Management Discussion and Analysis
of
Financial Position
and
Results of Operations
for the
Six-Month Period ended September 30, 2016

This report is dated November 23, 2016
(The "Report Date")

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Evolving Gold Corp.
Management Discussion and Analysis
For the Six-Month Period ended September 30, 2016

Introduction

The following information should be read in conjunction with the condensed consolidated interim financial statements for the six-month period ended September 30, 2016 and the audited consolidated financial statements of Evolving Gold Corp. ("Evolving" or the "Company") for the year ended March 31, 2016.

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). This discussion includes the results of the Company's wholly-owned subsidiaries:

- Evolving Gold Corp. (Nevada, USA - Active)
- Rattlesnake Mining Corp. (Canada - Inactive), and
- Rattlesnake Mining (Wyoming) Company (Wyoming, USA - Active)

Note 3 of the consolidated financial statements at March 31, 2016, describes all of the Company's significant accounting policies and a description of changes made during the 2016 fiscal year is included therein. During the year ended March 31, 2016, the Company's critical accounting estimates and significant accounting policies have remained substantially unchanged.

All amounts presented in this document are stated in Canadian dollars due to a change in the functional and reporting currency of the Company, except where otherwise noted.

Cautionary Note Regarding Forward Looking Statements

This Management's Discussion and Analysis is intended to supplement and complement the condensed consolidated interim financial statements for the six-month period ended September 30, 2016 and the consolidated financial statements for the year ended March 31, 2016, and the notes thereto (collectively the "Financial Statements"). Readers are encouraged to review these Financial Statements in conjunction with a review of this Management's Discussion and Analysis. Certain notes to the Financial Statements are specifically referred to in this Management's Discussion and Analysis and such notes are incorporated by reference herein. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. These forward-looking statements are based on, but not limited to, material assumptions including: title to the Company's exploration properties; the level and suitability of exploration expenditures relating to those properties, including decisions regarding the impairment of mineral property expenditures; rehabilitation requirements; commodity prices; access to funding and capital markets conditions generally; various accounting estimations related to income taxes, share based payments and the valuation of available for sale securities; a sufficiently stable and healthy global economic environment; and other expectations, intentions and plans contained in this MD&A that are not historical fact.

When used in this MD&A, the words "plan," "expect," "believe," and similar expressions generally identify forward looking statements. These statements reflect current expectations. They are subject to a number of risks and uncertainties, including those factors disclosed under Risks and Uncertainties below. In light of the many risks and uncertainties, readers should understand that the Company cannot offer assurance that the forward-looking statements contained in this analysis will be realized.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.

Additional information relating to the Company may be found on SEDAR at www.sedar.com or at the company's website at www.evolvinggold.com.

Corporate Overview

The Company became a reporting issuer in the Provinces of Alberta, British Columbia and Ontario on May 14, 2004. The Company has traded on various exchanges since inception, and currently trades on the following exchanges:

Canadian Stock Exchange (CSX: EVG since July 25, 2014))
NASD (OTCBB: EVOGF since 2005)
Frankfurt Stock Exchange (EV7 since 2007)

On July 25, 2014, the Company announced that it was voluntarily delisting from the Toronto Stock Exchange, where it had been listed since December 7, 2010 under the stock symbol T: EVG. The delisting was effective July 25, 2014.

Description of Business

Evolving Gold Corp. ("Evolving" or the "Company") is a Canadian-based mining exploration company engaged in the acquisition, exploration and development of natural resource properties.

The Company's focus is Canadian based mineral exploration properties, including the Lithium Lakes and Toro properties located in Quebec, Canada.

Changes in Management, Directors, and Corporate Activities

Effective March 31, 2016, the Company determined that, as a result of a change in focus from United States based to Canadian based mineral exploration properties, the functional currency of the Company had changed from the United States dollar to the Canadian dollar. Accordingly, the Company determined that it should report in the Canadian dollar as well. The change in functional currency from US to Canadian dollars is accounted for prospectively from April 1, 2016. The unaudited, condensed consolidated interim financial statements are presented in Canadian dollars and prior year comparable information is restated to reflect the change in presentation currency. There were no changes to the measurement basis of the financial statement line items as a result of the change in presentation currency. In making the change to a Canadian dollar presentation currency, the Company followed the guidance in IAS 21, The Effects of Changes in Foreign Exchange Rates ("IAS 21"), and has applied the change retrospectively as if the new presentation currency had always been the Company's presentation currency. See Note 3 to the June 30, 2016 financial statements.

On June 16, 2016, the Company announced the purchase of the Lithium Lakes Property. The property is located about 10 kilometres north of the Route du Nord, and between eight and 30 kilometres from the Nemaska Lithium Whabouchi project, and consists of four blocks of claims, totaling 105 active claims located on public land. Subsequently, additional claims were staked, including the Toro Property. See "Mineral Properties" below for a more detailed description of the project. The total area of the property is 7,031 hectares, or 70.31 square kilometres. Access is provided through a road which originates from the town of Chibougamau, approximately 250 kilometres to the south-southeast. The main claim block extends 15 kilometres in a northeast-southwest direction and six kilometres in a northwest-southeast direction.

During the quarter, the Company allowed the Jake Creek property to lapse. Given the high value of the US dollar, Company management believes that it is in the best interests of the Company to evaluate and pursue projects and properties outside of the United States, which has historically been the focus of its operations.

On July 28, 2015 Rattlesnake Mining (Wyoming) Company, a wholly owned subsidiary of the Company, entered into an Asset Purchase Agreement whereby it sold the Rattlesnake property to GFG Resources (US) Inc. ("GFG"), a private company incorporated in the United States. The consideration was US$1,600,000 (including the bond refund of $286,000) and 2,000,000 common shares of GFG at a fair value of $450,000. As of the date of this report, the Rattlesnake Mining (Wyoming) Company has received all required payments noted above, and has sold the GFG common shares. Accordingly, Rattlesnake Mining (Wyoming) Company no longer has an interest in the property aside from a 2% net smelter return royalty with 1% available for purchase for US$1,000,000 on production arising from the mining claims, save and except for 30 claims that are already subject to a pre-existing royalty. Rattlesnake Mining (Wyoming) Company may also be entitled to an additional 1,500,000 common shares of GFG in the event an independent NI 43-101 resource report defines an aggregate mineral resource (including the "inferred mineral resource", category within the meaning of NI 43-101) for Rattlesnake Hills of at least 1,000,000 ounces of gold within 4 years of closing. See "Mineral Properties" below.

Mineral Properties

Lithium Lakes and Toro Properties, Quebec, Canada

On June 16, 2016, the Company announced the purchase of the Lithium Lakes Property.

The property is located about 10 kilometres north of the Route du Nord, and between eight and 30 kilometres from the Nemaska Lithium Whabouchi project, and consists of four blocks of claims, totaling 105 active claims located on public land. The total area of the property at acquisition was 5,596.5 hectares, or 55.965 square kilometres. Access is provided through a road, which originates from the town of Chibougamau, approximately 250 kilometres to the south-southeast. The main claim block extends 15 kilometres in a northeast-southwest direction and six kilometres in a northwest-southeast direction. A network of Hydro-Quebec access roads crosses the eastern part of the property. Several prospective areas may require the construction of ATV trails for local ground access.

Pursuant to the purchase agreement, the Company issued a total of 300,000 common shares at a fair value of $93,000, and paid $40,000. The Lithium Lakes claims are subject to a 1-per-cent (1%) net smelter returns royalty, whereby the Company will have the right, at any time, to acquire one-half of the royalty by paying $500,000 to the royalty holder.

The property was subject to historical surveys that were used to generate eight high priority targets for lithium exploration.

On July 5, 2016, the Company announced that it had increased its land position by staking an additional 31 claims directly NE of the 100% owned Lithium Lakes Property recently acquired by the Company. The new claims add an area of 16.49 km^2 to the Lithium Lakes Property, which had a total area of 72.5 km^2. A few claims were transferred onto the Toro Property (see below) and the total area of the Lithium Lakes property is now of 7,031 hectares, or 70.31 square kilometres. The new claims cover the potential bedrock sources for three high priority targets from lake sediment anomalies that indicate the possible presence of lithium bearing pegmatites glacially up ice from the anomalies.

On July 28, 2016, the Company announced that it had retained Jean-Philippe Paiement, PGeo, MSc, from SGS Canada Inc., an independent qualified person as defined by National Instrument 43-101, as the QP for Evolving Gold's Lithium Lakes project in Quebec. Mr. Paiement graduated from Universite of Quebec in Montreal (2006) with a BSc in resources geology and from Laval University (2009) with an MSc in earth sciences. Mr. Paiement specializes in ore deposit geology, resource estimation, geostatistics and structural geology.

On September 8, 2016, the Company announced it had completed its initial field mapping and survey program on targets the company had previously identified as potential pegmatite hosts for lithium mineralization. A number of pegmatite bodies were identified, along with minerals associated with fertile granites, such as green muscovite and garnets that may be associated with lithium mineralized pegmatite. Geological mapping, conducted from July 9, 2016, to July 23, 2016, indicated that the area surrounding targets T5 and T8 is of particular interest for lithium prospectivity. This represents an area of eight kilometres by two kilometres which current observations highlight as the most prospective for the presence of lithium mineralization. During this initial exploration program, the field crew was able to find a series of minerals associated with fertile granite and possible mineralized pegmatite of lithium-cesium-tantalum (LCT) type, the potential host rocks for lithium mineralization.

The geological team also identified a large circular structure (approximately 1,000 metres in diameter) associated with a topographic low and a geophysical magnetic high. This type of signature is sometimes associated with kimberlite or lamprophyre pipes, either of which are potential hosts for diamonds. This circular structure could also be associated with a carbonatite intrusion, which is sometimes associated with rare earth element mineralization. Other geological structures could also create a similar type of signature and further field exploration will be necessary in order to identify the source of this anomaly. Assay results of grab samples from pegmatite, paragneiss, granite and basalt units are still pending. The technical team will use the assay results to determine the presence of any chemical zonation and/or fertile granite compositions associated with potentially lithium-bearing pegmatite bodies (Selway et al., 2005). The grab sample duplicates will serve as field duplicates in a quality assurance/quality control program established by the company. Grab samples from bedrock outcrop were shipped to Actlabs (Val d'Or, Que.), where they will be pulped and assayed using the Ultratrace 3 package. This procedure combines INAA with near-total acid digestion and ICP-OES and ICP-MS analyses to provide the concentrations of 65 elements.

The field exploration team compiled the data in preparation for the second phase of groundwork, which will focus on the heart of the claims, located between targets T5 and T8, including further assessment of T1, which hosts the circular structure described above. The remaining unvisited targets were also part of the next field program. The historical geophysical data on the property are being compiled and will be reassessed along with the company's recent observations from the field by Dynamic Discovery Geosciences, to enhance the efficiency of field prospecting activities in the future.

On September 15, 2016, the Company announced it had increased its land position by staking 166 new claims for a total of 88.26 square kilometres in the vicinity of the Lithium Lakes property. The newly acquired claims were named the Toro property by the Company and the Toro Property also include target T1 that was previously in the Lithium Lakes Property. The discovery of a circular high-magnetic anomaly coincident with a topographic low on the Lithium Lakes property has expanded the company's focus to include diamonds. The new claims cover other magnetic anomalies of circular shape and of significant size that may be related to kimberlite pipes (it is important to note that other geological structures could also generate similar magnetic anomalies, and field validation has yet to be conducted).

The new targets are located in the La Grande and Opinaca geological subprovinces identified as the eastern extension of the North Caribou terrain, which hosts the Victor diamond mine operated by De Beers Canada (Victor is hosted in a kimberlite pipe belonging to an 18-pipe swarm, of which 16 are diamondiferous). Six key factors for kimberlite exploration (age of craton, magnetic high, topographic low, target shape, relationship with deep linear features and Keating score) were used to select the Toro anomalies, making them significant targets for diamond exploration. The company intends to perform a full desktop geophysical review of the different targets before proceeding with field exploration, which includes indicator tracing from till samples collected with the assistance of a helicopter.

On October 13, 2016, Evolving Gold Corp. announced it had completed the planning for an exploration program on the Toro property to assess the potential of the 24 kimberlite targets. The Toro field campaign, being conducted by two geologists and two technicians, began on Oct. 12, 2016. The company is simultaneously completing phase 2 of its field exploration activities on the Lithium Lakes property, initially announced Sept. 8, 2016, which are being conducted by an additional two geologists and two technicians.

Toro Property Field Program

In this first phase of field exploration of the kimberlite targets, approximately half of the circular magnetic anomalies identified on the Toro property have been selected for geological mapping, field prospecting and till sampling for kimberlite indicator minerals (KIMs) glacially down ice from the targets.

A till sampling survey down ice from the circular magnetic anomalies selected for phase-one assessment work will be performed. The coarse till samples will be screened with a 20-mesh sieve, and 10 kilograms of the finer material will be tagged, bagged and sealed on site. The samples will then be shipped to C.F. Mineral Research Ltd. in Kelowna, B.C., to determine the presence of KIMs by means of heavy mineral concentration, optical picking, mounting of grains for microscopic analysis and the determination of their microchemistry using electron microprobe analysis (EMPA). The assessment process is estimated to take a minimum of two months.

Lithium Lakes Property Field Program

Phase 2 fieldwork at Lithium Lakes has begun, performing geological mapping and prospecting in the area that was previously defined by the company as having the most potential for lithium mineralization (see news release dated Sept. 8, 2016). This area surrounds targets T5, T1 and T8, where minerals found during the first reconnaissance survey indicate the possible presence of fertile granites that may be associated with lithium mineralized pegmatite. Boulder-field prospecting will also be done down ice from the individual targets. This phase of exploration will also include field prospecting on targets T3, T4, T9 and T12, which were not part of the earlier fieldwork program. The company has not yet received assay reports from samples collected during previous fieldwork at Lithium Lakes.

The Company is waiting on the results of the field exploration programs. Bulk sampling, if warranted, will be initiated to provide metallurgical data, following which geophysical surveys will be used to determine specific diamond drill targets, if as and when warranted.

Jake Creek Property, Nevada, USA

The Jake Creek Property was located in northern Humboldt County, Nevada, approximately 45 miles northeast of Winnemucca, and consists of 699 generally contiguous, unpatented mining claims covering a total of approximately 14,405 acres. The claim block was situated among the buttes and adjoining slopes of the western foothills of the Snowstorm Mountains, along a north-northwest trending structural corridor known as the Jake Creek Trend. Local terrain is gentle to relatively steep, with elevations ranging from roughly 5,000 to 5,800 feet above mean sea level. The Company is the sole owner of the Jake Creek Property claim block and holds an undivided, 100% interest in the Jake Creek Property.

During the quarter ended September 30, 2016, the Company allowed the claims to lapse, due to the expense of maintaining the property with the Bureau of Land Management and the cost of maintaining operations in the United States.

Rattlesnake Property, Wyoming, USA

The Rattlesnake Hills Property lies in Natrona County, Wyoming approximately 47 miles west-southwest of Casper. The property was 100% owned by the Company until the sale noted below. The Rattlesnake Hills Property consists of 30 unpatented lode mining claims that were staked between 1985 and 1987, 97 unpatented lode mining claims that were staked in 2006, 515 unpatented lode claims that were staked in 2008 and 2009, and approximately 515 hectares of Wyoming State lease lands. The Rattlesnake Hills Property is located within the Rattlesnake Hills Alkalic Intrusive ("RAI") Complex, one of many alkalic centers occurring along the eastern margin of the Rocky Mountains from New Mexico to Canada.

On July 28, 2015 Rattlesnake Mining (Wyoming) Company, a wholly owned subsidiary of the Company, entered into an Asset Purchase Agreement whereby it sold the Rattlesnake property to GFG Resources (US) Inc. ("GFG"), a private company incorporated in the United States for cash consideration of US$1,600,000 (including the bond refund of $286,000), payable in stages, and 2,000,000 common shares at a fair value of $450,000. As of the date of this report, the Rattlesnake Mining (Wyoming) Company has received all required payments noted above, and has sold the GFG common shares.

Accordingly, Rattlesnake Mining (Wyoming) Company no longer has an interest in the property aside from a 2% net smelter return royalty with 1% available for purchase for US$1,000,000 on production arising from the mining claims, save and except for 30 claims that are already subject to a pre-existing royalty. Rattlesnake Mining (Wyoming) Company may also be entitled to an additional 1,500,000 common shares of GFG in the event an independent NI 43-101 resource report defines an aggregate mineral resource (including the "inferred mineral resource", category within the meaning of NI 43-101) for Rattlesnake Hills of at least 1,000,000 ounces of gold within 4 years of closing. See "Mineral Properties" below.

The Company's exploration and evaluation expenditures for the six-month period ended September 30, 2016 and the year ended March 31, 2016 are:

	Lithium Lakes	Jake Creek	Sept. 30, 2016
Acquisition and land maintenance	138,868	-	**138,868**
Consulting-Geological	35,966	19,272	**55,237**
Field Expenses	31,323	14,799	**46,122**
	$ 206,156	$ 34,071	**$ 240,227**

	Jake Creek	Rattlesnake	March 31, 2016
Acquisition and land maintenance	3,874	24,597	**28,471**
Consulting - Geological	1,218	9,740	**10,958**
Field Expenses and other	15,312	24,696	**40,007**
Transferred on property sale	-	-	**-**
	$ 20,403	$ 59,033	**$ 79,437**

Results of Operations

The results for the three and six-month periods ended September 30, 2016 and 2015 are as follows:

	Three-months ended September 30,		Six-months ended September 30,	
	2016	**2015**	**2016**	**2015**
Operating Income (loss) for the period	$(95,286)	$2,548,837	$(337,589)	$2,400,025
Basic and diluted Income (loss) per share	$(0.01)	$0.20	$(0.02)	$0.18

The item which generated the Q2 2015 income was the sale of the Rattlesnake property of $2,339,241 (Year-to-date: $2,535,244). Excluding this income and mineral property payments received of $303,535 (YTD: $303,535) (2016: $Nil), the net loss from operations for Q2 2016 was $252,429 (YTD 2016: $530,513) compared to a 2015 loss of $156,200 (2015 YTD: $373,449.

The operating expenditures for the three and six-month periods ended September 30, 2016 and 2015 reflect an increase in the operations of the Company, primarily due to an increase in mineral property expenditures. The most significant variations are:

- Accounting and audit expenses of $3,160 (YTD: $3,160) compared to $nil (2015 YTD: $850) related to advisory services;
- Amortization of $2,349 (YTD: $5,536) (2015: $1,109 and $9,336 respectively) reflects the reduced amount of depreciable assets held by the Company due to disposals and assets reaching their end-of-life;
- Bank charges and interest of $1,130 (YTD: $2,539) (2015: $770 and $2,079, respectively) are roughly comparable due to increased operations;
- Consulting fees were $nil (2015: $12,000), as no consultants were retained year to date in 2016;
- Legal expense of $10,877 (YTD: $17,258) (2015: $nil) primarily reflects the increased activities of the Company compared to 2015 cost cutting activities, reflecting normal regulatory and corporate activities;
- Management fees of $37,500 (YTD: $75,000) (2015: $37,500 and $75,000) are unchanged over the periods, and continue to be accrued and not paid during the period;
- Mineral property expenditures of $82,721 (YTD: $240,227) (2015: $33,059 and $117,457) reflect $138,868 of property acquisition costs during the period as a result of the acquisition of the Lithium Lakes and Toro properties in Quebec, and the commencement of exploration on the properties. Last year's expenditures were predominantly reclamation and care and maintenance costs on the US properties;
- Office, rent and salaries expense of $76,426 (YTD: $143,354) (2015: $51,610 and $125,944) reflect the cost to maintain the operations of the Company, primarily with respect to the head office of the Company and general corporate expenses. Expenses increased across multiple categories of expenses, including corporate travel and promotion;
- Share based payments of $34,875 (YTD: $34,875) (2015: $nil and $7,396) represent non-cash charges incurred in connection with the granting of stock options granted in the current period and vesting during the period, calculated using the Black Scholes option valuation model; and
- Transfer agent and filing fees of $3,391 (YTD: $8,564) (2015: $20,152 and $23,387) reflect the level of corporate activities and ongoing costs to maintain listings, transfer services and the timing of corporate activities. More specifically the 2015 numbers included initial costs of the annual AGM which have not yet been incurred in 2016.

Non-operating items affecting the loss for the period include:

- A gain on settlement of debt of $49,523 was recorded in 2015 (2016: $nil);
- The change in the fair value of warrant liability represents a derivative liability due to the denomination of the Company's shares and warrants in Canadian dollars as a result of previously reporting in US dollars. This liability remains until the

underlying warrants expire on August 23, 2016. A gain of $2 (YTD: $424) (2015: a gain of $7,419 and $153) was recorded during the quarter as the underlying warrants expired and the liability was extinguished;

- A gain of $38,376 (YTD: $47,723) (2015: a loss of $1,567 and $1,585) was recognized on the change in the fair value of available for sale securities. A gain of $102,223 (YTD: $132,213) (2015: a loss of $2,543 and $11,825) was recognized on securities held for trading. The securities in these categories are part of the compensation received from the sale of various exploration properties and options on properties, and primarily reflect the increase in the value of the shares and warrants of NV Gold held by the Company;
- A gain of $10,570 (YTD: $10,570) ((2015: $nil) was recorded with respect to the deferred income tax liability recorded during the quarter as a result of the issuance of flow through shares on a private placement;
- Foreign exchange was a gain of $5,852 ((YTD: $1,874) (2015: a gain of $24,796 and a loss of $100,008, respectively). The higher volatility and reduced value of the Canadian dollar relative to the US dollar during the periods contributed to the variations.

Selected Annual Information

	2016	2015	2014
Interest income	738	3,467	41,109
Share Based Payments	14,988	64,587	57,808
Exploration and evaluation expenditures	187,690	292,988	831,145
Comprehensive income (loss) for the year	2,456,048	256,726	(1,951,309)
Income (loss) per share, basic and fully diluted	0.18	0.02	(0.17)
Total assets	2,205,717	817,559	705,729
Working capital	1,281,309	(835,205)	(1,515,627)

Summary of Quarterly Results (Unaudited)

The following is a summary of the results from the eight previously completed financial quarters:

	Fiscal 2016-2017		Fiscal 2015-2016	
	Q2 Sept. 30, 2016	**Q1 June 30, 2016**	**Q4 March 31, 2016**	**Q3 Dec. 31, 2015**
Interest income and other	120	-	572	-
Share based payments	34,875	-	(6,914)	14,015
Exploration and evaluation expenditures	82,721	157,506	20,349	49,459
Comprehensive income (loss)	(95,286)	(242,303)	122,991	(73,816)
Income (loss) per share, basic and fully diluted	(0.01)	(0.02)	0.01	0.00
Total assets	2,355,861	2,145,262	2,202,421	2,179,516
Working capital	1,449,845	1,240,774	1,281,061	1,167,062

	Fiscal 2015-2016		Fiscal 2014 -2015	
	Q2 Sept. 30, 2015	**Q1 June 30, 2015**	**Q4 March 31, 2015**	**Q3 Dec. 31, 2014**
Interest income	167	-	3	3,266
Share based payments	-	7,396	64,404	10,898
Exploration and evaluation expenditures	33,178	79,437	35,686	17,271
Comprehensive income (loss)	2,560,401	(142,752)	(67,886)	(124,646)
Income (loss) per share, basic and fully diluted	0.20	(0.01)	(0.01)	(0.01)
Total assets	2,429,419	764,468	817,559	335,112
Working capital	865,149	(995,939)	(835,205)	(47,644)

Interest Income
Interest income fluctuated with the amount of interest earning assets held and the interest rate earned thereon.

Net Loss
Net loss varies based on normal corporate expenditures and certain periodic expenses, such as stock based compensation and gains on the sale of marketable securities. Stock-based compensation varies with the timing of vesting of option grants. A gain on sale of marketable securities is recorded when a sale occurs.

Working Capital
Working Capital for all quarters presented above decreased due to exploration and administrative costs, and increased when assets were sold, recorded as held for sale, or when debt settlements occurred.

Capital Expenditures

During the six-month period ended September 30, 2016 and the year ended March 31, the Company incurred net expenditures of $nil (March 31, 2015 - $6,569) for additions to fixed assets in various categories.

Financing Activities

During the six-month period ended September 30, 2016, the Company completed the following transactions:

- A private placement for 600,000 flow-through common shares at $0.50 per share for gross proceeds of $300,000. The Company paid $18,000 in commissions plus expenses in connection with the private placement. As a result of the flow through provisions in the agreement, the Company recorded $56,200 of the proceeds as a liability related to future tax provisions, and a gain of $10,570 during the quarter amortizing the liability as a result of exploration expenditures incurred during the period. Proceeds received from the issuance of flow-through shares are restricted to be used only for certain Canadian resource property exploration expenditures incurred within a two-year period;
- A private placement for 1,000,000 units for gross proceeds of $100,000. Each unit consisted of one common share in the capital of the company and one common share purchase warrant, with each warrant being exercisable for the purchase of an additional common share for a period of three years from closing at 15 cents per common share. No finders' fees or commissions were paid in connection with the private placement;
- The issue of 125,000 common shares for proceeds of $6,250 upon the exercise of 125,000 stock options at $0.05 per share; and
- The issue of 300,000 common shares for property at a fair value of $93,000. See Mineral Properties above.

There were no securities transactions during the year ended March 31, 2016.

Liquidity and Capital Resources

The Company's aggregate operating, investing and financing activities for the six-month period ended September 30, 2016 resulted in a cash increase of $1,246,066 (2015: $322,127). As at September 30, 2016 and March 31, 2016, the Company's cash and cash equivalents balance was $1,862,278 (March 31, 2016: $616,212) and the Company had a working capital of $1,449,845 (March 31, 2016: $1,281,061).

The Company has not yet put into commercial production any of its mineral properties and as such has no operating revenues. Accordingly, the Company is dependent on the equity markets as its sole source of operating working capital. The Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

The Company will continue to require funds to meet its obligations and as a result, will have to continue to rely on equity and debt financing during such period. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

The Company continues to review its mineral property holdings on an annual basis. The Company does not have any other commitments for material capital expenditures either in the near or long term over normal operating requirements and none are presently contemplated other than as disclosed above.

Transactions with Related Parties

Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include the Company's CEO and CFO. Payments to key management are recorded as management fees. Share based payments were incurred for both key management and directors. No Directors fees were paid during the applicable periods.

The following related party transactions were incurred:

	Three months ended September 30,		Six months ended September 30,	
	2016	**2015**	**2016**	**2015**
Management fees and salaries	$ 37,500	$ 37,500	$ 75,000	$ 75,000
Share based payments	25,879	6,203	25,879	6,203
	$ 63,379	**$ 43,703**	**$ 100,879**	**$ 81,203**

Management fees are payable in Canadian dollars. During the six-month period ended September 30, 2016 and the year ended March 31, 2016, the Company continued to accrue management fees. Unpaid and accrued management fees as at June 30, 2016 and March 31, 2016 were $262,500 ($187,500).

Off Balance Sheet Arrangements

To the best of management's knowledge, there are no other off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the company.

Critical Accounting Estimates and Changes in Accounting Polices

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The estimates and assumptions of the Company are set out in Note 4 to the annual audited Consolidated Financial Statements as of and for the year ended March 31, 2016, which are incorporated herein by reference. The reader is referred to those statements for a detailed discussion of the accounting policies.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Effective March 31, 2016, the Company determined that, as a result of a change in focus from United States based to Canadian based mineral exploration properties, the functional currency of the Company had changed from the United States dollar to the Canadian dollar. Accordingly, the Company determined that it should report in the Canadian dollar as well. The change in functional currency from Canadian dollars to US dollars is accounted for prospectively from April 1, 2016. The unaudited, condensed consolidated interim financial statements are presented in Canadian dollars and prior year comparable information is restated to reflect the change in presentation currency. There were no changes to the measurement basis of the financial statement line items as a result of the change in presentation currency. In making the change to a Canadian dollar presentation currency, the Company followed the guidance in IAS 21, The Effects of Changes in Foreign Exchange Rates ("IAS 21"), and has applied the change retrospectively as if the new presentation currency had always been the Company's presentation currency. See Note 3 to the September 30, 2016 financial statements.

Future Accounting Changes

The Company did not adopt any new or amended standards for the year beginning April 1, 2016 or 2015 that had a material impact on the consolidated financial statements. New accounting standards, amendments to standards and interpretations that have been issued but are not effective during the period year ended March 31, 2016 are summarized in Note 3 of the annual audited Consolidated Financial Statements as of and for the year ended March 31, 2016.

Financial Instruments

The company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated.

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company has significant exposure to foreign exchange rate fluctuation. The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in United States dollars. The Company has not entered into any foreign currency contracts to mitigate this risk. The Company holds balances in US dollars which could give rise to exposure to foreign exchange risk. Sensitivity to a plus or minus 10% change in the foreign exchange rate of the US dollar to the Canadian dollar would affect the reported loss and comprehensive loss by approximately $31,896 (March 31, 2016: $101,235) as detailed below:

United States Dollar Denominated Balances	September 30, 2015	March 31, 2016
Cash	$ 737,184	$ 345,569
Accounts receivable	-	645,000
Available for sale securities	-	450,000
Accounts payable	(418,223)	(428,223)
	318,961	1,012,346
10% change in exchange rate impact	**$ 31,896**	**$ 101,235**

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand.

The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at September 30, 2016 and March 31, 2016 relating to cash and cash equivalents of $1,862,278 and $616,212 held in deposits at a Canadian chartered bank. The Company considers this credit risk to be minimal for all cash and cash equivalent assets based on changes that are reasonably possible at the reporting date

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

Accounts payable and other liabilities	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Over 5 years	Total
September 30, 2016	$ 816,727	$ -	$ -	$ -	$ 816,727
March 31, 2016	$ 826,535	$ -	$ -	$ -	$ 826,535

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Statement of Financial Position carrying amounts for cash and cash equivalents, restricted cash and trade and other payables approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from 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); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The available-for-sale securities, Northern Empire and NV Gold are based on quoted prices and are therefore considered to be Level 1.

The available-for-sale securities, GFG, is based on inputs other than quoted prices, but are observable directly and therefore is considered to be Level 3.

The fair value of the warrant liabilities are determined with the use of a fair value pricing model and are determined to be Level 3 liabilities.

Outstanding Share Data

As of September 30, 2016, and the Report Date, the following table summarizes the outstanding share capital of the Company:

	September 30, 2016	**Report Date**
Common Shares	15,497,378	15,497,378
Stock Options	1,549,000	1,549,000
Warrants	1, 000,000	1,000,000
Total, Fully Diluted	**18,046,378**	**18,046,378**

See Events after the Reporting Period, below, for a description of the transactions affecting share capital as of the Report Date.

Risks and Uncertainties

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

Operational risks include: the Company may not be able to find and develop reserves economically, the Company cannot guarantee title to its properties, the Company may have difficulty in marketing production and services, the Company must manage changing governmental law and regulations, the Company may have difficulty in hiring and retaining skilled employees and contractors, there are significant risks and hazards related to mining that are beyond the Company's control, there is no assurance that the Company will acquire additional mineral properties and any acquisitions may expose the Company to new risks, and the mining industry is intensely competitive for the acquisition of new properties, access to capital and hiring of skilled personnel. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations.

Financial risks include commodity prices, interest rates and fluctuating foreign exchange rates, all of which are beyond the Company's control. Additional financial risks are the Company's ability to raise capital to continue funding its operations.

Regulatory risks include the possible delays in getting regulatory approval to, and permits for, the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the introduction of ever more complex reporting requirements the cost of which the Company must meet in order to maintain its exchange listing.

Events after the reporting period

The Company has evaluated its activities subsequent to September 30, 2016 and has determined that there are no material events to be reported.