Damara Gold Corp.

An Exploration Stage Company

Condensed Consolidated Interim Financial Statements (un-audited)

April 30, 2016

Expressed in Canadian Dollars

DAMARA GOLD CORP.
An Exploration Stage Company
Nine months ended April 30, 2016
(Expressed in Canadian Dollars)

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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 interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these 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.

For further information please contact:

Lawrence Nagy, CEO or

Terese Gieselman, CFO

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DAMARA GOLD CORP.
(An Exploration Stage Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at April 30, 2016 and July 31, 2015
Expressed in Canadian Dollars

	Note		April 30 2016		July 31 2015
ASSETS					
Current					
Cash and cash equivalents		$	**37,263**	$	22,758
Available-for-sale-investment	5,6		**439,114**		-
Taxes recoverable			**722**		1,542
Prepaid expenses			**1,549**		-
Total current assets			**478,648**		24,300
Non-Current					
Exploration and evaluation assets	6		**-**		433,905
Total Assets		$	**478,648**	$	458,205
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)					
Current					
Trade and other payables	7,9,12		**110,218**		381,446
Loans payable	8, 9		**275,000**		535,000
Total current liabilities			**385,218**		916,446
Shareholders' Deficiency					
Share Capital	9		**31,024,759**		30,474,458
Contributed surplus			**1,327,794**		1,327,794
Accumulated other comprehensive income	5		**109,114**		-
Deficit			**(32,368,236)**		(32,260,493)
Total Shareholders' Equity (Deficiency)			**93,429**		(458,242)
Total Liabilities and Shareholders' Equity (Deficiency)		$	**478,648**	$	458,205

Approved on behalf of the Board of Directors by:

/s/ Lawrence Nagy
Lawrence Nagy, Director

/s/ William Yeoman
William Yeoman, Director

See notes to consolidated financial statements.

DAMARA GOLD CORP.
(An Exploration Stage Company)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS (un-audited)
For the three and nine months ended April 30
Expressed in Canadian Dollars

		Three Months Ended April 30		Nine Months Ended April 30	
	Note	**2016**	2015	2016	2015
Expenses					
Administrative and general	9,11,12	$ **(12,320)**	$ 47,887	$ **74,565**	$ 188,136
Interest on loans payable	8,9	**10,007**	15,458	**45,440**	37,028
Total expenses		**2,313**	(63,345)	**(120,005)**	(225,164)
Other income and expenses					
Gain on settlement of debt	16	**135,758**	-	**135,758**	-
Write-off of exploration and evaluation assets	6	**(123,497)**	-	**(123,497)**	-
Net income (loss) for the period		$ **14,574**	$ (63,345)	$ **(107,743)**	$ (225,164)
Other comprehensive income					
Fair value gain on available-for-sale investment	5	**109,114**	-	**109,114**	-
Total comprehensive income (loss) for the period	14	$ **123,688**	$ (63,345)	$ **1,371**	$ (225,164)
Income (loss) per share for the period- Basic and Diluted		$ **0.01**	$ (0.01)	$ **0.00**	$ (0.04)

See notes to consolidated financial statements.

DAMARA GOLD CORP.
(An Exploration Stage Company)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (un-audited)
For the nine months ended April 30
Expressed in Canadian Dollars

	Note	Number of Shares	Share Capital	Contributed Surplus	Accumulated Deficit	Total
Balance July 31, 2014		5,688,486	$ 30,444,458	$ 1,327,794	$ (31,968,383)	$ (196,131)
Net loss for the period	14	-	-	-	(225,164)	(225,164)
Balance April 30, 2015		5,688,486	$ 30,444,458	$ 1,327,794	$ (32,193,547)	$ (421,295)

	Note	Number of Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
Balance July 31, 2015		5,938,486	$ 30,474,458	$ 1,327,794	$ -	$ (32,260,493)	$ (458,242)
Net loss for the period		-	-	-	-	(107,743)	(107,743)
Shares issued for debt settlement	7,8,9	-	480,589		-	-	480,589
Shares issued for cash	9	1,475,000	73,750	-	-	-	73,750
Share issue costs		-	(4,038)	-	-	-	(4,038)
Fair value of available-for-sale-investment	5	-	-	-	109,114	-	109,114
Balance April 30, 2016		**7,413,486**	**$ 31,024,759**	**$1,327,794**	**$ 109,114**	**$ (32,368,236)**	**$ 93,430**

See notes to consolidated financial statements.

DAMARA GOLD CORP.
(An Exploration Stage Company)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (un-audited)
For the nine months ended April 30
Expressed in Canadian Dollars

	Note		April 30 2016		April 30 2015
OPERATING ACTIVITIES					
Net (loss) for the period		$	**(107,743)**	$	(225,164)
Items not affecting cash					
Write-off of exploration and evaluation assets net recovery			**123,497**		-
Changes in non-cash working capital					
Taxes recoverable			**820**		(727)
Prepaid expenses and advances			**(1,549)**		(80,903)
Trade and other payables			**(70,231)**		226,452
Due to related parties			**-**		(109,788)
Cash used in operating activities			**(55,207)**		(190,129)
Cash Flows From Investing Activities					
Investment in exploration and evaluation assets	6		**-**		(159,372)
Total cash outflows from investing activities			**-**		(159,372)
Cash Flows From Financing Activities					
Proceeds from loans received	8		**-**		275,000
Proceeds from private placement	9		**73,750**		-
Share issue costs			**(4,038)**		-
Net cash provided by financing activities			**69,712**		275,000
(Decrease) in cash during the period			**14,505**		(74,501)
Cash and cash equivalents beginning of period			**22,758**		108,175
Cash and cash equivalents end of period		$	**37,263**	$	33,674

Supplemental Disclosure with Respect to Cash Flows (Note 16)

1. NATURE OF OPERATIONS

Damara Gold Corp. ("Damara" or the "Company") was incorporated on August 1, 1989 under the *Business Corporations Act* of British Columbia. On September 30, 2014, the Company changed its name to Damara Gold Corp. Effective October 1, 2014 the Company commenced trading on the TSX Venture Exchange (the "Exchange") under the symbol "DMR" as a Tier 2 issuer.

The Company is in the business of exploring and developing mineral property interests with a focus in Namibia. The Company's principal asset is its optioned DGP Property located in Namibia. The Company has not earned significant revenues from its mineral property interests and is considered to be in the exploration stage. The Company's corporate head office is at Suite 110-2300 Carrington Road, West Kelowna, British Columbia V4T 2N6.

Pursuant to receipt of shareholder approval at the Company's Special Meeting held on September 22, 2014, the Company received Exchange approval on September 30, 2014 to consolidate its share capital on the basis of one new common share of the Company for every ten existing common shares (the "Consolidation"). As a result, the common shares of Damara have been consolidated on a 10:1 basis, such that the previously existing 56,884,992 common shares have been consolidated and there are now 5,938,486 post-Consolidation common shares issued and outstanding.

2. BASIS OF PREPARATION AND GOING CONCERN

These condensed interim consolidated financial statements for the nine month period ended April 30, 2016 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company's 2015 annual financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the Company's 2015 annual financial statements except for new standards, interpretations and amendments mandatorily effective for the first time from August 1, 2015 and income tax expense which is expected for the full financial year.

The preparation of condensed interim consolidated financial statements in compliance with IAS 34 requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 of the Company's 2015 annual financial statements.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on June 27, 2016.

The consolidated financial statements are presented in Canadian dollars ("CDN"), which is also the Company's functional currency.

(Expressed in Canadian dollars

2. BASIS OF PREPARATION AND GOING CONCERN (cont'd)

The Company has not yet achieved profitable operations. These consolidated financial statements are 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. The Company had a net income of $1,371 for the period ended April 30, 2016 (April 30, 2015 – $225,164) and has accumulated a deficit of $32,368,236 (July 31, 2015 - $32,245,494) since inception. These conditions indicate the existence of material uncertainty, which casts significant doubt about the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon obtaining, in the short term, the necessary financing to meet the Company's operating and mineral property commitments as they come due and to finance future exploration and development of potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, and upon future profitable production. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values.

No adjustments to the carrying values of the assets and liabilities have been made in these consolidated financial statements. Should the Company no longer be able to continue as a going concern, certain assets and liabilities may require restatement on a liquidation basis, which may differ materially from the going concern basis.

Basis of Consolidation

These consolidated financial statements include the accounts of:

	% of ownership	Jurisdiction	Principal Activity
Avasca Inc.	100	British Columbia	Dormant
Valhalla Minerals U.S. Inc.	100	Delaware	Dormant

All significant intercompany balances and transactions have been eliminated on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements have been issued by the IASB that are mandatory for accounting years beginning on or after August 1, 2015. The Company has not assessed the impact from adopting these standards.

IFRS 9 *Financial Instruments* (2014)

This is a finalized version of IFRS 9, which contains accounting requirements for financial instruments, replacing International Accounting Standards ("IAS") 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a "fair value through other comprehensive income" category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.

- Impairment. The 2014 version of IFRS 9 introduces an "expected credit loss" model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.

(Expressed in Canadian dollars

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Standards, Amendments and Interpretations Not Yet Effective

- Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

- Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Applicable to the Company's annual period beginning August 1, 2018.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

There have been no material revisions to the nature of judgements and amount of changes in estimates of amount reported in the Company's 2015 annual financial statements.

5. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments consist of an investment in 12,885,714 common shares of Osino Resources Corp. ("Osino") (See Note 5). The fair value of the available-for-sale investments has been determined by an observable market transaction valuation with third parties, a Level 2 valuation. During the nine months ended April 30, 2016 the Company recorded $109,114 as a gain (July 31, 2015 - $Nil) of investment on marketable securities was recognized in other comprehensive income.

6. EXPLORATION AND EVALUATION ASSETS

		Namibia
Balance, July 31, 2014	$	135,359
Acquisition costs - Shares		30,000
Personnel		88,484
Equipment		16,125
Site costs		90,700
Field work		3,111
Legal		2,244
Maps and misc		427
Geochemical		60,310
Freight transport		1,200
Travel and accommodation		5,944
Total expenditures		298,546
Balance, July 31, 2015	$	433,905
Acquisition costs - Shares		-
Personnel		**13,500**
Site costs		**5,492**
Legal		**600**
Total expenditures		**19,592**
Transfer to available-for-sale-investment		**(330,000)**
Write of exploration and evaluation costs		**(123,497)**
Balance, April 30, 2016	**$**	**-**

(Expressed in Canadian dollars

6. EXPLORATION AND EVALUATION ASSETS (cont'd)

Namibia

Under the terms of an agreement dated March 21, 2014, between the Company and Helio Resource Corp. ("Helio) (the "Letter Agreement"), Damara was granted the option to acquire up to a 60% interest in Helio's Damara Gold and Tin Project (DGP) in Namibia for consideration of an aggregate issuance of 1,500,000 common shares and aggregate exploration expenditures requirements of $1,500,000 over a three year period. To date, Damara has contributed approximately $330,000 in cash advances to the Project and issued 500,000 common shares to Helio as part of the earn-in. The DGP Property is comprised of two Namibian exploration licenses, namely EPL 3738 (Wilhelmstal) and EPL 3739 (Otjimbojo) (together the "DGP Property") located in Namibia, South Africa.

On February 11, 2016 the Company entered into an agreement with Helio, whereby the Letter Agreement between Damara and Helio was terminated and Damara investment to date along with Helio' interests were transferred into Osino, a privately held British Columbia corporation, in return for shares in Osino.

Under the terms of the arms-length agreement between Osino, Damara and Helio, Helio transferred the shares of its wholly owned subsidiary holding the DGP Property to Osino and Damara agreed to terminate its right under the earn-in agreement with Helio for an interest in Osino in exchange for its expenditures to date of approximately $330,000 for which Damara received 12,885,714 Osino Shares (a recorded value of $0.026 per share).

The transaction was completed on May 12, 2016 thereinafter Damara held a 10% interest in the shares of Osino post completion of the transaction and a post seed financing completed by Osino with additional third party private investors.

7. TRADE AND OTHER PAYABLES

	April 30 2016	July 31 2015
Trade payables	**$90,085**	$158,989
Due to related parties	**20,133**	222,457
Total	**$110,218**	$381,446

8. LOANS PAYABLE

As of April 30, 2016 the Company has loans owing of $275,000 of which $50,000 (July 31, 2015 - $220,000) is to unrelated parties and $225,000 (July 31, 2015 - $315,000) to related parties. Included in trade payables is interest payable of $43,187 (July 31, 2015 - $57,925).

Unrelated parties:

On May 7, 2014, the Company obtained an unsecured loan of $25,000 from a private investor. The loan bears interest of 15% compounded monthly and due annually with a maturity date of 24 months from the date of the loan agreement. On March 2, 2016 the Company settled the outstanding debt and interest of $30,969 by the issuance of 619,383 units at a price of $0.05 per unit (the "DS Unit").

On June 11, 2014, the Company obtained an unsecured loan of $25,000 from a private investor. The loan bears interest of 15% compounded monthly and due annually with a maturity date of 24 months from the date of the

loan agreement. On March 2, 2016 the Company settled the outstanding debt and interest of $30,599 by the issuance of 611,986 DS Units.

8. LOANS PAYABLE (cont'd)

On June 18, 2014, the Company obtained an unsecured loan of $25,000 from a private investor. The loan bears interest of 15% compounded monthly and due annually with a maturity date of 24 months from the date of the loan agreement. On March 2, 2016 the Company settled the outstanding debt and interest of $30,589 by the issuance of 611,780 DS Units.

On June 19, 2014, the Company obtained an unsecured loan of $20,000 from a private investor. The loan bears interest of 15% compounded monthly and due annually with a maturity date of 24 months from the date of the loan agreement. On March 2, 2016 the Company settled the outstanding debt and interest of $24,471 by the issuance of 489,424 DS Units.

On June 26, 2014, the Company obtained an unsecured loan of $25,000 from a private investor. The loan bears interest of 15% compounded monthly and due annually with a maturity date of 24 months from the date of the loan agreement. On March 2, 2016 the Company settled the outstanding debt and interest of $30,404 by the issuance of 608,082 DS Units.

On February 24, 2015, the Company obtained an unsecured loan of $50,000 from a private investor. The loan bears interest of 15% compounded monthly and due annually with a maturity date of 24 months from the date of the loan agreement. On March 2, 2016 the Company settled the outstanding debt of $50,000 by the issuance of 1,000,000 DS Units and the lender forgave interest of $5,979.

Each DS Unit consists of one common share and one common share purchase warrant ("DS Warrant"), with each DS Warrant entitling the holder thereof to acquire an additional Common Share at an exercise price of $0.15 until March 2, 2021. The DS Warrant terms will contain an acceleration provision such that if, commencing on July 3, 2016, the closing price of the Common Shares on the Exchange is higher than $0.25 for 20 consecutive trading days then on the 20th consecutive trading day (the "Acceleration Trigger Date") the expiry date of the DS Warrants may be accelerated to the date that is 30 days after the Acceleration Trigger Date (the "Accelerated Expiry Date") by the issuance of a news release announcing such Accelerated Expiry Date.

On May 16, 2014, the Company obtained an unsecured loan of $25,000 from a private investor. The loan bears interest of 15% compounded monthly and due quarterly with a maturity date of 24 months from the date of the loan agreement. On July 18, 2014, the Company issued 10,000 bonus shares with a value of $2,000 in consideration of the loan in accordance with the policies of the Exchange. Subsequent to the period ended April 30, 2016, the Company repaid the principal and accrued interest owing.

On May 16, 2014, the Company obtained an unsecured loan of $25,000 from a private investor. The loan bears interest of 15% compounded monthly and due quarterly with a maturity date of 24 months from the date of the loan agreement. On July 18, 2014, the Company issued 10,000 bonus shares with a value of $2,000 in consideration of the loan in accordance with the policies of the Exchange. Subsequent to the period ended April 30, 2016, the Company repaid the principal and accrued interest owing.

Related parties:

On March 17, 2014, the Company obtained an unsecured loan of $25,000 from a company owned by a director of the Company. The loan bears interest of 15% compounded monthly and due annually with a maturity date of 24 months from the date of the loan agreement. On March 2, 2016 the Company settled the outstanding debt and interest of 31,545 by the issuance of 630,890 common shares at a recorded value of $0.05 (the "DS Shares").

On April 17, 2014, the Company obtained an unsecured loan of $25,000 from a company owned by a director of the Company. The loan bears interest of 15% compounded monthly and due annually with a maturity date of 24 months from the date of the loan agreement. On March 2, 2016 the Company settled the outstanding debt and interest of $31,144 by the issuance of 622,876 DS Shares.

8. LOANS PAYABLE (cont'd)

Related Parties (cont'd)

On May 5, 2014, the Company obtained an unsecured loan of $25,000 from a company owned by a director of the Company. The loan bears interest of 15% compounded monthly and due annually with a maturity date of 24 months from the date of the loan agreement. On March 2, 2016 the Company settled the outstanding debt and interest of $30,527 by the issuance of 610,547 DS Shares.

On June 6, 2014, the Company obtained an unsecured loan of $15,000 from a director of the Company. The loan bears interest of 15% compounded monthly and due annually with a maturity date of 24 months from the date of the loan agreement. On March 2, 2016 the Company settled the outstanding debt and interest of $18,403 by the issuance of 368,054 DS Shares.

As at April 30, 2016, $225,000 (July 31, 2014 - $Nil) was advanced from Colorado Resources Ltd. ("Colorado") which has two common directors, Larry Nagy and William Lindqvist of the Company, in connection with the Company's Namibia project. The loan is interest-bearing (15% per annum) and is currently due and payable. The parties are working to settle the outstanding debt and interest amount.

9. SHARE CAPITAL

(a) Authorized Share Capital

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

(b) Common Shares

On October 1 2014, Damara completed a share consolidation on the basis of one post-consolidated common share for every ten pre-consolidated common shares. The Share Consolidation reduced Damara's 56,884,992 issued and outstanding common shares to 5,688,486 post-consolidation common shares. The exercise price of outstanding stock options, and the number of such options, were also proportionately adjusted based upon the Share Consolidation. All historical information presented in the consolidated financial statements has been adjusted to reflect the Share Consolidation.

During the nine months ended April 30, 2016:

On January 18, 2016 the Company, pursuant to non-brokered private placement issued 1,475,000 units in the capital of the Company ("Units") at an issue price of $0.05 per unit, for gross proceeds of $73,750 (the "Offering"). Each Unit consists of one common share in the capital of the Company (a "Common Share") and one Common Share purchase warrant (each a "Warrant"), with each Warrant entitling the holder thereof to acquire an additional Common Share at an exercise price of $0.15 until January 18, 2021. The Warrant terms will contain an acceleration provision such that if, commencing on May 19, 2016 the closing price of the Common Shares on the Exchange is higher than $0.25 for 20 consecutive trading days then on the 20th consecutive trading day (the "Acceleration Trigger Date") the expiry date of the Warrants may be accelerated to the date that is 30 days after the Acceleration Trigger Date (the "Accelerated Expiry Date") by the issuance of a news release announcing such Accelerated Expiry Date. All of the Units issued in connection with the Offering and Common Shares issued on exercise of the Warrants will be subject to a restricted resale period that expires on May 19, 2016.

(Expressed in Canadian dollars

9. SHARE CAPITAL (cont'd)

(b) Common Shares (cont'd)

On March 2, 2016, the Company settled short term loans and advances and services with arm's length parties for an aggregate amount of $224,118 by the issuance of an aggregate of 4,482,351 DS Units.

Additionally, an aggregate of $256,471 ("Debt Settlement") of additional debt owed to directors and officers of the Company for loan advances and services was settled by the issuance of 5,129,420 common shares at a deemed issue price of $0.05 per share the DS Shares.

During the year ended July 31, 2015:

On July 3, 2015 the Company issued 250,000 common shares pursuant to the agreement dated March 21, 2014, as described under Note 5(a). The common shares were valued at $30,000, as determined by the market price when issued being $0.12 per common share.

(b) Share Purchase Warrants

Share purchase warrants activity was as follows:

	Number of Warrants Outstanding	Exercise Price	Weighted Average Exercise Price
Balance, July 31, 2014	1,515,360	-	$ 1.00
Expired	(1,515,360)	$1.00	$1.00
Balance, July 31, 2015	—	—	—
Granted	5,957,351	$0.15	$0.15
Balance, April 30, 2016	**5,957,351**	**$0.15**	**$0.15**

As at April 30, 2016, the following share purchase warrants were outstanding:

Expiry Date	Exercise Price	Number of Warrants
January 18, 2021	$0.15	1,475,000
March 2, 2021	$0.15	4,482,351
Total		**5,957,351**

10. SHARE-BASED PAYMENTS

(a) Option Plan Details

The Company has an incentive stock option plan (the "Plan") that allows it to grant share purchase options to its employees, directors, consultants and management company employees. Under the terms of the Plan, the exercise price of each option will not be lower than the lowest exercise price permitted by the Exchange (currently $0.05). The Plan allows for a maximum of 10% of outstanding shares to be issued under the Plan. The Plan is subject to annual shareholder approval.

Options have a maximum term of five years and terminate up to 90 days following the date on which an optionee ceases to be an employee, director, consultant or management company employee, and up to 30 days following the date on which an optionee who is engaged to provide investor relations activities ceases to be engaged to provide such services. In the case of the death of an optionee, the options terminate at the earlier of 12 months after the date of death and the expiration of the option period. Vesting of options is determined by the Board of Directors at the time the options are granted. Options issued to consultants providing investor relations activities must vest in stages over twelve months with no more than one-quarter of the options vesting in any three-month period.

(Expressed in Canadian dollars

10. SHARE-BASED PAYMENTS (cont'd)

Stock option activity was as follows:

August 1, 2015 to April 30, 2016									
Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted	Expired	Forfeited	Closing Balance	Vested and Exercisable	Unvested
17-Dec-10	17-Dec-15	$1.65	6,000	—	(6,000)	—	-	-	—
14-Dec-12	13-Dec-17	$1.00	30,000	—	—	—	30,000	30,000	—
			36,000	**—**	**(6,000)**	**—**	**30,000**	**30,000**	**—**
Weighted Average Exercise Price			**$1.11**	**—**	**$1.65**	**—**	**$1.00**	**$1.00**	**—**
Weighted Average Life Remaining (years)		**—**	**2.0**	**—**	**—**	**—**	**1.6**	**1.6**	

August 1, 2014 to July 31, 2015									
Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted	Expired	Forfeited	Closing Balance	Vested and Exercisable	Unvested
30-Nov-09	01-Dec-14	$2.65	10,000	—	(10,000)	—	—	—	—
17-Dec-10	17-Dec-15	$1.65	6,000	—	—	—	6,000	6,000	—
14-Dec-12	13-Dec-17	$1.00	30,000	—	—	—	30,000	30,000	—
			46,000	—	(10,000)	—	36,000	36,000	—
Weighted Average Exercise Price			$1.44	—	$2.65	—	$1.11	$1.11	—
Weighted Average Life Remaining (years)		—	2.45	—	—	—	2	2	

(b) Fair Value of Options Issued During the Period

There were no options granted during the nine months ended April 30, 2016 and April 30, 2015.

11. ADMINISTRATIVE AND GENERAL EXPENSES

		Three Months Ended April 30		Nine Months Ended April 30	
		2016	2015	**2016**	2015
Administrative and General Expenses include:	Note				
Accounting and legal		**$ (5,082)**	$ 300	**$ 20,678**	$ 1,347
Consulting	9,12	**(16,660)**	17,963	**20,065**	98,972
Corporate development		**-**	6,895	**-**	15,370
Website, shareholder communication		**750**	2,008	**1,520**	8,218
Office and administration fees		**(2,459)**	1,072	**8,694**	12,422
Regulatory fees		**5,400**	5,200	**8,400**	10,600
Rent		**2,886**	2,855	**8,658**	7,761
Transfer agent fees		**1,909**	709	**3,179**	11,266
Travel		**936**	10,884	**3,370**	22,178
		$ (12,320)	$ 47,887	**$ 74,565**	$188,136

(Expressed in Canadian dollars

12. RELATED PARTY TRANSACTIONS

(a) Key Management Compensation

	April 30 2016	April 30 2015
Key management personnel compensation comprised :		
Consulting fees:	$50,050	$94,983

(i) Consulting fees of $37,500 (2015 - $45,000) were paid and/or accrued to 43983 Yukon Inc. a company, controlled by Lawrence Nagy, the Company's Chief Executive Officer;
(ii) Consulting fees of $Nil (2015 - $30,000) were paid and/or accrued to Minefill Services Inc. ("Minefill"), a company controlled by David Stone the Company's President and Chief Operating officer.
(iii) Consulting fees of $12,550 (2015 - $19,983) were paid and/or accrued to Minco Corporate Management Inc. ("Minco"), a company controlled by Terese Gieselman, Chief Financial Officer of the Company.

(b) Related Party Liabilities

Amounts due to:	Service for:	**April 30 2016**	July 31 2015
Minco[1]	Consulting Fees	**$5,788**	$38,091
Minefill[2]	Consulting Fees	**$0**	$90,000
43983[3]	Consulting Fees	**$7,500**	$90,000
43983	Expenses	**$2,479**	$0
Paul Maarshalk[4]	Consulting Fees	**$4,366**	$4,366
Total related party payables		**$20,133**	$222,457

1 An amount of $44,813 for consulting fees was settled by the issuance of 897,052 Debt Shares (See Note 10);
2 An amount of $45,000 for consulting fees was settled by the issuance of 900,000 Debt Shares (See Note 10), and a further $45,000 in consulting fees due was forgiven and recorded as an gain in settlement of debt (See Note 17);
3 An amount of $55,000 for consulting fees was settled by the issuance of 1,100,000 Debt Shares (See Note 10), and a further $65,000 in consulting fees was forgiven of which $30,000 was adjusted against consulting fees and $35,000 was recorded as a gain in settlement of debt.
4 Paul Maarshalk was the former CFO (resigned January 29, 2014).

(Expressed in Canadian dollars

13. INCOME TAXES

The Company has available losses that may be carried forward to apply against future years' income for income tax purposes. The approximate losses expire as follows:

Available to		Amount
2015	$	124,000
2026		559,000
2027		380,000
2029		832,000
2030		492,000
2031		641,000
2032		480,000
2033		616,000
2034		296,000
2035		833,000
	$	5,253,000

The tax losses above do not include approximately $3,565,000 in non-capital losses that may be applied against future taxable income in the United States that expired in 2015.

The Company's tax position is calculated annually and readers are referred to the audited consolidated financial statements for the year ended July 31, 2015 for further details

14. LOSS PER SHARE

Basic loss per share amounts are calculated by dividing the net loss for the year by the weighted average number of common shares outstanding during the year.

	April 30 2016	April 30 2015
Loss attributable to ordinary shareholders	**$1,371**	($225,164)
Weighted average number of common shares	**8,003,527**	5,688,486
Basic and diluted loss per share	**$0.00**	($0.04)

15. COMMITMENTS

The Company has no commitments as at April 30, 2016.

16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the consolidated statements of cash flows. During the period ended April 30, 2016 and April 30, 2015 there were no non-cash transactions recorded.

During the period ended April 30, 2016, the Company settled non-related party loans and interest in the amount of $197,033 (2015 - $Nil) by the issuance of 3,940,655 DS Units (2015 – Nil) (See Note 8 and Note 9);

16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (Cont'd)

During the period ended April 30, 2016, the Company settled related party loans and interest in the amount of $111,618 (2015 - $Nil) by the issuance of 2,232,367 Debt Shares (2015 – Nil) (See Note 8 and Note 9);

During the period ended April 30, 2016, the Company settled trade payables in the amount of $27,085 (2015 - $Nil) by the issuance of 541,696 DS Units (2015 – Nil) (See Note 9);

During the period ended April 30, 2016, the Company settled related party trade payables in the amount of $144,853 (2015 - $Nil) by the issuance of 2,897,052 Debt Shares (2015 – Nil) (See 9 and 12);

During the period ended April 30, 2016 the Company recorded a gain on settlement of debt of $5,979 (2015 - $Nil) pursuant to the forgiveness of interest on loans (See Note 8);

During the period ended April 30, 2016 the Company recorded a gain on settlement of related party debt of $80,000 (2015 - $Nil) pursuant to the forgiveness of consulting fees (See Note 12); and

During the period ended April 30, 2016 the Company recorded a gain on settlement of $11,987 (2015 - $Nil) pursuant to the forgiveness trade payables from prior years;

During the period ended April 30, 2016 the Company recorded a gain on settlement of $37,791 (2015 - $Nil) pursuant to the forgiveness of trade payables due to Helio (See Note 5, and Note 6);