FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR
FREEGOLD VENTURES LIMITED

DATED: MARCH 29TH, 2016

Additional information relating to Freegold Ventures Limited ("Freegold" or the "Company"), including the Company's Annual Information Form for the year ended December 31st, 2015 is available on SEDAR at www.sedar.com.

This discussion contains certain forward-looking information and is expressly qualified to the cautionary statement at the end of this MD&A.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The 2015 and 2014 information set forth in this document should be read in conjunction with the consolidated audited financial statements and related notes, prepared in accordance with IFRS, for the years ended December 31st, 2015 and 2014.

BUSINESS OF FREEGOLD

Freegold is an exploration stage company engaged in the acquisition, exploration and evaluation of mineral properties of merit with the aim of developing them to a stage where they can be exploited at a profit or to arrange joint ventures whereby other companies provide funding for development and exploitation. The Company was incorporated in 1985 and is listed on the Toronto Stock Exchange under the symbol "FVL". As of March 29th, 2016, the Company had 104,370,851 shares outstanding and a market capitalization of approximately CDN $11.5 million. The Company has its registered corporate office in Vancouver, Canada.

REVIEW OF EXPLORATION PROJECTS

The Company continues to focus its exploration activities in Alaska. Its primary project is the Golden Summit Project, a road accessible gold exploration project near Fairbanks, Alaska. Since 2011, four NI 43-101 compliant resource updates have been completed on Golden Summit each of which resulted in an increased overall resource for the Project. During the previous year, the Company received positive metallurgical results that showed an 85% recovery in column leach tests on the oxide component and completed a Preliminary Economic Assessment Study ("PEA") on the Golden Summit Project by Tetra Tech Inc. Unless otherwise noted, all currency amounts are stated in US dollars for the PEA.

Based on a gold price of US$1,300/oz, highlights of the Golden Summit Project PEA include:

- A post-tax $NPV_{5\%}$ and IRR of $188 million and 19.6% respectively;
- A mine life of 24 years with peak annual gold production of 158,000 ounces and average annual gold production of 96,000 ounces;
- 2,358,000 ounces of doré produced over life of mine;
- Total cash cost estimated at US$842/oz Au (including royalties, refining and transport);

- Ability to execute Phase 1 with low initial capital; initial and sustaining capital costs, including contingency, estimated at $88 million and $348 million respectively;
- A payback of 3.3 years post-tax; and
- Favorable geopolitical climate; completion risk is offset through strong legislative and financial support at state and federal levels.

During the previous year, the Company entered into a mineral lease agreement on the Shorty Creek Project, a copper-gold-moly porphyry exploration target that may have significant discovery potential located 120 km northwest of Fairbanks. Drilling completed in September and October 2015 demonstrated the potential for a significant copper gold porphyry deposit with discovery of 0.71 % Cu equivalent mineralization over 91 metres (0.55 % Cu) within the first core drilling carried out at Shorty Creek.

GOLDEN SUMMIT, ALASKA

Located 32km northeast of Fairbanks, Alaska, the Golden Summit Project is comprised of a series of long-term leases ("Keystone Claims", "Tolovana Claims", "Newsboy Claims", "Green Claims", "Chatham Claims" and "Alaska Mental Health Trust Property" see below for further details) and claims and lands owned by Freegold. The project is subject to various fixed and sliding net smelter return royalties ("NSR's") ranging from 1-5% dependent on the price of gold. A detailed description of the leases follows:

Certain claims are subject to a 7% working interest held in trust for Fairbanks Exploration Inc. ("FEI") by the Company. Under this Quit Claim Deed Freegold is required to fund 100% of the project until production is achieved at which point FEI is required to contribute 7% of any approved budget. These claims are subject to a 2% NSR ("FEI NSR") to FEI. The Company has a 30 day right of first refusal, in the event that the 7% working interest of FEI or the FEI NSR is to be sold by FEI. The Company can also purchase the FEI NSR at any time following commercial production, based on its net present value as determined by commercial ore reserves at the commencement of commercial production.

Keystone Claims

By an agreement dated May 17th, 1992, the Company entered into a lease with Keystone Mines Partnership ('Keystone") on the Keystone claims 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 15th, 2000, a US$50,000 payment was made in cash and shares. On November 30th, 2001, the Company restructured the advance royalty payments.

	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	**
2016 – 2019 (US$150,000 per year)	$ 600,000	*

The property is subject to a 3% NSR.

In 2011, Freegold negotiated an extension of the lease for so long as permitting, development mining or processing is being conducted on a continuous basis and, if the property is not in commercial production, provided that the advance royalties are being paid, the lease shall be renewable for successive 10 year terms.

* On December 8th, 2015, the Company renegotiated the lease to reduce the 2016 annual payment to US$75,000 payable in two equal installments on August 1st, 2016 and November 1st, 2016, until such time as the price of gold averages US$1,400 per oz. for a period of three 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 subsequent to the year ended December 31, 2015 and the lease agreement remains in good standing.

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 a Quit Claim Deed to a 20 year lease on the Tolovana Gold Property in Alaska which is renewable.

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 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 was established in five 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 a 3.0% NSR in the event that the price of gold is above US$400. The Company has the option to purchase 100% interest in the Tolovana claims and NSR for US$1,000,000 less any amounts paid.

Newsboy Claims

By lease agreement dated February 28th, 1986 and amended March 26th, 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 12th, 2012, the Company amended the lease agreement and the lease term was extended for an additional five years, from March 1st, 2011 to February 29th, 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 29th, 2016 was deferred to May 31st, 2016 and the lease term was extended for an additional five years from March 1st, 2016 to February 28th, 2021. As consideration, the Company has agreed to a one-time payment of US$50,000 due on or before February 28th, 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.

Green Claims

By lease agreement dated December 16th, 2010, the Company entered into a 20 year lease agreement with Christina Mining Company, LLC for 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 1st, 2010	US$100,000 (paid)	-
December 1st, 2011	US$100,000 (paid)	US$250,000 (incurred)
December 1st, 2012	US$100,000 (paid)	US$500,000 (incurred)
December 1st, 2013	US$100,000 (paid)	US$750,000 (incurred)
December 1st, 2014	US$50,000 (paid)	US$1,000,000 (incurred}
December 1st, 2014	US$50,000 (paid)	-
December 1st, 2015	US$50,000 per year *	-
December 1st, 2016 to 2019	US$100,000 per year	-
December 1st, 2020 to 2028	US$200,000 per year	-
December 1st, 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 until March 31st, 2016.

Chatham Claims

By lease agreement dated July 11th, 2011, the Company entered into a four year lease agreement on certain mineral claims in the Fairbanks Mining District of Alaska known as the Chatham Property. The claims are subject to a 2% NSR ("Chatham NSR"). The Company is required to make annual cash payments and exploration expenditures as follows:

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

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

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

The Company also has the option to purchase the property for US$750,000, less the payments made under the amended lease agreement. The Company has the option to purchase one-half of the Chatham NSR, representing 1 % for US$750,000.

Alaska Mental Health Trust Property

By lease agreement dated June 1st, 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 will be controlled by the Company through a three year lease agreement and may be extended by two extensions of three years. On February 1st, 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 1st, 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$125 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 are subject to the following NSR:

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

EXPLORATION

The Golden Summit Project covers approximately a 14,000 acre area. To date, resource exploration drilling has been confined to the western portion of the Project. Resource drilling commenced in 2011 and some 32,810 metres of drilling have been completed since resource drilling commenced. In addition detailed geochemical and geophysical programs have been undertaken over the entire Project. The Project is host to several high grade historical gold mines as well as significant historical placer gold production. It is estimated that some 6.75 million ounces of placer gold have been recovered from the streams that drain the Golden Summit Project area.

The Golden Summit Project has a number of competitive advantages including existing infrastructure, a favorable permitting climate and proximity to Fairbanks. The site is within five miles of Kinross Gold's Fort Knox mine, a heap leach and milling operation, which has done tremendously well for Alaska. There is ready access to an available, seasoned labour pool. This Project can offset early costs with a phased approach, and can take advantage of the Alaska DNR exploration incentive credit program and the oxide Mineral Resource can grow quickly with more drilling, while utilizing the infrastructure and labour readily available in the area.

An initial NI 43-101 compliant resource was calculated on March 2011 and was based on 49 previously drilled reverse circulation (RC) and diamond drill core holes totaling 5,966 meters. Using a 0.3 g/t cut-off the resource calculated was 174,000 ounces (7,790,000 tonnes @ 0.695 g/t) in the indicated category and 526,000 ounces (27,010,000 tonnes @ 0.606 g/t) in the inferred category**.**

The full report entitled, "*Geology and Mineralization and Mineral Resource Estimate for the Golden Summit Project, Fairbanks Mining District, Alaska*" by David D. Adams, BSc, MSc, P.Geo. and Gary H. Giroux, P.Eng, MASc., dated March 31st, 2011, was filed on SEDAR as "Amended & restated technical report (NI 43-101)", on April 1st, 2011.

Additional drilling was completed during 2011 and an updated NI 43-101 resource was completed in December 2011. Using a 0.3 g/t cut-off the resource calculated was 341,000 ounces (17,270,000 tonnes @ 0.62 g/t) in the indicated category and 1,137,000 ounces (64,440,000 tonnes @ 0.55 g/t) in the inferred category.

The full report entitled, "*2011 Update Report on the Geology and Mineralization and Mineral Resource Estimate for the Golden Summit Project, Fairbanks Mining District, Alaska*" by David D. Adams, BSc, MSc, P.Geo. and Gary H. Giroux, P.Eng, MASc., dated January 26th, 2012, was filed on SEDAR on January 26th, 2012.

An additional 14,917 (74, holes) metres were drilled on both the Dolphin and Cleary Hill areas in 2012 and an updated NI 43-101 resource was reported in October 2012. Using a 0.3 g/t cut-off the resource calculated was 1,576,000 ounces (73,580,000 tonnes @ 0.67 g/t) in the indicated category and 4,437,000 ounces (223,300,000 tonnes @ 0.62 g/t) in the inferred category.

The full report entitled, "*Technical Report for the Golden Summit Project, Fairbanks Mining District, Alaska*" by Mark Abrams, BSc, MSc, P. Geo. and Gary H. Giroux, P. Eng, MASc., dated December 14th, 2012, was filed on SEDAR on December 17th, 2012.

A winter program was carried out in 2013 and an additional 10 holes were drilled of which 8 of these holes were incorporated into the updated NI 43-101 resource. Using a 0.3 g/t cut-off the resource calculated was 1,683,000 ounces (79,800,000 tonnes @ 0.66 g/t) in the indicated category and 4,841,000 ounces (248,060,000 tonnes @ 0.61 g/t) in the inferred category

In addition, a surface oxide resource was provided and the resource was divided into material above and below this surface. The oxide cap is contained largely within the upper 200 feet (60 metres) of the resource.

The full report entitled, "*Technical Report for the Golden Summit Project, Fairbanks Mining District, Alaska*" by Mark Abrams, BSc, MSc, P. Geo. and Gary H. Giroux, P. Eng, MASc., dated August 7th, 2013 was filed on SEDAR on August 8th, 2013.

In July 2013, drilling recommenced on the Dolphin area. A total of 3 holes for a total of 1,666.8 metres were drilled. These additional three holes completed were deemed to not have a material effect on the current resource as when they were compared to the estimated blocks they pass through they were found to correlate well and as a result the resource remains current.

For all drill results reference should be made to the full news releases contained on the Company's website at www.freegoldventures.com.

Activities throughout 2014 and 2015 focused on PEA level activities. Tetra Tech of Golden, Colorado was was engaged to complete a preliminary economic assessment (PEA) on the current resource. Additional baseline environmental, cultural resource work and additional geochemical surveys were completed as well as an extensive metallurgical program utilizing both the services of SGS and McClelland Laboratories the results of which were incorporated into the PEA Report.

On January 25th, 2016 the Company announced positive results of its Preliminary Economic Assessment (the "PEA") prepared in accordance with National Instrument 43-101 (NI 43-101)

The PEA evaluated a two-phase, 24-year open pit mine generating two gold ore streams, each operating at 10,000 tonnes per day (tpd). Processing operations for the oxide and sulphide mineralized materials are heap leach and bioxidation respectively.

As part of the 2015 PEA a conceptual open pit, based on $1300/oz Au, was produced by Tetra Tech. As a result only blocks falling within this pit are now reported as a Resource within the following Tables.

Table 1: Dolphin Zone Indicated Resource within Conceptual Pit

Au Cut-off (g/t)	Tonnes >Cut-off (tonnes)	Grade > Cut-off		
		Au (g/t)	Contained	
			kg Au	oz Au
0.20	82,650,000	0.58	47,610	1,531,000
0.25	71,140,000	0.63	45,030	1,448,000
0.30	**61,460,000**	**0.69**	**42,410**	**1,363,000**
0.35	53,460,000	0.74	39,770	1,279,000
0.40	46,690,000	0.80	37,260	1,198,000
0.50	35,590,000	0.91	32,320	1,039,000
0.60	26,720,000	1.03	27,440	882,000
0.70	20,030,000	1.15	23,110	743,000
0.80	15,030,000	1.29	19,390	623,000
0.90	11,450,000	1.43	16,350	526,000
1.00	8,870,000	1.57	13,910	447,000
1.10	6,990,000	1.71	11,940	384,000
1.20	5,560,000	1.85	10,300	331,000
1.30	4,490,000	2.00	8,960	288,000

Table 2: Dolphin Zone Inferred Resource within Conceptual Pit

Au Cut-off (g/t)	Tonnes >Cut-off (tonnes)	Grade > Cut-off		
		Au (g/t)	Contained	
			kg Au	oz Au
0.20	95,920,000	0.58	55,350	1,779,000
0.25	82,910,000	0.63	52,400	1,685,000
0.30	**71,500,000**	**0.69**	**49,260**	**1,584,000**
0.35	61,640,000	0.75	46,050	1,480,000
0.40	52,690,000	0.81	42,730	1,374,000
0.50	38,800,000	0.94	36,510	1,174,000
0.60	28,710,000	1.08	30,980	996,000
0.70	21,700,000	1.22	26,450	850,000
0.80	16,910,000	1.35	22,880	736,000
0.90	12,890,000	1.51	19,460	626,000
1.00	10,090,000	1.67	16,820	541,000
1.10	8,350,000	1.80	15,000	482,000
1.20	7,050,000	1.92	13,500	434,000
1.30	5,880,000	2.05	12,050	387,000

Tables 3 and 4 show the resource present above the oxide surface, within the Conceptual Pit while Tables 5 and 6 show the resource present below the oxide surface again within the Conceptual Pit.

Table 3: Oxide Zone Indicated Resource within Conceptual Pit

Au Cut-off (g/t)	Tonnes >Cut-off (tonnes)	Grade > Cut-off		
		Au (g/t)	Contained	
			kg Au	oz Au
0.20	22,520,000	0.55	12,270	395,000
0.25	18,960,000	0.61	11,490	369,000
0.30	**16,180,000**	**0.66**	**10,730**	**345,000**
0.35	13,990,000	0.72	10,020	322,000
0.40	12,160,000	0.77	9,340	300,000
0.50	9,180,000	0.87	8,000	257,000
0.60	6,850,000	0.98	6,730	216,000
0.70	5,030,000	1.10	5,550	178,000
0.80	3,700,000	1.23	4,560	147,000
0.90	2,800,000	1.36	3,790	122,000
1.00	2,100,000	1.49	3,130	101,000
1.10	1,650,000	1.61	2,660	85,000
1.20	1,330,000	1.72	2,290	74,000
1.30	1,040,000	1.86	1,930	62,000

Table 4: Oxide Zone Inferred Resource within Conceptual Pit

Au Cut-off (g/t)	Tonnes >Cut-off (tonnes)	Grade > Cut-off		
		Au (g/t)	Contained	
			kg Au	oz Au
0.20	14,660,000	0.47	6,950	223,000
0.25	11,810,000	0.53	6,310	203,000
0.30	**9,620,000**	**0.59**	**5,700**	**183,000**
0.35	8,120,000	0.64	5,220	168,000
0.40	6,910,000	0.69	4,770	154,000
0.50	4,940,000	0.79	3,890	125,000
0.60	3,360,000	0.90	3,020	97,000
0.70	2,330,000	1.01	2,360	76,000
0.80	1,690,000	1.11	1,880	61,000
0.90	1,160,000	1.23	1,430	46,000
1.00	720,000	1.41	1,020	33,000
1.10	510,000	1.57	800	26,000
1.20	360,000	1.75	630	20,000
1.30	270,000	1.91	510	17,000

Table 5: Sulphide Zone Indicated Resource within Conceptual Pit

Au Cut-off (g/t)	Tonnes >Cut-off (tonnes)	Grade > Cut-off		
		Au (g/t)	Contained	
			kg Au	oz Au
0.20	60,130,000	0.59	35,360	1,137,000
0.25	52,180,000	0.64	33,550	1,079,000
0.30	**45,280,000**	**0.70**	**31,650**	**1,018,000**
0.35	39,470,000	0.76	29,800	958,000
0.40	34,530,000	0.81	27,930	898,000
0.50	26,410,000	0.92	24,300	781,000
0.60	19,870,000	1.04	20,720	666,000
0.70	14,990,000	1.17	17,550	564,000
0.80	11,330,000	1.31	14,820	476,000
0.90	8,650,000	1.45	12,550	404,000
1.00	6,770,000	1.59	10,780	347,000
1.10	5,340,000	1.74	9,280	298,000
1.20	4,230,000	1.89	8,010	257,000
1.30	3,450,000	2.04	7,030	226,000

Table 6: Sulphide Zone Inferred Resource within Conceptual Pit

Au Cut-off (g/t)	Tonnes >Cut-off (tonnes)	Grade > Cut-off		
		Au (g/t)	Contained	
			kg Au	oz Au
0.20	81,260,000	0.60	48,350	1,554,000
0.25	71,100,000	0.65	46,070	1,481,000
0.30	**61,880,000**	**0.70**	**43,560**	**1,401,000**
0.35	53,520,000	0.76	40,840	1,313,000
0.40	45,780,000	0.83	37,950	1,220,000
0.50	33,860,000	0.96	32,610	1,048,000
0.60	25,360,000	1.10	27,970	899,000
0.70	19,360,000	1.24	24,080	774,000
0.80	15,210,000	1.38	20,990	675,000
0.90	11,730,000	1.54	18,040	580,000
1.00	9,370,000	1.69	15,810	508,000
1.10	7,840,000	1.81	14,200	456,000
1.20	6,700,000	1.93	12,900	415,000
1.30	5,610,000	2.06	11,530	371,000

A summary of the Golden Summit PEA Assumptions and Economic Results and presented in US $:

The following assumptions were used in the PEA evaluation:

Table 1: Principal Assumptions

Description	Parameter	Unit
General Assumptions		
Pre-Production Period	4	Years
Mine Life	24	Years
Operating Days	365	days/year
Production*	3,650	Ktpy
Market Assumptions		
<u>Price</u>		
Gold	$1,300	$/oz
<u>Payable Metal</u>		
Gold	2,308	Koz
<u>Deductions</u>		
Gold Deduction	0.1%	
Transport & Insurance	$4.00	$/oz
Refining	$3.00	$/oz
Financial Assumptions		
Private Royalty	2.0%	(average)
Federal Income Tax	35.0%	
State Income Tax	9.4%	
Property Tax	1.3%	
Mining Licence Tax	7.0%	
Alaska Production Royalty	3.0%	
Technical Assumptions		
Diesel	$3.00	$/gal
Electric	$0.13	$/kWh
<u>Recovery</u>		
Heap Leach	80%	
Bioxidation	90%	
*Applicable to each phase individually (oxide and sulphide).		

The following operating costs were developed for the Golden Summit Project:

Table 2: Golden Summit Operating Costs

Description	$/t-moved	$/t-ore	$/oz-gold
Mining	$3.04	$10.56	$441.68
Mining Lease	-	$1.06	$44.53
Crushing Circuit	-	$0.91	$38.10
Heap Leach (Oxide)	-	$1.20	$50.18
Process Plant (Sulphide)	-	$4.44	$185.59
Tailings Storage Facility	-	$0.12	$4.96
Infrastructure	-	$0.31	$13.09
Direct Operating Cost	**-**	**$18.60**	**$778.13**
Property Tax	-	$0.15	$6.10
Mining Licence Tax	-	$0.57	$23.74
Total Operating Cost	**-**	**$19.31**	**$807.97**

The following capital costs were developed for the Golden Summit Project and are presented in US $:

Table 3: Golden Summit Capital Costs

Description		Initial ($000s)	Sustaining ($000s)	LoM ($000s)
Direct Costs				
10	Mining	$39,744	$110,784	$150,528
20	Crushing & SAG Mill Circuits	$3,921	$9,884	$13,805
30	Heap Leach (Oxide)	$11,410	$23,723	$35,133
40	Process Plant (Sulphide)	$0	$27,894	$27,894
50	Tailings Storage Facility	$0	$67,774	$67,774
60	Infrastructure	$10,131	$11,000	$21,131
70	Construction	$12,095	$56,903	$68,998
	Direct Costs	**$77,301**	**$307,962**	**$385,263**
Indirect Costs				
800	Construction Indirects	$456	$2,232	$2,688
810	Spares & Inventory	$342	$1,674	$2,016
820	First Fills	$342	$1,674	$2,016
830	Freight & Logistics	$799	$2,789	$3,588
840	Commissioning & Start-Up	$342	$1,674	$2,016
850	EPCM	$1,369	$4,184	$5,553
860	Vendor & Consulting Assistance	$228	$1,116	$1,344
	Indirect Costs	**$3,879**	**$15,342**	**$19,221**
90	Owner's Costs	$7,240	$24,984	$32,224
	Total Capital	**$88,420**	**$348,288**	**$436,708**

Based on the assumptions and costs above, the following cash flow results are presented:

Table 4: Economic Results

Description	Value	Unit
Net Present Value (0%)	$533,613	$000s
Net Present Value (5%)	$187,742	$000s
IRR	19.6%	%
Payback	3.3	Years

Opportunities to Further Optimize Economics and Enhance Value

Value-enhancing opportunities, such as leased mine equipment, improved metallurgical performance through additional testing, liquid natural gas, local labour surveys, power generation sets, and local power contracts will be further investigated as the Project moves towards the Preliminary Feasibility stage. Additionally, there is potential for immediate resource expansion with continued drilling efforts within the oxide zone. Work completed to date which includes geophysical, geochemical and geological studies, indicates that there is a very strong possibility of being able to expand upon the known resource. A similar geochemical and geophysical signature over the known resource appears to extend both southwest and to the west over distances in excess of one (1) kilometre.

Golden Summit PEA Study Major Components

Metallurgy

Ore sample composites from five different rock types were taken from various drill core for metallurgical testing. The five composites were subjected to over 60 cyanidation tests to investigate gold recoveries using various methods of sulphide oxidation and cyanidation. A total of 36 coarse bottle roll tests were also completed to define parameters for a single column leach test to simulate heap leaching conditions for the Oxide material. In addition to the leach tests, the five composites had Bond Ball Mill Work Indices conducted to determine comminution requirements. Head analyses for gold, silver, and sulphur were also conducted. Major conclusions from the test program include:

- Golden Summit oxide material leaches rapidly and achieves good recoveries under standard heap leaching parameters;
- Sulphide material responds favorably to multiple methods of oxidation and cyanidation;
- Gold recoveries greater than 80% were observed from the column tests; and
- Gold recoveries greater than 90% were observed from sulphide oxidation testwork.

Geology and Mineralization

Gold mineralization on the Golden Summit property occurs in three main forms, including 1) intrusive-hosted sulphide-quartz stockwork veinlets (such as the Dolphin gold deposit), 2) auriferous sulphide-quartz veins (exploited by historic underground mines), and 3) shear-hosted gold-bearing veinlets. All three types are considered to be part of a large-scale intrusive-related gold system on the property. The Dolphin gold deposit is hosted in the Dolphin stock, which consists largely of granodiorite and tonalite, similar to the Pedro Dome pluton. It is the only large intrusive body known on the property at this time. The Dolphin stock is approximately the same age as the nearby Fort Knox pluton, which hosts Kinross Gold's Fort Knox gold mine. Freegold made the initial discovery of widespread low-grade gold mineralization in the Dolphin stock during the initial drilling campaign on the prospect in 1995; however resource definition drilling only commenced in 2011. A total of 87 holes have been drilled within the resource area since 2011 totaling 24,156 metres.

Mining

Due to the pit containing both sulphide and oxide ore, there will be two ores provided for processing. Two sets of cut-off values were calculated; breakeven cut-off and the internal cut-off were calculated using $1,300/oz Au price for both the oxide material and the sulphide material. The oxide mine plan used a breakeven cut-off grade of 0.182 g/t Au, and an internal cut-off grade of 0.132 g/t Au. The sulphide mine plan used a breakeven cut-off grade of 0.611 g/t Au, and an internal cut-off grade of 0.566 g/t Au. The oxide will be processed via heap leach, while the sulphide ore will be processed through a plant. The mine has been scheduled to provide up to 3.5 million tonnes per year (Mtpy) of each ore type. Oxide ore is mined in the early years, as it forms a cap over the sulphide ore. Years in the middle of the production schedule have an overlap of oxide and sulphide ore production prior to completion of oxide mining. A detailed pit design was created using the pit optimizer cones as guidelines. The phases within the ultimate pit were developed to enhance the Project by scheduling higher-value material earlier in the mine life.

Oxide ore will be mined and processed exclusively for the first eight years of the mine production. A small amount of sulphide material will be mined before year eight, this sulphide ore (approximately 800,000 tonnes) will be stockpiled until the end of mine life. In year nine, sulphide ore comes online for production. Mining of the oxide material will continue through year 14 of the 24-year mine life. Mining of sulphide material will continue from year nine through the end of the 24 -year mine life.

During production, both oxide and sulphide ore material will be transported from the pit to the primary crusher located near the pit exit. After primary crushing, oxide and sulphide material will be transported by conveyor to its respective process area. The oxide will be leach processed in an area to the east northeast of the pit, while the sulphide will be processed northwest of the pit.

Waste will be hauled by truck to the Mine Rock Storage Facility (MRSF). The MRSF has been designed to permanently contain the overburden and waste material associated with the pit. The current MRSF design, located to the northeast of the pits, is built around the hill. The MRSF was designed with a buffer around the nearby creeks. The total MRSF design will contain 100% of the expected waste material planned to be generated - approximately 239 million tonnes of swelled material.

The mine has been planned using diesel blasthole drills, large haul trucks and rope shovels. Primary mine production is achieved using 64 Mt payload rope shovels along with 227 Mt payload haul trucks. The drills, shovels and haul trucks selected for the Project are scheduled to operate around the clock and require four crews on 12 hour shifts for complete shift coverage.

Processing

Gold recovery from the Golden Summit deposit will come from two separate processing methods. Oxide material will be crushed prior to loading onto a 10,000 tpd heap leach facility. The crushed oxide material will then be leached with a sodium cyanide solution. Gold from the pregnant leachate solution will then be recovered onto activated carbon and further refined in an elution/electrowinning circuit. The product from the electrowinning cells will be further refined into gold doré. Oxide gold recoveries of 80% are expected during operation.

Sulphide material containing gold will be processed in a 10,000 tpd bio-oxidation plant. The sulphide material will be processed by crushing and grinding the material prior to flotation and bio-oxidation of the sulphide concentrate. The oxidized slurry will be sent to a carbon-in-leach (CIL) circuit for cyanide leaching and recovery onto activated carbon. Gold loaded onto the activated carbon will then be recovered in the same elution circuit used for the oxide material, to produce gold doré. Sulphide gold recoveries of 90% are expected during operation.

Infrastructure

The following key infrastructure will support the mine and process facilities:

- From Fairbanks, Alaska the Project lies approximately 32 km (20 miles) northeast via State Highway 2 and State Highway 6 (the Steese Highway). The site holds a series of gravel roads which allow access to most areas of the property on a year-round basis. Fairbanks is served by the Alaska Railroad, and is connected to Anchorage and Whitehorse, Canada by well-maintained paved highways;
- Heap leach pad and solution storage;
- Conventional slurry tailings storage facility to serve the sulphide processing facility;
- Processing, truck shop, warehouse, and administration buildings;
- Substation and power distribution; and
- Potable water, fire water and sewage treatment systems.

Fairbanks serves as the regional service and supply center for interior Alaska and comprises a total population of nearly 90,000. Labour will come from the Fairbanks area where there is ready access to trained personnel. In addition the State of Alaska allows $20M of exploration expenditures to be carried forward and recovered against State taxes due.

Next Steps

Given the results of the PEA, Freegold will begin advancing the Golden Summit Project to the Preliminary Feasibility stage. Additional drilling, metallurgical testing, environmental analyses, other permitting and property confirmation activities will need to be undertaken as part of this next level of study. Particular emphasis will be placed on the near term expansion potential of the current oxide resource.

The full technical report for the PEA entitled *"NI 43-101 Technical Report, Golden Summit Project, Preliminary Economic Assessment, Fairbanks North Star Borough, Alaska, USA"*, dated January 20th, 2016, was filed on SEDAR on March 10th, 2016. The Company retained Tetra Tech, Inc. with Mark J. Abrams, C.P.G. and Gary H. Giroux, P. Eng to prepare this report and are independent of Freegold Ventures Limited and are Qualified Persons in accordance with NI 43-101.

Cautionary Notes:

The term "Mineral Resource" used in this news release is defined per NI 43-101. Though Indicated Resources have been estimated for the Golden Summit Project, the PEA includes Inferred Mineral Resources that are too speculative for use in defining Reserves. Standalone economics have not been undertaken for the measured and indicated resources and as such no reserves have been estimated for the Golden Summit Project.

Please note that the PEA is preliminary in nature, that it includes inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them.

There is no certainty that the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Without limitation, statements regarding potential mineralization and resources, exploration results, and future plans and objectives of the Company are forward looking statements that involve various risks. Actual results could differ materially from those projected as a result of the following factors, among others: changes in the price of mineral market conditions, risks inherent in mineral exploration, risks associated with development, construction and mining operations, the uncertainty of future profitability and uncertainty of access to additional capital. See Freegold's Annual Information Form for the year ended December 31st, 2014 filed under Freegold's profile at www.sedar.com for a detailed discussion of the risk factors associated with Freegold's operations.

Readers are cautioned not to place undue reliance on forward-looking statements. Except as required by law, Freegold expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Shorty Creek Project

On July 17th, 2014, the Company entered into a ten-year lease agreement to acquire certain mineral claims located 100 km northwest of Fairbanks, Alaska known as the Shorty Creek Project. 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 five 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.

The property is located 4 kms to the south of the all-weather paved Elliott Highway and within the Livengood-Tolovana Mining District. Total recorded production from the district through 2007 is approximately 530,000 ounces of placer gold. The Shorty Creek target was originally identified as an antimony prospect in the 1970's. In 1972 Earth Resources drilled approximately 10-15 reverse circulation holes to a reported maximum depth of 500 feet to test the near surface potential for copper-molybdenum mineralization in the northern part of the property, referred to as hill1710. Limited information is available regarding results of this drilling. In the mid 1980's, soil sampling identified significant gold, copper and pathfinder elements associated with gold-copper porphyry mineralization. A limited drill program was completed by the Asarco-Fairbanks Exploration Joint Venture in 1989-1990 consisting of 6,843 feet in 20 holes; maximum hole depth was 500 feet.

The area of drilling in 1989 and 1990 was restricted to a 500 metre by 200 metre area. Highlights include 67 metres grading 1.21 g/t gold and 58 metres grading 0.51 g/t gold from surface. A total of 2,094 metres of drilling were completed with a maximum hole depth of 152 metres. The presence of copper mineralization in conjunction with gold mineralization was noted at depth in most of the historic drill holes.. Additional mapping confirmed the presence of quartz porphyry in the creek 30 metres below the depth of previous drilling.

In August 2014, the Company undertook a small ground geophysical and soil sampling survey on the property the results of which appear to have expanded the target area by another 500 metres to the southwest and 400 metres to the northeast in the area drilled by Asarco.

In addition it also highlighted another significant target area. 2.5 km to the northwest of the copper – gold target, the presence of a strong chargeability anomaly coincident with strong copper values in soils (up to 669 ppm Cu) covering a 2,000 metre x 1,000 metre area was observed. Within the copper geochemical anomaly a strong molybdenum core is present (up to 235 ppm Mo), which covers a 1,000 metre by 800 metre area in the central portion of the chargeability anomaly. This represents another excellent drill target area.

Several other strong magnetic highs have also been identified as a result of a review of the airborne geophysical survey and will require additional ground geophysics, geochemistry and further geological mapping to delineate other potential drill targets within this highly prospective property. Drill permits are currently in place.

In 2015 the Company undertook the first core drilling program at Shorty Creek. Results of the program have demonstrated the potential for a significant copper gold porphyry deposit at Shorty Creek with discovery of 0.71 % Cu equivalent mineralization with the first core drilling carried out at Shorty Creek. The 2015 drill program was designed to test a combination of geochemistry, geophysics (airborne and induced polarization surveys) as well as favourable geology based on the results of the 2014 program and previous work. Of particular interest are the large magnetic highs with coincident copper, gold and molybdenum soil chemistry, as these magnetic highs are often indicative of the core of porphyry systems. The program was also designed to test the depth extent of the mineralization encountered in the previous Asarco drilling (1989/1990) in the area of Hill 1835. The Asarco holes were drilled to a maximum depth of 500 feet, and intersected gold and copper mineralization with copper grade increasing at depth.

A total of 4 holes were drilled during the 2015 program, which was severely hampered by challenging weather conditions, including an unseasonably large snowfall (the second largest for September in 102 years). The results of the 2015 drill program, however, demonstrate that the Shorty Creek Project has the potential to host a significant copper-gold porphyry deposit and we are tremendously pleased with the results. Freegold is looking forward to continuing the drill program in 2016.

Drilling commenced in the area of the previous Asarco RC drilling and the presence of quartz feldspar porphyry was noted in Holes SC-15-01, SC 15-02, and SC 15-03. Results suggest holes SC 15-01 and SC 15-02 were drilled in the pyritic halo. Hole SC 15-04, collared in high gold chemistry, was abandoned twice due to difficult ground conditions, however the presence of significant argillic and sericitic alteration was noted.

Hole Number SC15-03 was collared within a distinct magnetic high at Hill 1835 which covers roughly a 750 by 1,000 metre area, and is located some 250 metres to the south west of any previous drilling. The nearest Asarco drill hole was drilled to a depth of 315 feet (96 metres). Results appear to indicate that the highest grade copper mineralization is associated with the magnetic anomaly and this correlates very well with the ground work completed to date. The core of the magnetic high is situated approximately 250 metres southwest of drill hole SC 15-03. Intense alteration consisting of silica flooding, sericite, biotite, and quartz veining with sulphides is present within SC 15-03.

Of particular significance for the size potential of the Shorty Creek Project is the similar magnetic and geochemical signature of target Hill 1710, which lies 2.5 kilometres northwest of Hill 1835. The geochemical anomaly there is 2,000 metres long and remains open along strike. It directly correlates with the magnetic anomaly, which is in excess of 6,000 metres in length and up to 1,500 metres in width.

Significant Intervals from the 2015 Drill Program

Hole Number	Hole Incl.	Depth of Hole (ft)	From (ft)	To (ft)	Interval (ft)	Interval (m)	Au g/t	Ag g/t	Cu %	Cu EQ %
SC 15-01	-90	1321	13	128	115	35.1	0.25	0.58	.017	0.20
SC 15-01	-90		301	801	500	152.4	0.18	1.97	0.13	0.27
SC15-02	-90	906					anomalous	Anomalous	anomalous	
SC 15-03	-90	1258	258	1218	960	292.6	0.13	3.23	0.26	0.38
	incl		**728**	**1218**	**490**	**149.4**	**0.14**	**5.36**	**0.40**	**0.55**
	incl		**918**	**1218**	**300**	**91.4**	**0.14**	**7.02**	**0.55**	**0.71**

Freegold has not as yet collected sufficient data to determine how the downhole drill intervals might relate to the actual true thickness of mineralization. Copper equivalent grades are based on metal prices of: copper US$2.30/lb, gold US$1100 per oz and silver US$15 per oz. Metal recoveries have not been applied in the copper equivalent calculation. The copper equivalent calculation is as follows; CuEq = Cu grade + (Au grade x Au price + Ag grade x Ag price)/(22.0462 x 31.1035 x Cu price).

Drill cores were cut in half using a diamond saw, with one-half placed in sealed bags for geochemical analysis. Core samples were picked up by ALS Chemex and transported to their facility in Fairbanks, Alaska. A sample quality control/quality assurance program was implemented.

For all results reference should be made to the full news releases contained on the Company's website at www.freegoldventures.com.

On March 30th, 2016, a report entitled, "Updated *Technical Report for the Shorty Creek Project, Livengood – Tolovana Mining District, Alaska*" by Mark Abrams, BSc, MSc, P. Geo., dated March 25th, 2016 was filed on SEDAR.

Vinasale Project

In 2007, Freegold signed an Exploration with an Option to Lease agreement with Doyon Limited ("Doyon"), an Alaskan regional Native corporation, on the Vinasale Gold Project. Vinasale is located 16 air miles south of McGrath, Alaska. The Vinasale deposit occurs in a north trending belt that hosts a number of igneous intrusion-related gold deposits including NovaGold Resources' and Barrick Gold's 39.3 million ounce Donlin Creek deposit and the high grade Nixon Fork copper-gold deposit.

During the year ended December 31st, 2014, the Company assessed its Vinasale property for indicators of impairment in accordance with IFRS 6 and IAS 36. Due to the economic uncertainty in general, and the downturn in the mining industry in particular, the Company made the decision to significantly reduce future exploration expenditures on the Vinasale property. As a result of the lack of planned expenditures on the property, the Company recorded a loss on impairment of $6,483,900 as at December 31st, 2014.

After further discussions with Doyon, the Company decided it would be in the best interest of the Company not to pursue further negotiations on the Vinasale property lease and notified Doyon on March 30th, 2015 that it would not be pursuing the property.

For all results reference should be made to the full news releases contained on the Company's website at www.freegoldventures.com.

The Qualified Person who has reviewed and approved the technical disclosure contained in the Management Discussion is Alvin Jackson, P. Geo., Vice President Exploration and Development for the Company.

SELECTED ANNUAL INFORMATION

Unless otherwise noted, all currency amounts are stated in Canadian dollars.

The following table summarizes selected financial data for Freegold for each of the three most recently completed financial years. The information set forth below should be read in conjunction with the consolidated audited financial statements, prepared in accordance with IFRS, and related notes:

	Years Ended December 31st, (audited)		
	2015	**2014**	**2013**
Total revenues	$Nil	$Nil	$Nil
General and administrative expenses – non-stock based	812,094	990,304	1,484,594
General and administrative expenses – stock compensation	8,501	74,240	59,461
Exploration and evaluation property expenditures	1,795,231	1,325,245	2,851,111
Net loss			
○ In total	960,515	7,755,822	1,808,855
○ Basic and diluted loss per share	0.01	0.10	0.02
Comprehensive income (loss) before income taxes			
○ In total	5,782,299	(4,406,852)	438,675
○ Basic and diluted comprehensive income (loss) per share	0.06	(0.06)	0.01
Totals assets	44,521,523	35,805,363	37,740,179
Total non-current liabilities	1,143,212	1,097,228	736,506
Cash dividends declared	Nil	Nil	Nil

SUMMARY OF QUARTERLY RESULTS

The following selected financial information is derived from the unaudited consolidated interim financial statements of the Company prepared in accordance with IFRS:

Quarters Ended (unaudited)

	Dec. 31st 2015	Sept. 30th 2015	June 30th 2015	Mar. 31st 2015	Dec. 31st 2014	Sept. 30th 2014	June 30th 2014	Mar. 31st 2014
Total revenues	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Net comprehensive (loss) income – before tax	1,353,046	2,319,021	(804,069)	2,914,301	(4,959,285)	1,324,769	(1,654,634)	882,298
Net comprehensive (loss) income per share	0.01	0.02	(0.01)	0.03	(0.06)	0.02	(0.02)	0.00
Total assets	44,521,523	42,642,875	38,647,926	39,433,237	35,805,363	40,735,242	37,944,560	39,567,683

RESULTS OF OPERATIONS

Year ended December 31st, 2015

The year ended December 31st, 2015 resulted in net comprehensive income of $5,782,299, which compares with net comprehensive loss of $4,406,852 for the year ended December 31st, 2014. As the Company's consolidated financial statements translate the assets and liabilities of the Company's subsidiaries using the period-end rates, this resulted in a foreign currency translation gain of $6,742,814 as the US dollar became stronger relative to the Canadian dollar during the current year. During the previous year ended December 31st, 2014, there was a foreign currency translation gain of $3,348,970 as the US dollar was stronger relative to the Canadian dollar during that period. General and administrative expenses for the year ended December 31st, 2015 were $820,595 a decrease of $243,949 compared to $1,064,544 for the year ended December 31st, 2014. The changes in comprehensive income (loss) were mainly attributable to:

- a decrease of $74,035 in consulting fees, from $196,072 in 2014 to $122,037 as fewer consultants were contracted for the Company's investor awareness campaigns and its financing activities;

- a decrease of $8,856 in professional fees, from $121,943 in 2014 to $113,087, due to lower legal costs as compared to the previous year;

- an increase of $108,451 in property evaluation costs, from $3,154 in 2014 to $111,605 as significant legal costs were incurred to verify the legal title of a potential mineral property acquisition;

- a decrease of $91,978 in travel and transportation costs, from $146,058 in 2014 to $54,080. Travel and transportation costs also include the monitoring of the ongoing exploration activities in Alaska;

- a decrease of $97,416 in promotion and shareholder relations, from $132,073 in 2014 to $34,657, which included attendance at various trade shows, advertising, news releases, distribution fees and marketing materials;

- a decrease of $65,739 in non-cash share-based compensation expenses, from $74,240 in 2014 to $8,501 that were charged upon the granting of long-term incentive stock options;

- assets held for sale were written down by $123,038 compared to $15,591 in 2014. During the year ended December 31st, 2015, the Company assessed its assets held for sale and wrote them down to the expected net realizable value;

- a financing cost of $20,238 was recognized when the Company extended the expiry date from September 20, 2015 to March 20, 2016 for 1,250,000 share purchase warrants as compared to $309,516 in 2014 that was recognized when the Company extended the exercise date for various share purchase warrants and reduced the exercise price to $0.25 per warrant;

- there were no write downs in mineral properties during the current year compared to $6,484,438 in 2014. During the previous year ended December 31st, 2014, the Company assessed its Vinasale property for indicators of impairment in accordance with IFRS 6 and IAS 36. Due to the economic uncertainty in general, and the downturn in the mining industry in particular, the Company made the decision to significantly reduce future exploration expenditures on the Vinasale property. As a result of the lack of planned expenditures on the property, the Company recorded a loss on impairment of $6,483,900 associated with the Vinasale property;

All other general and administrative costs were relatively similar to those incurred in the previous year.

During the year ended December 31st, 2015, the Company incurred the below acquisition and exploration and evaluation property expenditures:

		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**

Three month period ended December 31st, 2015

The three month period ended December 31st, 2015 resulted in net comprehensive income of $1,353,046 which was higher than the net comprehensive loss of $4,959,285 for the three month period ended December 31st, 2014. As the Company's consolidated financial statements translate the assets and liabilities of the Company's subsidiaries using the period-end rates, this resulted in a foreign currency translation gain of $1,516,195 as the US dollar became stronger relative to the Canadian dollar during the current three month period. During the previous three month period ended December 31st, 2014, there was a foreign currency translation gain of $1,413,975 as the US dollar was stronger relative to the Canadian dollar during that period.

During the three month period ended December 31st, 2015, the Company did not record any write down in mineral properties compared to $6,484,438 in 2014. During the three month period ended 31 December 2014, the Company assessed its Vinasale property for indicators of impairment in accordance with IFRS 6 and IAS 36. Due to the economic uncertainty in general, and the downturn in the mining industry in particular, the Company made the decision to significantly reduce future exploration expenditures on the Vinasale property. As a result of the lack of planned expenditures on the property, the Company recorded a loss on impairment of $6,483,900 associated with the Vinasale property.

All other general and administrative costs were relatively similar to those incurred in the previous three month period.

During the three month period ended December 31st, 2015, the Company incurred the below acquisition and exploration and evaluation property expenditures:

		Golden Summit Property		Shorty Creek Property		Total
Acquisition costs						
Balance, September 30, 2015	$	2,850,253	$	243,798	$	3,094,051
Additions		116,402		3,713		120,115
Foreign currency translation		99,350		9,042		108,392
Balance, December 31, 2015	$	3,066,005	$	256,553	$	3,322,558
Exploration and evaluation costs						
Balance, September 30, 2015	$	36,802,100	$	713,551	$	37,515,651
Assaying		-		21,851		21,851
Drilling		-		58,107		58,107
Engineering and consulting		5,720		27,362		33,082
Geological and field expenses		41,390		127,017		168,407
Helicopter support		-		193,728		193,728
Preliminary economic assessment		244,184		-		244,184
Metallurgical studies		226		-		226
Land maintenance and tenure		60,394		4,706		65,100
Personnel		136,291		269,939		406,230
Revision to restoration costs		(72,511)		-		(72,511)
Foreign currency translation		1,369,594		11,917		1,381,511
Balance, December 31, 2015	$	38,587,388	$	1,428,178	$	40,015,566
Total	**$**	**41,653,393**	**$**	**1,684,731**		**43,338,124**

Liquidity and capital resources

At December 31st, 2015, the Company's working capital, defined as current assets less current liabilities, was a deficit of $511,890 compared to working capital of $129,320 at December 31st, 2014. The Company has current liabilities of $1,160,791 of which $577,242 mainly relates to current and prior exploration work and $558,926 is owing to related parties. The Company will need further financing to meet all of its contractual and statutory property payments and exploration commitments for the current year.

On August 12th, 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.

The use of proceeds was largely directed to the completion of a drill program on the Shorty Creek Project

On May 4th, 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.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's 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 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.

A detailed summary of all of the Company's significant accounting policies is included in Note 2 to the consolidated financial statements for the year ended December 31st 2015.

Going Concern Assumption

The recoverability of amounts shown for exploration and evaluation properties and related exploration and development expenditures is dependent upon the economic viability of recoverable reserves, the ability of the Company to obtain the necessary permits and financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Currently, the Company does not have a source of revenue and is dependent on equity financings to fund its activities. The Company does not have positive working capital at December 31st, 2015 and the Company endeavors to manage the cash position prudently through ongoing monitoring of current and future cash and working capital balances relative to planned activities. The available capital may not be sufficient to fund the Company's planned activities through 2016.

Interests in Mining Properties and Exploration and Development Expenditures

In accordance with the Company's accounting policies, acquisition costs and exploration expenditures relating to exploration and evaluation properties are capitalized until the properties are brought into commercial production or disposed. Amortization will commence when a property is put into commercial production. As the Company does not currently have any properties in commercial production, no amortization has been recorded.

Mineral reserve and mineral resource estimates are not precise and also depend on statistical inferences drawn from drilling and other data, which may prove to be unreliable. Future production could differ from mineral resource estimates for the following reasons:

- mineralization or formation could be different from those predicted by drilling, sampling and similar tests;
- the grade of mineral resources may vary from time to time and there can be no assurance that any particular level of recovery can be achieved from the mineral resources; and

- declines in the market prices of contained minerals may render the mining of some or all of the Company's mineral resources uneconomic.

Any of these factors may result in impairment of the carrying amount of interests in mining properties or exploration and development expenditures.

Share Based Payments, Warrants and Compensation Options

Directors, officers, employees and contractors are granted options to purchase common shares under the Company Stock Option Plan. This plan and its terms and outstanding balance are disclosed in Note 10d to the consolidated financial statements at December 31st, 2015.

The Company recognizes an expense for option awards using the fair value method of accounting. The Company also records the fair value of warrants granted through private offerings or in lieu of fees and compensation options granted using a fair-value estimate. Management estimates the fair value of stock options, warrants granted through private offerings or in lieu of fees, and compensation options using the Black-Scholes Option Pricing Model. The Black-Scholes Option Pricing Model, used by the Company to calculate fair values, as well as other accepted option valuation models, was developed to estimate fair value of freely tradable, fully transferable options and warrants, which may significantly differ from the Company's stock option awards or warrant grants. These models also require four highly subjective assumptions, including future stock price volatility and expected time until exercise, which greatly affect the calculated values. Accordingly, management believes that these models do not necessarily provide a reliable single measure of the fair value of the Company's stock option awards. The valuation models are used to provide a reasonable estimate of fair value given the variables used.

Restoration and Environmental Obligations

Legal or constructive obligations associated with site restoration on the retirement of assets are recognized when they are incurred and when a reasonable estimate of the value of the obligation can be made. While, the Company has not commenced operations on its mining properties and the principal projects are in the exploration stage, certain exploration activities have occurred that have given rise to a constructive obligation related to the reclamation of the site for the Golden Summit Project. As such, the Company has recognized an environmental rehabilitation provision for the project. Due to the uncertainty around the settlement date and measurement of potential asset retirement obligations for the Company's projects, management considers the assumptions used to calculate the present value of such liabilities at each reporting period and updates the value recognized as required.

Contractual Commitments

The Company is committed under exploration and evaluation property option agreements to pay cash, incur exploration expenditures and has future commitments related to payments required under an office lease and a photocopier lease. See Note 12 of the Company's consolidated financial statements for the year ended December 31st, 2015 and the disclosures above under "Review of Exploration Projects".

Off-balance sheet arrangements

The Company has no off-balance sheet arrangements.

Financial Instruments

The Company classifies all financial instruments as either available-for-sale, financial assets or liabilities at fair value through profit or loss ("FVTPL"), loans and receivables or other financial liabilities. Loans and receivables and other financial liabilities are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss). These amounts will be reclassified from shareholders' equity to profit or loss when the investment is sold or when the investment is impaired and the impairment is considered less than temporary. Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized on the statement of loss and comprehensive loss.

The Company has designated its cash and cash equivalents as FVTPL, which is measured at fair value. Interest receivable is classified as loans and receivables and measured at amortized cost. Trade payables, accrued liabilities and amounts due to related parties are classified as other financial liabilities which are measured at amortized cost.

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 30 December 31st, 2015, amounts receivable of $13,480 (December 31st, 2014 - $12,220) was comprised of Goods and Services Tax receivable of $8,254 (December 31st, 2014 - $11,942), interest receivable of $226 (December 31st, 2014 - $278) and other receivables of $5,000 (December 31st, 2014 - $Nil). As a result, credit risk is considered insignificant.

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 December 31st, 2015, the Company had cash of $513,189 to settle current liabilities of $1,160,791 which have contractual maturities of less than 30 days and are subject to normal trade terms.

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 balance sheet 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 periods ended December 31st, 2015 and December 31st, 2014:

	December 31st 2015	December 31st 2014
Cash and cash equivalents	US$ 77,586	US$ 99,121
Trade payables	US$ 967,583	US$ 533,432

A 1% change in Canadian/US foreign exchange rate at period end would have changed the net loss of the Company, assuming that all other variables remained constant, by approximately $8,900 for the period ended December 31st, 2015.

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

Interest Rate Risk

The Company is not subject to interest rate risk.

Commodity Price Risk

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

SUBSEQUENT EVENTS

The following events occurred subsequent to December 31st, 2015:

On March 20th, 2016, 1,250,000 warrants with an exercise price of $0.30 per share expired unexercised.

On March 28th, 2016, 2,871,878 warrants with an exercise price of $0.35 per share expired unexercised.

OUTSTANDING SHARE DATA

The Company is authorized to issue unlimited common shares without par value. As at March 29th, 2015, there were 104,370,851 outstanding common shares compared to 83,998,351 outstanding shares at December 31st, 2014.

The increase reflects the August 12th, 2015 issuance of 13,500,000 shares for proceeds of $1,350,000 and the May 4th, 2015 issuance of 6,872,500 shares for proceeds of $687,250.

As at March 29th, 2016 there were 15,357,750 warrants outstanding.

	Number Outstanding on March 29th, 2016	**Price per Share**	**Expiry Date**
	5,171,500	$0.25/$0.33	September 11th, 2016/2017
	3,436,250	$0.15	May 4th, 2018
	6,750,000	$0.15	August 12th, 2018
Total	**15,357,750**		

Directors, officers, employees and contractors are granted options to purchase common shares under the Company Stock Option Plan. This plan and its terms and outstanding balance are disclosed in Note 10d to the consolidated financial statements at December 31st, 2015.

As at March 29th, 2016 there were 4,840,000 stock options outstanding as disclosed in the below table:

Number Outstanding December 31st 2014	Granted	Exercised	Cancelled	Expired	Number Outstanding March 29th 2016	Number Exercisable March 29th 2016		Exercise Price	Expiry Date
604,167	-	-	-	(604,167)	-	-	$	0.48	February 26th, 2015
800,000	-	-	-	(800,000)	-	-	$	0.50	October 29th, 2015
2,035,000	-	-	-	-	2,035,000	2,035,000	$	0.87	May 10th, 2016
1,585,000	-	-	-	-	1,585,000	1,585,000	$	0.65	October 20th, 2016
20,000	-	-	-	-	20,000	20,000	$	0.75	February 20th, 2017
200,000	-	-	-	-	200,000	200,000	$	0.92	November 12th, 2017
700,000	-	-	-	-	700,000	700,000	$	0.25	January 1st, 2019
150,000	-	-	-	-	150,000	150,000	$	0.20	July 23rd, 2019
-	150,000	-	-	-	150,000	150,000	$	0.12	July 28th, 2020
6,094,167	150,000	-	-	(1,404,167)	4,840,000	4,840,000			

RELATED PARTY TRANSACTIONS

The Company considers the President and Chief Executive Officer, Chief Financial Officer, Vice-President of Exploration and Development, Corporate Secretary, directors and any companies controlled by these parties to be key management personnel.

A summary of key management compensation is as follows:

		December 31st, 2015		December 31st, 2014
Kristina Walcott – President and CEO *	$	189,583	$	185,938
Alvin Jackson - VP Exploration and Development *		182,292		185,937
Gordon Steblin - CFO		75,000		75,000
Taryn Downing - Corporate Secretary		32,400		32,400
David Knight – Director **		500		2,000
Andrew Partington – Director – share based payment		-		23,559
Greg Hanks – Director – share based payment		8,501		-
Total	$	488,276	$	504,834

Wages and consulting fees to management have not been paid since March 1st, 2015 but have been accrued.

*During the year ended December 31st, 2015, $140,000 (December 31st, 2014, $140,000) of the President's and Vice President's salary was allocated to the Company's exploration and evaluation properties.

**Legal fees were paid to Norton Rose Fulbright for which David Knight is a partner.

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

		December 31st, 2015		December 31st, 2014
Kristina Walcott – President and CEO	$	235,937	$	75,521
Alvin Jackson - VP Exploration and Development		228,646		75,521
Gordon Steblin - CFO		65,573		-
Taryn Downing - Corporate Secretary		28,770		-
Total	$	558,926	$	151,042

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

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company has established disclosure controls and procedures to ensure that information disclosed in this MD&A and the related consolidated financial statements was properly recorded, processed, summarized and reported to the Company's Board and Audit Committee. The Company's CEO and CFO have evaluated and are satisfied with the effectiveness of these disclosure controls and procedures for the year ending December 31st, 2015.

The CEO and CFO acknowledge responsibility for the design of internal control over financial reporting (ICFR), and confirm that there were no changes in these controls that occurred during the most recent year ended December 31st, 2015 which materially affected, or are reasonably likely to materially affect the Company's ICFR.

RISKS AND UNCERTAINTIES

The Company believes that the following items represent significant areas for consideration.

Cash Flows and Additional Funding Requirements

The Company has limited financial resources, no sources of operating cash flows and no assurances that sufficient funding will be available.

Industry

The Company is engaged in the exploration of mineral properties, an inherently risky business. There is no assurance that funds spent on the exploration and development of a mineral deposit will result in the discovery of an economic ore body. Most exploration projects do not result in the discovery of commercially mineable ore deposits.

Commodity Prices

The success of the Company's operations will be dependent in part upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production to be impracticable.

Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself with respect to the discovery and acquisition of interests in mineral properties, the recruitment and retention of qualified employees and other persons to carry out its mineral exploration activities. Competition in the mining industry could adversely affect the Company's prospects for mineral exploration in the future.

Foreign Political Risk

The Company's material property interests are currently located in the United States. A significant portion of the Company's interests are exposed to various degrees of political, economic and other risks and uncertainties. The Company's operations and investments may be affected by local political and economic developments, including expropriation, nationalization, invalidation of government orders, permits or agreements pertaining to property rights, political unrest, labour disputes, limitations on repatriation of earnings, limitations on mineral exports, limitations on foreign ownership, inability to obtain or delays in obtaining necessary mining permits, opposition to mining from local, environmental or other non-governmental organizations, government participation, royalties, duties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations, taxation and changes in laws, regulations or policies as well as by laws and policies of Canada affecting foreign trade, investment and taxation.

Government Laws, Regulation & Permitting

Mining and exploration activities of the Company are subject to both domestic and foreign laws and regulations governing prospecting, development, production, taxes, labour standards, occupational health, mine safety, waste disposal, toxic substances, the environment and other matters. Although the Company believes that all exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a substantial adverse impact on the Company.

The operations of the Company will require licenses and permits from various governmental authorities to carry out exploration and development at its projects. There can be no assurance that the Company will be able to obtain the necessary licences and permits on acceptable terms, in a timely manner or at all. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

Title to Properties

Acquisition of rights to the exploration and evaluation properties is a very detailed and time-consuming process. Title to, and the area of, exploration and evaluation properties may be disputed. Although the Company has made reasonable efforts to investigate the title to all of the properties for which it holds mineral leases or licenses or in respect of which it has a right to earn an interest, the Company cannot give an assurance that title to such properties will not be challenged or impugned.

The Company has the right to earn an interest in certain of its properties. To earn its interest in each property, the Company is required to make certain cash payments and incur certain exploration expenditures. If the Company fails to make these payments and incur such expenditures, the Company may lose its right to such properties and forfeit any funds expended to such time.

Estimates of Mineral Resources

The mineral resource estimates used by the Company are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit which can be legally or commercially exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material.

Key Management

The success of the Company will be largely dependent upon the performance of its key officers, consultants and employees. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. The success of the Company is largely dependent on the performance of its key individuals. Failure to retain key individuals or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success.

Volatility of Share Price

Market prices for shares of early stage companies are often volatile. Factors such as announcements of mineral discoveries, financial results, and other factors could have a significant effect on the price of the Company's shares.

Foreign Currency Risk

A substantial portion of the Company's expenses and payables are now, and are expected to continue to be incurred in United States currency. The Company's business will be subject to risks typical of an international business including, but not limited to, differing tax structures, regulations and restrictions and general foreign exchange rate volatility. Fluctuations in the exchange rate between the Canadian dollar and United States dollar may have a material effect on the Company's business, financial condition and results of operations and could result in downward price pressure for the Company's products in or losses from currency exchange rate fluctuations. The Company does not actively hedge against foreign currency fluctuations.

Conflict of Interest

Some of the Company's directors and officers are directors and officers of other natural resource or mining-related companies. These associations may give rise from time to time to conflicts of interest which will be subject to the procedures and remedies under the *Business Corporation Act (British Columbia)*. As a result of any such conflict, the Company may miss the opportunity to participate in certain transactions.

OUTLOOK

Given the results of the Golden Summit PEA, Freegold will begin advancing the Project to the Preliminary Feasibility stage. A significant advantage with respect to keeping the initial capital expenditure at a minimum to develop Golden Summit is the superb supporting infrastructure in the immediate vicinity of the property, as well as in the broader region. The city of Fairbanks (population 100,000) is a 30 minute drive via paved highway while industrial scale grid power and rail transport are available nearby. Additional drilling, metallurgical testing, environmental analyses, other permitting and property confirmation activities will need to be undertaken as part of this next level of study. In the near term particular emphasis will be placed on planning a drill program aimed at expanding the current oxide resource. Geophysical, geochemical and geological results have identified three primary areas in which drilling should be focused. Holes drilled in order to potentially expand the current oxide resource are expected to be drilled to a depth of 100 metres or less.

In addition, exploration being planned at Golden Summit Program, planning continues for additional exploration on Shorty Creek as a result of the encouraging results obtained from the 2015 field program. In 2015 the first core drilling was undertaken at Shorty Creek. In particular Hole SC 15-03 confirmed that the copper mineralization present Hill 1835 is associated with the magnetic high. Additional drilling is being planned in the area of Hill 1835, the area of the 2015 drill program as well at Hill 1710 where a broad magnetic anomaly with coincident copper and molybdenum geochemistry has been identified.

This discussion contains certain forward-looking information. This forward-looking information includes, or may be based upon, estimates, forecasts, and statements as to management's expectations with respect to, among other things, the size and quality of the Company's mineral resources, progress in development of mineral properties, amount and quality of metal products recoverable from the Company's mineral resources. Forward-looking information is based on the opinions and estimates of management at the date the information is given, and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. These factors include the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating metal prices, the possibility of unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and uncertainties related to metal recoveries. Readers are cautioned to not place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking information will not be achieved by the Company. These forward-looking statements are made as of the date hereof and the Company assumes no responsibility to update them or revise them to reflect new events or circumstances, except as required by law.

FREEGOLD VENTURES LIMITED

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015 and 2014

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Freegold Ventures Limited

We have audited the accompanying consolidated financial statements of Freegold Ventures Limited, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014 and the consolidated statements of loss and comprehensive income (loss), changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Freegold Ventures Limited as at December 31, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

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

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

March 29, 2016

Freegold Ventures Limited
(An Exploration Stage Company)

Consolidated Statements of Financial Position

For the Years Ended December 31,

Canadian Funds

ASSETS		**2015**		2014
Current				
Cash and cash equivalents	**$**	**513,189**	$	234,901
Amounts receivable		**13,480**		12,220
Prepaid expenses and deposits		**77,862**		62,266
Assets held for sale *(Note 4)*		**44,370**		147,900
		648,901		457,287
Exploration and Evaluation Properties *(Note 5)*		**43,338,124**		34,887,888
Property, Plant and Equipment *(Note 6)*		**534,498**		460,188
	$	**44,521,523**	$	35,805,363

LIABILITIES				
Current				
Trade payables *(Note 7)*	**$**	**577,242**	$	149,239
Accrued liabilities		**24,623**		27,686
Due to related parties *(Note 8)*		**558,926**		151,042
		1,160,791		327,967
Restoration and Environmental Obligations *(Note 9)*		**280,993**		555,087
Trade payables – Non-current *(Note 7)*		**862,219**		542,141
		2,304,003		1,425,195
EQUITY				
Share Capital *(Note 10)*		**82,587,241**		81,313,352
Reserves		**24,616,394**		17,092,416
Deficit		**(64,986,115)**		(64,025,600)
		42,217,520		34,380,168
	$	**44,521,523**	$	35,805,363

Nature and Continuance of Operations *(Note 1)*, **Commitments and Contingency** *(Note 12)* and **Subsequent Events** *(Note 16)*

APPROVED AND AUTHORIZED FOR ISSUE ON BEHALF OF THE BOARD OF DIRECTORS ON MARCH 29, 2016:

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

Freegold Ventures Limited
(An Exploration Stage Company)

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, 2013	**75,421,028**	**$**	**80,119,934**	**$**	**6,982,226**	**$**	**4,595,332**	**$**	**1,186,355**	**$**	**(56,269,778)**	**$**	**36,614,069**
Issuance and allotment of shares for:													
- Private placements *(Note 10a)*	7,827,323		1,650,284		-		-		-		-		1,650,284
- Value assigned to warrants *(Notes 10a and 10c)*	-		(515,915)		-		515,915		-		-		-
Fair value of change in exercise price of warrants *(Note 10c)*	-		-		-		309,516		-		-		309,516
Shares issued for mineral property *(Note 5b)*	750,000		150,000		-		-		-		-		150,000
Share-based payments *(Note 10d)*	-		-		135,209		-		-		-		135,209
Share issuance costs *(Note 10a)*	-		(90,951)		-		18,893		-		-		(72,058)
Foreign currency translation adjustment	-		-		-		-		3,348,970		-		3,348,970
Loss for the year	-		-		-		-		-		(7,755,822)		(7,755,822)
Balance – December 31, 2014	**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)*	20,372,500		2,037,250		-		-		-		-		2,037,250
- Value assigned to warrants *(Notes 10a and 10c)*	-		(752,425)		-		752,425		-		-		-
Fair value of change in expiration of warrants *(Note 10c)*	-		-		-		20,238		-		-		20,238
Share-based payments *(Note 10d)*	-		-		8,501		-		-		-		8,501
Share issuance costs *(Note 10a)*	-		(10,936)		-		-		-		-		(10,936)
Foreign currency translation adjustment	-		-		-		-		6,742,814		-		6,742,814
Loss for the year	-		-		-		-		-		(960,515)		(960,515)
Balance – December 31, 2015	**104,370,851**	**$**	**82,587,241**	**$**	**7,125,936**	**$**	**6,212,319**	**$**	**11,278,139**	**$**	**(64,986,115)**	**$**	**42,217,520**

Freegold Ventures Limited
(An Exploration Stage Company)

Consolidated Statements of Loss and Comprehensive Income (Loss)

For the Years Ended December 31,

Canadian Funds

		2015		2014
General and Administrative Expenses				
Wages, salaries and benefits *(Note 8)*	**$**	**138,508**	$	147,767
Consulting fees *(Note 8)*		**122,037**		196,072
Professional fees (*Note 8)*		**113,087**		121,943
Property evaluation costs		**111,605**		3,154
Transfer, filing and other fees		**108,611**		109,373
Travel and transportation		**54,080**		146,058
Office and miscellaneous		**48,146**		56,207
Rent and utilities		**43,212**		40,751
Promotion and shareholder relations		**34,657**		132,073
Accretion *(Note 9)*		**23,205**		21,086
Depreciation *(Note 6)*		**14,946**		15,820
Share-based payments *(Notes 8 and 10d)*		**8,501**		74,240
Total General and Administrative Expenses		**(820,595)**		(1,064,544)
Write down of assets held for sale *(Note 4)*		**(123,038)**		(15,591)
Financing cost *(Note 10c)*		**(20,238)**		(309,516)
Interest and bank charges		**(3,555)**		(3,654)
Foreign exchange gain, net		**4,374**		20
Interest income		**2,537**		2,602
Write down of exploration and evaluation properties *(Note 5)*		**-**		(6,484,438)
Write down of trade payables *(Note 7)*		**-**		119,299
		(139,920)		(6,691,278)
Net Loss for the Year	**$**	**(960,515)**	$	(7,755,822)
Loss per Share – Basic and Diluted	**$**	**(0.01)**	$	(0.10)
Weighted Average Number of Shares Outstanding		**93,751,152**		79,392,934
Comprehensive Income (Loss)				
Net loss for the year	**$**	**(960,515)**	$	(7,755,822)
Foreign currency translation adjustment		**6,742,814**		3,348,970
Total Comprehensive Income (Loss) for the Year	**$**	**5,782,299**		(4,406,852)
Comprehensive Income (Loss) per Share – Basic and Diluted	**$**	**0.06**	$	(0.06)

- See Accompanying Notes -

Freegold Ventures Limited
(An Exploration Stage Company)

Consolidated Statements of Cash Flows

For the Years Ended December 31,

Canadian Funds

Cash Resources Provided By (Used In)		2015		2014
Operating Activities				
Loss for the year	**$**	**(960,515)**	$	(7,755,822)
Items not affecting cash:				
Depreciation		**14,946**		15,820
Accretion		**23,205**		21,086
Financing cost		**20,238**		309,516
Write down of trade payables		**-**		(119,299)
Write down of assets held for sale		**123,038**		15,591
Write down of exploration and evaluation properties		**-**		6,484,438
Share-based payments		**8,501**		74,240
Net changes in non-cash working capital components:				
Amounts receivable		**(1,260)**		16,414
Prepaid expenses and deposits		**(15,596)**		55,133
Trade payables		**163,563**		(14,122)
Accrued liabilities		**(3,063)**		(4,314)
Due to related parties		**127,884**		6,540
		(499,059)		(894,779)
Investing Activities				
Exploration and evaluation property acquisition costs		**(291,945)**		(350,991)
Exploration and evaluation property deferred exploration costs		**(870,578)**		(900,399)
Property, plant and equipment additions		**(2,725)**		-
		(1,165,248)		(1,251,390)
Financing Activities				
Share capital issued		**2,037,250**		1,650,284
Share issuance costs		**(10,936)**		(72,058)
		2,026,314		1,578,226
Effect of Foreign Currency on Cash and Cash Equivalents		**(83,719)**		37,314
Net Increase (Decrease) in Cash and Cash Equivalents		**278,288**		(530,629)
Cash and cash equivalents - Beginning of year		**234,901**		765,530
Cash and Cash Equivalents - End of Year	**$**	**513,189**	$	234,901
Interest paid	**$**	**3,555**	$	3,654
Interest received	**$**	**2,311**	$	2,324
Income taxes paid	**$**	**-**	$	-
Supplemental Disclosure of Non-Cash Items				
Exploration expenditures included in trade payables and due to related parties	**$**	**(1,513,378)**	$	(648,860)
Revision to reclamation obligations	**$**	**300,328**	$	-
Non-cash reclamation costs incurred	**$**	**45,672**	$	-
Share-based payments included in exploration and evaluation properties	**$**	**-**	$	(60,969)
Shares issued for exploration and evaluation property costs	**$**	**-**	$	(150,000)
Broker's warrants	**$**	**-**	$	18,893

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 consolidated financial statements as at December 31, 2015 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 comprehensive income of $5,782,299 for the year ended December 31, 2015 (December 31, 2014 – comprehensive loss of $4,406,852) and had a working capital deficit of $511,890 at December 31, 2015 (December 31, 2014 – working capital $129,320).

The Company had cash and cash equivalents of $513,189 at December 31, 2015 (December 31, 2014 - $234,901), 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 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 consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

a) Consolidation

These consolidated financial statements include the accounts of the Company's wholly-owned subsidiaries, Free Gold Recovery Inc., USA, Freegold Ventures Limited, USA, Grizzly Bear Gold Inc., Dolphin Gold Inc. (inactive) and McGrath Gold Inc. (inactive). The Company dissolved Ican Minerals Inc. (inactive) in November 2015. 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 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 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.

c) **Cash and Cash Equivalents**

The Company considers cash and cash equivalents to include amounts held in banks and highly liquid investments with remaining maturities at point of purchase of 90 days or less. The Company places its cash and cash equivalents with institutions of high-credit worthiness.

As at December 31, 2015, cash and cash equivalents includes a redeemable guaranteed investment certificate of $52,118 (December 31, 2014 - $51,704).

d) **Financial Assets**

Financial assets are classified as held-to-maturity, loans and receivables, available-for-sale financial assets, financial assets at fair value through profit or loss ("FVTPL"), or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognized initially at fair value. The subsequent measurement of financial assets depends on their classification as follows:

Held-to-maturity and loans and receivables

Held-to-maturity and loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in profit or loss when the financial asset classified in this category are derecognized or impaired, as well as through the amortization process. Amounts receivable are classified as loans and receivables.

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are not classified as loans and receivables. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognized within other comprehensive income (loss). Accumulated changes in fair value are recorded as a separate component of equity until the investment is derecognized or impaired. Available-for-sale assets include investment in equities of other entities.

The fair value is determined by reference to bid prices at the close of business on the reporting date. Where there is no active market, fair value is determined using valuation techniques. Where fair value cannot be reliably measured, assets are carried at cost.

Financial assets at FVTPL

Financial assets are classified as held for trading and are included in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives, other than those designated as effective hedging instruments, are also categorized as held for trading. These assets are carried at fair value with gains or losses recognized in profit or loss. Cash and cash equivalents are included in this category of financial assets.

Derivatives designated as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

e) **Impairment of Financial Assets**

Financial assets, other than financial assets at FVTPL, are assessed for indicators of impairment at each period end.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost have been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognized in profit or loss.

Available-for-sale

If an available-for-sale financial asset is impaired, the cumulative loss previously recognized in equity is transferred to profit or loss. Any subsequent recovery in the fair value of the asset is recognized within other comprehensive income (loss).

f) **Financial Liabilities**

Financial liabilities are classified as financial liabilities at FVTPL, derivatives designated as hedging instruments in an effective hedge, or as financial liabilities measured at amortized cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification, as follows:

Financial liabilities at FVTPL

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated by management on initial recognition. These liabilities are carried at fair value with gains or losses recognized in profit or loss.

Derivatives designated as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

Financial liabilities measured at amortized cost

All other financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest, other revenues and finance costs. Trade payables, accrued liabilities and amounts due to related parties are included in this category of financial liabilities.

g) **Exploration and Evaluation Properties**

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Option payments received are treated as a reduction of the carrying value of the related exploration and evaluation properties and deferred costs until the receipts are in excess of costs incurred, at which time they are credited to income. Option payments are at the discretion of the optionee, and accordingly, are recorded on a cash basis.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

h) **Impairment**

The carrying amount of the Company's assets is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

i) **Restoration and Environmental Obligations**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

j) **Assets Held for Sale**

Assets and liabilities are classified as held for sale if their carrying amounts are expected to be recovered through a disposition rather than through continuing use. The assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Assets classified as held for sale are not depreciated, depleted or amortized.

k) **Property, Plant and Equipment**

Property, plant and equipment are recorded at cost and are amortized over their estimated useful lives using the declining balance method at the following annual rates, with half the rate being applied in the year of acquisition:

Automotive	30%
Computer equipment	30%
Exploration office	4%
Land	N/A
Mining equipment	30%
Office equipment	20%

Where an item of property, plant and equipment consists of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

l) **Share Capital**

Common shares and warrants are classified as equity. Incremental costs directly attributable to the issue of common shares, including warrants, are recognized as a reduction of equity, net of tax. For compound financial instruments, the relative fair value method is used to separate the components where the Company issues common shares and warrants as part of its equity financing activities.

The Company has adopted a relative fair value method with respect to the measurement of shares and warrants issued as private placement units. The relative fair value method allocates value to each component on a pro-rata basis, based on the fair value of the components calculated independently of one another. The Company considers the market value of the common shares issued as fair value, and measures the fair value of the warrant component of the unit using the Black-Scholes option pricing model. The unit value is then allocated, pro-rata, between the two components, with the fair value attributed to the warrants being recorded to the warrants reserve.

m) **Share-Based Payments**

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods using graded vesting. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the stock options reserve. The fair value of options, as determined using the Black-Scholes option pricing model which incorporates all market vesting conditions, is expensed. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

n) **Earnings (loss) per Share**

Basic earnings (loss) per share (“EPS”) is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting year.

In a year where the Company reports a net loss, the effect of outstanding stock options and warrants would be considered anti-dilutive.

o) **Income Taxes**

Income tax expense is comprised of current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

p) **Foreign Currency Translation**

The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. The Company determined that the functional currency of Freegold Ventures Limited is the Canadian dollar. The functional currency of Free Gold Recovery Inc., USA, Freegold Ventures Limited, USA, Dolphin Gold, Inc., Grizzly Bear Gold Inc. and McGrath Gold Inc. is the U.S. dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income (loss) in the statement of loss and comprehensive income (loss) to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income (loss). Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

On consolidation, each respective entity's financial statements are translated into the presentation currency, being the Canadian dollar. Assets and liabilities are translated at the period-end exchange rate. Income and expenses are translated at the average exchange rate for the period in which they arise. Exchange differences are recognized in other comprehensive income (loss) as a separate component of equity.

q) **Flow-Through Shares**

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability and included in trade payables and accrued liabilities. Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through liability will be reversed. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

r) **Adoption of new and revised standards and interpretations**

During the year ended December 31, 2015, the Company adopted the following accounting policies, none of which had a material impact on the Company's consolidated financial statements:

IFRS 10, IFRS 12, IAS 27, *Exception from Consolidation for "Investment Entities"*

IFRS 10 is amended to define an "investment entity" and introduce an exception from consolidation for investment entities. IFRS 12 and IAS 27 are amended to introduce disclosures that an investment entity needs to make.

IAS 32, *Financial Instruments: Presentation*

IAS 32 is amended to clarify requirements for offsetting of financial assets and financial liabilities.

IAS 36, *Impairment of Assets*

Amended to address the disclosures required regarding the recoverable amount of impaired assets or cash generating units for periods in which an impairment loss has been recognized or reversed.

Effective for annual periods beginning on or after January 1, 2016

IAS 16 & IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortization*

Amended to (i) clarify that the use of a revenue-based depreciation and amortization method is not appropriate, and (ii) provide a rebuttable presumption for intangible assets.

Effective for annual periods beginning on or after January 1, 2018

IFRS 9, *Financial Instruments – Classification and Measurement*

IFRS 9 is a new standard on financial instruments that will replace IAS 39*, Financial Instruments: Recognition and Measurement.*

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the Company's consolidated financial statements.

3. Approval

These consolidated financial statements were approved and authorized for issue by the Audit Committee of the Board of Directors on March 29, 2016.

4. Assets Held For Sale

		December 31, 2015		December 31, 2014
Opening assets held for sale	**$**	**147,900**	$	150,555
Dispositions		**-**		-
Write down		**(123,038)**		(15,591)
Foreign currency translation		**19,508**		12,936
Ending assets held for sale	**$**	**44,370**	$	147,900

As at December 31, 2015, the Company has classified certain of its mining equipment as assets held for sale as it no longer had a use for this equipment. During the year ended December 31, 2015, the Company wrote-down $123,038 (December 31, 2014 - $15,591) to reflect the current estimated value. The Company is actively pursuing the disposal of its remaining mining equipment and expects to dispose of these assets in 2016.

5. Exploration and Evaluation Properties

	Golden Summit Property	Rob Property	Vinasale Property	Shorty Creek Property	Total
Acquisition costs					
Balance, December 31, 2013	$ 1,871,969	$ -	$ 292,490	$ -	$ 2,164,459
Shares issued	-	-	-	150,000	150,000
Additions	286,580	-	11,089	53,322	350,991
Foreign currency translation	169,843	-	27,050	8,614	205,507
Write downs	-	-	(330,629)	-	(330,629)
Balance, December 31, 2014	$ 2,328,392	$ -	$ -	$ 211,936	$ 2,540,328
Exploration and evaluation costs					
Balance, December 31, 2013	$ 28,454,458	$ -	$ 5,621,407	$ -	$ 34,075,865
Assaying	11,642	-	-	14,169	25,811
Engineering and consulting	55,868	-	-	9,411	65,279
Geological and field expenses	136,240	-	3,443	25,284	164,967
Helicopter support	-	-	-	18,931	18,931
Geophysical	16,004	-	-	112,849	128,853
Preliminary economic assessment	181,140	-	-	-	181,140
Metallurgical studies	123,917	-	-	-	123,917
Environmental studies	106,136	-	-	-	106,136
Permitting	4,865	-	-	-	4,865
Land maintenance and tenure	74,719	538	-	13,797	89,054
Personnel	320,708	-	18,393	77,191	416,292
Foreign currency translation	2,590,231	-	510,028	-	3,100,259
Write downs	-	(538)	(6,153,271)	-	(6,153,809)
Balance, December 31, 2014	$ 32,075,928	$ -	$ -	$ 271,632	$ 32,347,560
Total	**$ 34,404,320**	**$ -**	**$ -**	**$ 483,568**	**$ 34,887,888**

	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**

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	**	
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 subsequent to the year ended December 31, 2015 and the lease agreement remains in good standing.

(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 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 *	-
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 until 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 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.

c) **Vinasale Property, Alaska, USA**

By agreement dated February 28, 2007 and as amended on January 18, 2010, the Company entered into a mineral exploration agreement with an option to lease from Doyon Limited ("Doyon"), an Alaskan Native Corporation on the Vinasale property in central Alaska.

During the year ended December 31, 2014, the Company assessed its Vinasale property for indicators of impairment in accordance with IFRS 6 and IAS 36. Due to the economic uncertainty in general, and the downturn in the mining industry in particular, the Company made the decision to significantly reduce future exploration expenditures on the Vinasale property. As a result of the lack of planned expenditures on the property, the Company recorded a loss on impairment of $6,483,900 as at December 31, 2014.

After further discussions with Doyon, the Company decided it would be in the best interest of the Company not to pursue further negotiations on the Vinasale property lease and notified Doyon on March 30, 2015 that it would not be pursuing the property.

d) **Rob Property, Alaska, USA**

By agreement dated July 9, 2002, the Company had the option to earn a 100% interest in a 20 year lease on certain mineral claims located in the Good Paster Mining District, Alaska, known as the Rob Property.

During the year ended December 31, 2014, the Company terminated the option agreement and wrote off its remaining interest of $538.

6. Property, Plant and Equipment

	Automotive	Computer Equipment	Office Equipment	Exploration Office	Exploration Office Equipment	Land	Total
Costs							
Balance, December 31, 2013	$ 35,739	$ 8,224	$ 7,724	$ 191,389	$ 14,248	$ 232,814	$ 490,138
Additions	-	-	-	-	-	-	-
Foreign currency translation	3,243	-	-	17,364	1,292	21,123	43,022
Balance, December 31, 2014	$ 38,982	$ 8,224	$ 7,724	$ 208,753	$ 15,540	$ 253,937	$ 533,160
Accumulated Depreciation							
Balance, December 31, 2013	$ (20,854)	$ (3,698)	$ (3,275)	$ (18,533)	$ (6,041)	$ -	(52,401)
Depreciation	(4,655)	(1,357)	(890)	(7,207)	(1,711)	-	(15,820)
Foreign currency translation	(2,108)	-	-	(2,016)	(627)	-	(4,751)
Balance, December 31, 2014	$ (27,617)	$ (5,055)	$ (4,165)	$ (27,756)	$ (8,379)	$ -	$ (72,972)
Net Book Value	**$ 11,365**	**$ 3,169**	**$ 3,559**	**$ 180,997**	**$ 7,161**	**$ 253,937**	**$ 460,188**

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

Canadian Funds

	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**

7. Trade Payables

During the year ended December 31, 2015, the Company wrote off trade payables in the amount of $Nil (December 31, 2014 - $119,299). Management does not consider that these amounts are payable although there is no assurance that a formal claim will not be made against the Company for some or all of these balances in the future *(Note 12)*.

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 December 31, 2015 and 2014.

8. Related Party Balances and Transactions

A summary of key management compensation is as follows:

		December 31, 2015		December 31, 2014
Accounting – Chief Financial Officer	**$**	**75,000**	$	75,000
Consulting – Corporate Secretary		**32,400**		32,400
Legal - Director		**500**		2,000
Share-based payments - Director		**8,501**		23,559
Salaries and benefits – President and Vice President	*****	**371,875**	*	371,875
Total	**$**	**488,276**	$	504,834

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

		December 31, 2015		December 31, 2014
President and Chief Executive Officer	**$**	**235,937**	$	75,521
Vice President, Exploration and Development		**228,646**		75,521
Chief Financial Officer		**65,573**		-
Corporate Secretary		**28,770**		-
Total	**$**	**558,926**	$	151,042

*During the year ended December 31, 2015, $280,000 (December 31, 2014, $280,000) of the President's and Vice President's salary was allocated to the Company's exploration and evaluation properties.

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.

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 December 31, 2015, the present value of the estimated obligations relating to properties is $280,993 (December 31, 2014 - $555,087) using a discount rate of 4.25% (2014 – 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 December 31, 2015 is $346,000 (US$250,000) (December 31, 2014 - $580,050 (US$500,000)) 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:

		December 31, 2015		December 31, 2014
Balance, beginning of year	**$**	**555,087**	$	488,684
Costs incurred		**(45,672)**		-
Estimate revision		**(300,238)**		-
Accretion		**23,205**		21,086
Foreign currency translation		**48,701**		45,317
Balance, end of year	**$**	**280,993**	$	555,087

10. Share Capital

The Company has authorized an unlimited number of common shares with no par value. At December 31, 2015, the Company had 104,370,851 common shares outstanding (December 31, 2014 – 83,998,351).

a) Share Issuances and Other

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. All securities issued bear a legend restricting resale until December 13, 2015. 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. All securities issued bear a legend restricting resale until September 5, 2015. The Company incurred share issue costs of $1,267 associated with this financing.

On September 11, 2014, the Company closed a non-brokered private placement of 5,000,000 units at $0.20 per unit for gross proceeds of $1,000,000. Each unit consists of one common share and one non-transferable share purchase warrant. 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. Share issuance costs of $36,300 and 171,500 broker warrants were issued that entitle 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 *(Note 10c)*.

On August 8, 2014, the Company issued 750,000 common shares valued at $150,000 as consideration for the Shorty Creek Property agreement dated July 17, 2014 *(Note 5b).*

On March 28, 2014, the Company closed a non-brokered private placement of 2,827,323 units at $0.23 per unit for proceeds of $650,284. Each unit consists of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.30 per share exercisable until March 28, 2015 and at a price of $0.35 per share exercisable until March 28, 2016. Share issuance costs of $10,248 and 44,555 broker warrants were issued that entitle the holder to purchase one additional common share at a price of $0.30 per share exercisable until March 28, 2015 and at a price of $0.35 per share exercisable until March 28, 2016 *(Note 10c)*.

b) **Exercise of Warrants and Options**

No warrants or options were exercised during the years ended December 31, 2015 or 2014.

c) **Share Purchase Warrants**

The following is a summary of the changes in the Company's share purchase warrants for the years ended December 31, 2015 and 2014:

	December 31, 2015		December 31, 2014	
	Number of warrants	Weighted average exercise price $	Number of warrants	Weighted average exercise price $
Outstanding, beginning of the year	10,991,676	0.27	2,948,298	0.59
Granted	3,463,250	0.15	2,871,878	0.30/0.35
Exercised	-	-	-	-
Amended old	-	-	(1,698,297)	0.65
Amended new	-	-	1,698,297	0.25
Amended old	(1,250,000)	0.30	(1,250,000)	0.50
Amended new	1,250,000	0.30	1,250,000	0.25/0.30
Granted	6,750,000	0.15	5,171,500	0.25/0.30
Expired	(1,698,298)	0.25	-	-
Outstanding, end of the year	19,479,628	0.22	10,991,676	0.27

The following table summarizes information regarding share purchase warrants outstanding as at December 31, 2015:

	Number	Price per Share	Expiry Date	
	1,250,000	$0.30	March 20, 2016	*****
	2,871,878	$0.35	March 28, 2016	****
	5,171,500	$0.25/$0.30	September 11, 2016/2017	***
	3,436,250	$0.15	May 4, 2018	**
	6,750,000	$0.15	August 12, 2018	*
Total	19,479,628			

*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% *(Note 10a)*.

**** During the year ended December 31, 2014, 2,827,323 share purchase warrants having a relative fair value of $187,331 were issued relating to private placements. Each warrant entitles the holder to purchase one additional common share at a price of $0.30 per share exercisable until March 28, 2015 and at a price of $0.35 per share exercisable until March 28, 2016. The Company also issued 44,555 broker warrants valued at $3,786 with similar terms. The fair values were calculated using the Black-Scholes option pricing model with an expected life of 1.5 years, risk-free interest rate of 0.96%, a dividend yield of 0% and historical volatility of 116% *(Note 10a)*.

***** During the year ended December 31, 2013, 1,250,000 share purchase warrants having a relative fair value of $147,088 were issued relating to private placements. Each warrant entitled the holder to purchase one additional common share at a price of $0.50 per share exercisable until September 20, 2015. The fair values were calculated using the Black-Scholes option pricing model with an expected life of 2.0 years, risk-free interest rate of 1.23%, a dividend yield of 0% and historical volatility of 94%.

***** On January 24, 2014, the Company amended the original exercise price for 1,250,000 warrants from $0.50 to $0.25 per share exercisable until September 20, 2014 and to $0.30 exercisable until September 20, 2015; provided that if the Company's common shares trade on the TSX at or above a volume weighted average trading price of $0.50 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. This amendment resulted in an incremental fair value of $29,463 recorded to financing cost.

***** On September 20, 2015, the Company extended the expiry date of the warrants for a further six months from September 20, 2015 to March 20, 2016 with the price and average trading price remaining the same. This amendment resulted in an incremental fair value of $20,238 recorded to financing cost.

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 December 31, 2015 and the changes for the year are as follows:

Number Outstanding December 31, 2014	Granted	Exercised	Cancelled	Expired	Number Outstanding December 31, 2015	Number Exercisable December 31, 2015		Exercise Price	Expiry Date
604,167	-	-	-	(604,167)	-	-	$	0.48	February 26, 2015
800,000	-	-	-	(800,000)	-	-	$	0.50	October 29, 2015
2,035,000	-	-	-	-	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	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
6,094,167	150,000	-	-	(1,404,167)	4,840,000	4,840,000	$	0.67	(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.

A summary of the Company's options at December 31, 2014 and the changes for the year are as follows:

Number Outstanding December 31, 2013	Granted	Exercised	Cancelled	Expired	Number Outstanding December 31, 2014	Number Exercisable December 31, 2014		Exercise Price	Expiry Date
604,167	-	-	-	-	604,167	604,167	$	0.48	26 February 2015
800,000	-	-	-	-	800,000	800,000	$	0.50	29 October 2015
2,035,000	-	-	-	-	2,035,000	2,035,000	$	0.87	10 May 2016
1,585,000	-	-	-	-	1,585,000	1,585,000	$	0.65	20 October 2016
20,000	-	-	-	-	20,000	20,000	$	0.75	20 February 2017
200,000	-	-	-	-	200,000	200,000	$	0.92	12 November 2017
150,000	-	-	(150,000)	-	-	-	$	0.27	1 December 2016
-	700,000	-	-	-	700,000	700,000	$	0.25	1 January 2019
-	150,000	-	-	-	150,000	150,000	$	0.20	23 July 2019
5,394,167	850,000	-	(150,000)	-	6,094,167	6,094,167	$	0.64	(weighted average)

During the year ended December 31, 2014, the Company granted the following options to consultants of the Company which vested on the following dates:

Vesting Date	Exercise Price	Number of options	2014 Vested Amount
January 1, 2014	$0.25	300,000	$60,969*
June 1, 2014	$0.25	146,429	20,399**
July 1, 2014	$0.25	42,262	5,815**
August 1, 2014	$0.25	42,262	5,764**
September 1, 2014	$0.25	42,262	5,660**
October 1, 2014	$0.25	42,262	5,533**
November 1, 2014	$0.25	42,262	3,994**
December 1, 2014	$0.25	42,261	3,516**
Total		700,000	$111,650

*The $60,969 estimated fair value of these options is recorded in the Company accounts as deferred exploration costs calculated on the vesting date. The offsetting entry was to the stock options reserve.

**The $50,681 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 stock options reserve.

During the year ended December 31, 2014, the Company granted the following options to a Director of the Company which vested immediately:

	Exercise Price	Number of options	2014 Vested Amount
Total	$0.20	150,000	$23,559

*The $23,559 ($0.157 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:

	December 31, 2015	December 31, 2014
Expected dividend yield	**0.00%**	0.00%
Historical volatility	**103.82%**	109.58%
Risk-free interest rate	**0.98%**	1.68%
Expected life of options	**5.00 years**	4.69 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. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows, using Canadian federal and provincial statutory tax rates of 26% (2014 – 26%):

		December 31, 2015		December 31, 2014
Loss before income taxes	**$**	**(960,515)**	$	(7,755,822)
Expected income tax (recovery)	**$**	**(250,000)**	$	(2,017,000)
Changes in tax rates and foreign exchange rates		**(407,000)**		470,000
Permanent differences		**8,000**		108,000
Expiry of non-capital losses		**263,000**		218,000
Effect of dissolution of subsidiary		**4,087,000**		-
Change in unrecognized deductible temporary differences		**(3,701,000)**		1,221,000
Total income tax expense (recovery)	**$**	**-**	$	-

The significant components of the Company's unrecognized deferred tax assets and liabilities are as follows:

		December 31, 2015		December 31, 2014
Deferred tax assets				
Share issue costs	**$**	**19,000**	$	36,000
Non-capital losses		**9,996,000**		10,506,000
Capital losses		**28,000**		28,000
Property, plant and equipment		**66,000**		1,076,000
Restoration obligation		**96,000**		189,000
Exploration and evaluation properties		**160,000**		2,231,000
Unrecognized deferred tax assets	**$**	**10,365,000**	$	14,066,000

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2015	Expiry	2014	Expiry
Temporary Differences				
Share issue costs	$ 72,000	2036 to 2039	$ 137,000	2035 to 2038
Non-capital losses	33,245,000	2018 to 2035	34,811,000	2015 to 2034
Allowable capital losses	107,000	No expiry date	107,000	No expiry date
Property, plant, and equipment	297,000	No expiry date	3,266,000	No expiry date
Restoration obligation	281,000	No expiry date	555,000	No expiry date
Exploration and evaluation properties	471,000	No expiry date	6,563,000	No expiry date

Tax attributes are subject to review, and potential adjustment, by tax authorities.

12. 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	$ 31,060	$ -	$ -	$ 31,060
Photocopier lease payments	$ 2,141	$ -	$ -	$ 2,141

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

c) During the year ended December 31, 2015, the Company wrote off trade payables in the amount of $Nil (December 31, 2014 - $119,299). Management does not consider that these amounts are payable although there is no assurance that a formal claim will not be made against the Company for some or all of these balances in the future *(Note 7)*.

13. Segmented Information

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 December 31, 2014 are as follows:

	USA	Canada	Total
Loss for the year	$ (6,416,566)	$ (1,339,256)	$ (7,755,822)
Comprehensive loss for the year	$ (3,067,596)	$ (1,339,256)	$ (4,406,852)
Current assets	$ 241,697	$ 215,590	$ 457,287
Property, plant and equipment	$ 453,460	$ 6,728	$ 460,188
Exploration and evaluation properties	$ 34,887,888	$ -	$ 34,887,888
Total assets	$ 35,583,045	$ 222,318	$ 35,805,363

14. Comparative Figures

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

15. Financial Instruments and Risk Management

a) Financial Instruments

The carrying value of financial assets and liabilities at December 31, 2015 and December 31, 2014 are as follows:

	December 31, 2015	December 31, 2014
Financial Assets		
FVTPL, measured at fair value		
Cash and cash equivalents	**$ 513,189**	$ 234,901
Loans and receivables, measured at amortized cost		
Amounts receivable	**5,226**	278

	December 31, 2015	December 31, 2014
Financial Liabilities		
Other liabilities, measured at amortized cost		
Trade payables	**$ 577,242**	$ 149,239
Trade payables – non-current	**862,219**	542,141
Accrued liabilities	**24,623**	27,686
Due to related parties	**558,926**	151,042

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:

		December 31, 2015		December 31, 2014
		Level 1		Level 1
Cash and cash equivalents	**$**	**513,189**	$	234,901

There were no transfers between Level 1 and 2 in the years ended December 31, 2015 and 2014.

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 December 31, 2015. 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 December 31, 2015, amounts receivable of $13,480 (December 31, 2014 - $12,220) was comprised of Goods and Services Tax/Harmonized Sales Tax receivable of $8,254 (December 31, 2014 - $11,942), interest receivable of $226 (December 31, 2014 - $278) and other receivables of $5,000 (December 31, 2014 - $Nil). 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 December 31, 2015, the Company had cash of $513,189 to settle current liabilities of $1,160,791 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 years ended December 31, 2015 and 2014:

	December 31, 2015	December 31, 2014
Cash and cash equivalents	**US$ 77,586**	US$ 99,121
Trade payables	**US$ 967,583**	US$ 533,432

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 $8,900 for the year ended December 31, 2015.

The Company has not, to the date of these 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.

16. Subsequent Events

The following events occurred subsequent to December 31, 2015:

i) On March 20, 2016, 1,250,000 warrants with an exercise price of $0.30 per share expired unexercised.

ii) On March 28, 2016, 2,871,878 warrants with an exercise price of $0.35 per share expired unexercised.