for the year	$ 6,470,579	$ (688,280)	$ 5,782,299
Current assets	$ 137,370	$ 511,531	$ 648,901
Property, plant and equipment	$ 526,565	$ 7,933	$ 534,498
Exploration and evaluation properties	$ 43,338,124	$ -	$ 43,338,124
Total assets	$ 44,002,059	$ 519,464	$ 44,521,523

Details on a geographic basis as at June 30, 2015 are as follows:

	USA	Canada	Total
Loss for the period	$ (12,045)	$ (549,708)	$ (561,753)
Comprehensive income (loss) for the period	$ 2,659,939	$ (549,708)	$ 2,110,231
Current assets	$ 225,481	$ 273,144	$ 498,625
Property, plant and equipment	$ 481,706	$ 8,485	$ 490,191
Exploration and evaluation properties	$ 37,659,110	$ -	$ 37,659,110
Total assets	$ 38,366,297	$ 281,629	$ 38,647,926

13. Comparative Figures

Certain comparative figures have been adjusted to conform to the current year’s presentation.

14. Financial Instruments and Risk Management

a) Financial Instruments

The carrying value of financial assets and liabilities at June 30, 2016 and December 31, 2015 are as follows:

		June 30, 2016		December 31, 2015
Financial Assets				
FVTPL, measured at fair value				
Cash and cash equivalents	$	6,205,077	$	513,189
Loans and receivables, measured at amortized cost				
Amounts receivable		19,693		5,226

		June 30, 2016		December 31, 2015
Financial Liabilities				
Other liabilities, measured at amortized cost				
Trade payables	$	565,686	$	577,242
Trade payables – non-current		804,718		862,219
Accrued liabilities		-		24,623
Due to related parties		713,298		558,926

Financial instrument hierarchy

Financial instruments measured at fair value on the statement of financial position are summarized into the following fair value hierarchy levels:

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 (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy of financial instruments measured at fair value on the statement of financial position is as follows:

		June 30, 2016		December 31, 2015
		Level 1		Level 1
Cash and cash equivalents	$	6,205,077	$	513,189

There were no transfers between Level 1 and 2 in the period ended June 30, 2016 and the year ended December 31, 2015.

b) **Capital Management**

The capital structure of the Company consists of equity attributable to common shareholders, comprising issued capital, accumulated other comprehensive income and deficit. The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic condition and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

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 year ended June 30, 2016. Neither the Company nor its subsidiaries is subject to externally imposed capital requirements.

c) **Credit Risk**

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company's cash and cash equivalents and amounts receivable. The Company manages its credit risk relating to cash and cash equivalents by dealing only with highly-rated Canadian financial institutions. As at June 30, 2016, amounts receivable of $60,118 (December 31, 2015 - $13,480) was comprised of Goods and Services Tax/Harmonized Sales Tax receivable of $40,425 (December 31, 2015 - $8,254), interest receivable of $2,352 (December 31, 2015 - $226) and other receivables of $17,341 (December 31, 2015 - $5,000). As a result, credit risk is considered insignificant.

d) **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuously monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. As at June 30, 2016, the Company had cash of $6,205,077 to settle current liabilities of $1,278,984 which have contractual maturities of less than 30 days and are subject to normal trade terms.

e) **Currency Risk**

Foreign currency exchange risk is the risk that future cash flows, net income and comprehensive income will fluctuate as a result of changes in foreign exchange rates. As the Company's operations are conducted internationally, operations and capital activity may be transacted in currencies other than the functional currency of the entity party to the transaction.

The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by holding most of its cash and cash equivalents in Canadian dollars. The Company monitors and forecasts the values of net foreign currency cash flow and statement of financial position exposures and from time to time could authorize the use of derivative financial instruments such as forward foreign exchange contracts to economically hedge a portion of foreign currency fluctuations.

The following table provides an indication of the Company's foreign currency exposures during the six month period ended June 30, 2016 and the year ended December 31, 2015:

	June 30, 2016	December 31, 2015
Cash and cash equivalents	US$ 3,009,646	US$ 77,586
Trade payables	US$ 796,119	US$ 967,583

A 1% change in Canadian/US foreign exchange rate at year end would have changed the net loss of the Company, assuming that all other variables remained constant, by approximately $22,135 for the period ended June 30, 2016.

The Company has not, to the date of these condensed consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

f) **Interest Rate Risk**

The Company is not subject to interest rate risk.

g) **Commodity Price Risk**

The Company is in the exploration stage and is not subject to commodity price risk.

15. Subsequent Event

The following event occurred subsequent to June 30, 2016:

i) On July 8, 2016, 4,220,000 options with an exercise price of $0.21 per share were granted and expire on July 8, 2021.