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

DATED: MARCH 31ST, 2015

Additional information relating to Freegold Ventures Limited ("Freegold" or the "Company"), including the Company's Annual Information Form for the year ended December 31st, 2014 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 2014 and 2013 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, 2014 and 2013.

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 31st, 2015, the Company had 83,998,351 shares outstanding and a market capitalization of CDN $7.5 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 year, the Company received positive metallurgical results that show a 85% recovery in column leach tests on the oxide component and commenced a Preliminary Economic Assessment Study ("PEA") on the Golden Summit Project that is being completed by Tetra Tech Inc. ("Tetra Tech").

During the year, the Company entered into a mineral lease agreement on the Shorty Creek Project, a copper-gold-moly porphyry exploration target that has significant discovery potential located 120 km northwest of Fairbanks.

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 sliding net smelter return royalties (“NSR’s”) ranging from 1-5% dependent on the price of gold. A detailed description of the leases follows:

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 15 October 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 $75,000 in 2008 with the remaining $75,000 paid in 2009, subject to a payment extension)
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 subsequently)
2015 – 2019 (US$150,000 per year)	$	750,000		

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.

*US$37,500 was paid subsequent to the year ended December 31st, 2014 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 for US$1,000,000.

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's amended lease agreement was formalized and the lease term was extended for a five year term, from March 1st, 2011 to February 29th, 2016. The minimum royalty payable under the amended lease is US$12,000 per year for the term of the lease. These payments are current. In addition, the Company will have the option to further extend the lease for a term of an additional 5 years by making a one-time payment of US$50,000.

The claims are subject to a 4% net smelter returns royalty ("Newsboy NSR"). The Company has the option to purchase the Newsboy NSR for the greater of the current value or US$1,000,000 based on constant 1985 dollars less all advance royalty payments made.

Green Claims

By lease agreement dated December 16th, 2010, the Company entered into a long term 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 *	
December 1st, 2015 to 2019	US$100,000 per year	-
December 1st, 2020 to 2029	US$200,000 per year	-
Total	**US$3,000,000**	

*The half of the US $100,000 ($50,000) payment due December 1st, 2014 was deferred to 2015 and the lease agreement remains in good standing.

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% net smelter returns royalty ("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**

The Company also has the option to purchase the property for US$750,000.

The Company has the option to purchase one-half of the Chatham NSR, representing 1 % for US$750,000.

*The US$50,0000 exploration expenditure commitment has been waived and the lease agreement remains in good standing.

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% net smelter returns royalty ("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 mineable reserves at the commencement of commercial production.

Alaska Mental Health Trust Property

By lease agreement dated June 1st, 2012, the Company entered into a new mining lease over 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. In 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. 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:

	Payments	Exploration Expenditures
Execution of agreement	US$25,000 (paid)	-
Years 1 (2013)	US$10 per acre per year (paid)	US$125 per acre per year (incurred)
Years 1 (2014)	US$10 per acre per year (paid)	US$125 per acre per year (incurred)
Year 3	US$10 per acre per year	US$125 per acre per year
Years 4-6	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 13,000 acre area. To date, resource exploration drilling has been confined to a 110 acre area in 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.

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. The complete resource table is presented below:

DOLPHIN/CLEARY ZONE INDICATED RESOURCE

Au Cut-off (g/t)	Tonnes> Cut-off (tonnes)	Grade > Cut-off		
		Au (g/t)	Contained	
			kgs Au	ozs Au
0.20	108,370,000	0.55	59,390	1,909,000
0.25	93,030,000	0.60	56,000	1,801,000
0.30	**79,800,000**	**0.66**	**52,350**	**1,683,000**
0.35	68,170,000	0.71	48,610	1,563,000
0.40	58,440,000	0.77	45,000	1,447,000
0.50	42,860,000	0.89	38,020	1,222,000
0.60	31,420,000	1.01	31,730	1,020,000
0.70	23,410,000	1.14	26,570	854,000
0.80	17,580,000	1.26	22,220	714,000
0.90	13,300,000	1.40	18,580	597,000
1.00	10,190,000	1.54	15,640	503,000
1.10	7,990,000	1.67	13,340	429,000
1.20	6,240,000	1.82	11,330	364,000
1.30	4,990,000	1.96	9,780	314,000

DOLPHIN/CLEARY ZONE INFERRED RESOURCE

Au Cut-off (g/t)	Tonnes> Cut-off (tonnes)	Grade > Cut-off		
		Au (g/t)	Contained	
			kgs Au	ozs Au
0.20	313,210,000	0.53	166,940	5,367,000
0.25	281,570,000	0.57	159,930	5,142,000
0.30	**248,060,000**	**0.61**	**150,570**	**4,841,000**
0.35	213,530,000	0.65	139,440	4,483,000
0.40	179,520,000	0.71	126,740	4,075,000
0.50	124,750,000	0.82	102,300	3,289,000
0.60	87,420,000	0.94	81,910	2,634,000
0.70	61,810,000	1.06	65,330	2,101,000
0.80	43,730,000	1.19	51,820	1,666,000
0.90	30,120,000	1.34	40,300	1,296,000
1.00	21,200,000	1.50	31,880	1,025,000
1.10	15,830,000	1.66	26,260	844,000
1.20	12,340,000	1.80	22,260	716,000
1.30	9,810,000	1.95	19,110	614,000

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 indicated and inferred resource using a 0.2 gram/tonne (g/t) cut-off for the oxide component is:

DOLPHIN/CLEARY ZONE INDICATED RESOURCE (Oxide Zone)

Au Cut-off (g/t)	Tonnes	Au (g/t)	Contained	
			kgs Au	ozs Au
0.20	25,026,200	0.55	13,660	439,000

DOLPHIN/CLEARY ZONE INFERRED RESOURCE (Oxide Zone)

Au Cut-off (g/t)	Tonnes	Grade		
		Au (g/t)	Contained	
			kgs Au	ozs Au
0.20	16,620,510	0.47	7,860	253,000

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.

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

EXPLORATION 2014 – Golden Summit Project

Early in the year Freegold signed a Memorandum Of Understanding ("MOU") with the Alaska Department of Natural Resources ("DNR"), Office of Project Management and Permitting ("OPMP") for engagement with the State's Large Mine Permitting Team. The Large Mine Permitting Team ("LMPT") offers multi-disciplinary expertise and is involved from pre-permitting to post-closure of mines. Throughout 2014 additional baseline environmental and cultural resource work were completed as well as an extensive metallurgical program utilizing both the services of SGS and McClelland Laboratories. Tetra Tech of Golden, Colorado was also engaged to complete a preliminary economic assessment (PEA) on the current resource.

In June 2014 the Company announced the results of the metallurgical program which commenced in 2013. A summary is presented below:

Overall gold recoveries from standard 48 hour bottle roll tests and 120 hour intermittent agitation leach tests performed by SGS over the course of the program from the as-received material (F80 850 -- 1550 µm) were as follows: Oxide material averaged 88%, Transition material averaged 57%, Intrusive material averaged 56%, and Hornfels-Sulphide material averaged 45% . Standard bottle roll testwork was carried out on a variety of grind sizes however recoveries did not increase substantially with finer grinds, with the exception of the transition material which showed recoveries of greater than 70% are achievable at a 75 micron grind size. In addition a series of tests were completed, which included a variety of methods direct CIL (carbon-in-leach), Pressure Oxidation (POX) --CIL, Flotation --CIL, and Flotation-POX-CIL. The highest overall recovery was achieved by

POX-CIL with recoveries greater than 94.3%, and averaging 98.1% under best conditions tested. The combination of Flotation-POX-CIL resulted in recoveries of 92%, and although yielding lower recovery than Whole Ore POX a significant advantage would be a much smaller quantity of material would need to be treated - approximately 10% would be subject to POX.

In the late fall of 2014, a larger column leach test program was undertaken by McClelland Laboratories of Sparks, Nevada using -25 mm material. Results received in January 2015, were very encouraging demonstrating an 85% recovery over the full 65 days the columns were run, with 80% being achieved within the first 14 days. This work suggests that the recovery on the oxide component does not appear to be sensitive to grind size.

The results of both the column leach and previously completed bottle roll tests will be incorporated in the PEA currently underway. There are currently several development scenarios under consideration, one of which includes a stand-alone valley heap leach operation focused on the existing oxide portion of the resource, taking into account the potential for oxide resource growth beyond with a staged approach to a larger milling scenario. Geophysical and geochemical surveys performed to date suggest that the oxide potential at Dolphin remains open to considerable expansion.

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.

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.

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 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 (Table 1).

Table 1: Significant results from the Asarco –Fairbanks Exploration Joint Venture Drill Program.

Hole #	From (ft)	To (ft)	Interval (ft)	Au g/t	Ag g/t	Cu (ppm)
RH89-02	0	90	90	0.39	NA	NA
RH89-08	0	220	220	1.22	NA	NA
incl.	0	125	125	1.78	NA	NA
incl.	60	85	25	4.59	NA	NA
RH90-09	0	170	170	0.35	3.17	44
RH90-15	0	190	190	0.51	4.07	62
RH90-16	0	500	500	0.40	3.58	138
RH90-17	0	500	500	0.39	2.45	80
RH90-18	15	85	70	0.56	4.00	94
RH90-19	15	70	55	1.03	5.60	19

NA – not assayed. *These results are historical in nature and are reported for information purposes only and have not been verified by the Company and are not to be relied upon*.

Limited previous drilling in the area of the copper – gold porphyry target returned significant intervals of gold mineralization. The area of drilling in 1989 and 1990 was restricted to a 500m 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 with values of up to 0.45% copper. Additional mapping has confirmed the presence of quartz porphyry in the creek 30 metres below the depth of previous drilling. Ground geophysics and soil sampling in the vicinity of the drilling has now expanded the target area by another 500 metres to the southwest and 400 metres to the northeast. *(It should be noted that results above are historical in nature, the Company has not verified them and they should not be relied upon).

In August 2014 the Company undertook a small ground geophysical and soil sampling survey which resulted in the identification of 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.

The Company believes this project represents a drill ready porphyry copper-gold and copper-molybdenum target.

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

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 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.

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 Lease and notified Doyon on 30 March 2015 that it had no further interest in pursuing the Vinasale project.

Other Projects

During the year, the Company did not renew its 50% interest in the Union Bay property claims in Alaska.

On October 31st, 2014, the Company terminated the option agreement for the Rob property in Alaska and wrote off its remaining interest of $538.

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 Curtis Freeman, MSc., PGeo., a geological consultant to 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)		
	2014	**2013**	**2012**
Total revenues	$Nil	$Nil	$Nil
General and administrative expenses – non-stock based	990,304	1,484,594	1,638,812
General and administrative expenses – stock compensation	74,240	59,461	12,176
Exploration and evaluation property expenditures	1,325,245	2,851,111	6,956,983
Net loss o In total o Basic and diluted loss per share	 7,755,822 0.10	 1,808,855 0.02	 5,936,931 0.09
Comprehensive income (loss) before income taxes o In total o Basic and diluted income (loss) per share	 (4,406,852) (0.06)	 438,675 0.01	 (6,526,334) (0.10)
Totals assets	35,805,363	37,740,179	36,361,237
Total non-current liabilities	1,097,228	736,506	438,197
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 2014	**Sept. 30th 2014**	**June 30th 2014**	**Mar. 31st 2014**	**Dec. 31st 2013**	**Sept. 30th 2013**	**June 30th 2013**	**Mar. 31st 2013**
Total revenues	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Net comprehensive (loss) gain – before tax	(4,959,285)	1,324,769	(1,654,634)	882,298	729,318	(1,076,633)	830,367	(44,377)
Net comprehensive (loss) gain per share	(0.06)	0.02	(0.02)	0.00	0.01	(0.01)	0.01	(0.01)
Total assets	35,805,363	40,735,242	37,944,560	39,567,683	37,740,179	36,869,294	37,278,176	37,199,358

RESULTS OF OPERATIONS

Year ended December 31st, 2014

The year ended December 31st, 2014 resulted in a net comprehensive loss of $4,406,852, which compares with net comprehensive income of $438,675 for the year ended December 31st, 2013. 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 $3,348,970 as the US dollar became stronger relative to the Canadian dollar during the current year. During the previous year ended December 31st, 2013, there was a foreign currency translation gain of $2,247,530 as the US dollar was stronger relative to the Canadian dollar during that period. General and administrative expenses for the year ended December 31st, 2014 were $1,064,544, a decrease of $479,511 compared to $1,544,055 for the year ended December 31st, 2013. The changes in comprehensive income/loss were mainly attributable to:

- a write down in mineral properties of $6,484,438 compared to $91,326 in 2013. During the year 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. During the year, the Company also did not renew its interest in the Union Bay Property and terminated the option agreement for the Rob Property and wrote off its remaining interest of $538;

- a decrease of $60,553 in consulting fees, from $256,625 in 2013 to $196,072 as fewer consultants were contracted for the Company's investor awareness campaigns and its financing activities;

- an increase of $14,779 in non-cash share-based compensation expenses, from $59,461 in 2013 to $74,240 that were charged upon the granting of long-term incentive stock options;

- a decrease of $66,873 in travel and transportation costs, from $212,931 in 2013 to $146,058. Travel and transportation costs also include the monitoring of the ongoing exploration activities in Alaska;

- a decrease of $96,961 in promotion and shareholder relations, from $229,034 in 2013 to $132,073, which included attendance at various trade shows, advertising, news releases, distribution fees and marketing materials;

- a decrease of $32,714 in professional fees, from $154,657 in 2013 to $121,943, due to lower legal costs as compared to the previous year;

- a decrease of $212,324 in wages, from $360,091 in 2013 to $147,767, as a larger amount of costs were attributable to mineral exploration expenditures;

- a decrease of $13,886 in property evaluation costs, from $17,040 in 2013 to $3,154 as fewer potential projects were reviewed;

- a decrease of $13,943 in interest income from $16,545 in 2013 to $2,602, due to a decrease in cash on hand;

- a financing cost of $309,516 was recognized when the Company extended the exercise date for various share purchase warrants and reduced the exercise price to $0.25 per warrant as compared to $276,316 in 2013 that was recognized when the Company extended the exercise date on 2,677,999 share purchase warrants from March 16th, 2013 to September 16th, 2013;

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

During the year ended December 31st, 2014, the Company incurred the below acquisition and exploration and evaluation property expenditures:

		Golden Summit Property		Rob Property		Vinasale Property		Shorty Creek Property		Total
Acquisition costs										
Balance, 31 December 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, 31 December 2014	$	2,328,392	$	-	$	-	$	211,936	$	2,540,328
Exploration and evaluation costs										
Balance, 31 December 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, 31 December 2014	$	32,075,928	$	-	$	-	$	271,632	$	32,347,560
Total	**$**	**34,404,320**	**$**	**-**	**$**	**-**	**$**	**483,568**	**$**	**34,887,888**

Three month period ended December 31st, 2014

The three month period ended December 31st, 2014 resulted in a net comprehensive loss of $4,959,285 which was higher than the net comprehensive gain of $729,318 for the three month period ended December 31st, 2013. 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 $1,413,975 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, 2013, there was a foreign currency translation gain of $1,119,621 as the US dollar was stronger relative to the Canadian dollar during that period.

During the three month period ended December 31st, 2014, the Company recorded a write down in mineral properties of $6,484,438 compared to $91,326 in 2013. 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, 2014, the Company incurred the below acquisition and exploration and evaluation property expenditures:

		Golden Summit Property		Rob Property		Vinasale Property		Shorty Creek Property		Total
Acquisition costs										
Balance, 30 September 2014	$	2,149,349	$	-	$	319,200	$	170,180	$	2,638,729
Additions		108,466		-		-		36,274		144,740
Foreign currency translation		70,577		-		11,429		5,482		87,488
Write-downs		-		-		(330,629)		-		(330,629)
Balance, 31 December 2014	$	2,328,392	$	-	$	-	$	211,936	$	2,540,328
Exploration and evaluation costs										
Balance, 30 September 2014	$	30,554,149	$	-	$	5,920,702	$	129,560	$	36,604,411
Assaying		11,642		-		-		14,169		25,811
Engineering and consulting		11,861		-		-		9,164		21,025
Geological and field expenses		72,751		-		2,236		23,195		98,182
Helicopter support		-		-		-		655		655
Geophysical		553		-		-		3,901		4,454
Preliminary economic assessment		27,093		-		-		-		27,093
Metallurgical studies		8,119		-		-		-		8,119
Environmental studies		47,639		-		-		-		47,639
Permitting		4,865		-		-		-		4,865
Land maintenance and tenure		51,346		538		-		13,797		65,681
Personnel		215,786		-		18,393		77,191		311,370
Foreign currency translation		1,070,124		-		211,940		-		1,282,064
Write-downs		-		(538)		(6,153,271)		-		(6,153,809)
Balance, 31 December 2014	$	32,075,928	$	-	$	-	$	271,632	$	32,347,560
Total	**$**	**34,404,320**	**$**	**-**	**$**	**-**	**$**	**483,568**	**$**	**34,887,888**

Liquidity and capital resources

At December 31st, 2014, the Company's working capital, defined as current assets less current liabilities, was $129,320 compared to working capital of $672,514 at December 31st, 2013. The Company has current liabilities of $327,967 mainly related to current and prior exploration work. The Company will need further financing to meet all of its contractual and statutory property payments and exploration commitments for the current year.

On September 11th, 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 11 September 2016 and at a price of $0.30 per share exercisable until 11 September 2017. 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 11 September 2016 and at a price of $0.30 per share exercisable until 11 September 2017.

On March 28th, 2014, the Company closed a non-brokered private placement of 2,827,323 Units, priced at $0.23 per Unit to raise gross proceeds of $650,284. Each Unit consists of one common share and one non-transferable common share purchase warrant. Each warrant will entitle the holder to acquire an additional common share at a price of $0.30 until March 28th, 2015 and at a price of $0.35 per share exercisable until March 28th, 2016. 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 28th, 2015 and at a price of $0.35 per share exercisable until March 28th, 2016.

Subsequent to year end, the Company has received subscriptions for $320,000 towards a non-brokered private placement at $0.10 per unit. Each unit will consist of one common share and one-half non-transferable share purchase warrant. Each warrant will entitle the holder to purchase one additional common share at a price of $0.15 per share exercisable for 3 years after closing.

Critical accounting estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in the preparation of these consolidated financial statements include, but are not limited to, the valuation of warrants, the assumptions used in the accounting for share-based payments, the provision for income taxes and composition of deferred tax assets and liabilities, the expected economic lives of and the estimated future operating results and net cash flows from mining interests, the anticipated costs of reclamation and closure cost obligations, and the fair value measurement of certain financial instruments.

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 2014.

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 had positive working capital and cash balances at December 31st, 2014 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 2015.

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, 2014.

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, 2014 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 or loss. These amounts will be reclassified from shareholders' equity to net income 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 as FVTPL, which is measured at fair value. Short term and long term investments in other companies are classified as available-for-sale, which is measured at fair value. Interest receivable is classified as receivables and measured at amortized cost. Trade payables 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, 2014, amounts receivable of $12,220 (December 31st, 2013 - $28,634) was comprised of Goods and Services Tax/Harmonized Sales Tax receivable of $11,942 (December 31st, 2013 - $16,524), interest receivable of $278 (December 31st, 2013 - $274) and other receivables of $Nil (December 31st, 2013 - $11,836). 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, 2014, the Company had cash of $234,901 to settle current liabilities of $327,967 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, 2014 and December 31st, 2013:

	December 31st 2014	December 31st 2013
Cash and cash equivalents	US$ 99,121	US$228,253
Trade payables	US$ 533,432	US$ 375,787

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 $4,343 for the period ended December 31st, 2014.

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 Risk

The Company is not subject to interest 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, 2014:

On February 26th, 2015, 604,167 stock options with an exercise price of $0.48 per share expired.

The Company has received subscription commitments for $480,000 to date towards a non-brokered private placement at $0.10 per unit. Each unit will consist of one common share and one-half non-transferable share purchase warrant. Each warrant will entitle the holder to purchase one additional common share at a price of $0.15 per share exercisable for 3 years after closing.

OUTSTANDING SHARE DATA

The Company is authorized to issue unlimited common shares without par value. As at March 31st, 2015, there were 83,998,351 outstanding common shares compared to 75,421,028 outstanding shares at December 31st, 2013.

The increase reflects the issuance of 7,827,323 shares for proceeds of $1,650,284 and 750,000 shares as consideration for the Shorty Creek Project.

As at March 31st, 2015 there were 10,991,676 warrants outstanding.

	Number Outstanding on March 31st, 2015	**Price per Share**	**Expiry Date**
	1,630,977	$0.25	August 2nd,2015*
	17,320	$0.25	August 2nd,2015*
	50,000	$0.25	August 15th, 2015**
	1,250,000	$0.25/$0.30	September 20th,2015
	2,871,878	$0.35	March 28th,2016
	5,171,500	$0.25/$0.33	September 11th, 2016/2017
Total	**10,991,676**		

*Effective August 11th, 2014, the Company amended the expiry date for 1,648,298 share purchase warrants from August 2nd, 2014 to August 2nd, 2015. The price of $0.25 per share remained the same.

**Effective August 11th, 2014, the Company amended the expiry date for 50,000 share purchase warrants from August 15th, 2014 to August 15th, 2015. The price of $0.25 per share remained the same.

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, 2014.

As at March 31st, 2015 there were 5,490,000 stock options outstanding as disclosed in the below table:

Number Outstanding December 31st 2013	Granted	Exercised	Cancelled	Expired	Number Outstanding March 27th 2015	Number Exercisable March 27th 2015	Exercise Price Per Share	Expiry Date
604,167	-	-	-	(604,167)	-	-	$ 0.48	February 26th, 2015
800,000	-	-	-	-	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
150,000	-	-	(150,000)	-	-	-	$ 0.27	December 1st, 2016
-	700,000	-	-	-	700,000	700,000	$ 0.25	January 1st, 2019
-	150,000	-	-	-	150,000	150,000	$ 0.20	July 23rd, 2019
5,394,167	850,000	-	(150,000)	(604,167)	5,490,000	5,490,000		

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.

On May 21st, 2014, the Company appointed Andrew Partington to the Board of Directors. Mr. Partington brings a wealth of experience to the Company from both a financial and technical standpoint. Most recently Mr. Partington was a Partner with the Toronto based investment bank Paradigm Capital Inc. (2003 – 2013) and specialized in corporate advisory, mergers & acquisitions and equity raising for mining and metals companies. Prior to his tenure at Paradigm, he was a Principal with Beacon Group Advisors (2001-2003) – which was the predecessor to Paradigm's mining team. In addition, Mr. Partington has served as a mining equity analyst with Deutsche Bank's Global Mining and Metals team and Newcrest Capital covering the base metals and gold industries.

The related party transactions during the year ended December 31st, 2014, which occurred in the normal course of operations and were measured at the exchange amount (the amount of consideration established and agreed to by the related parties), were as follows:

A summary of key management compensation is as follows:

		31 December 2014		31 December 2013
Accounting – Chief Financial Officer	**$**	**75,000**	$	87,500
Consulting – Corporate Secretary		**32,400**		32,400
Legal - Director		**2,000**		1,939
Share-based payments - Director		**23,559**		-
Salaries and benefits – President and VP Exploration and Development		**371,875**		479,166
Total	**$**	**504,834**	$	601,005

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

		31 December 2014		31 December 2013
President and Chief Executive Officer	**$**	**75,521**	$	64,583
Vice President, Exploration and Development		**75,521**		64,583
Chief Financial Officer		**-**		12,500
Corporate Secretary		**-**		2,836
Total	**$**	**151,042**	$	144,502

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, 2014.

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, 2014 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

At Golden Summit the results of the metallurgical tests will be incorporated in the PEA currently underway. There are currently several development scenarios under consideration, one of which includes a stand-alone valley heap leach operation focused on the existing oxide portion of the resource, taking into account the potential for oxide resource growth beyond with a staged approach to a larger milling scenario. Geophysical and geochemical surveys performed to date suggest that the oxide potential at Dolphin remains open to considerable expansion.

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.

In addition to the Golden Summit Program, planning continues for additional exploration on Shorty Creek as a result of the encouraging results obtained from the 2014 field program.

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

31 DECEMBER 2014 and 2013

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, 2014 and the consolidated statements of loss and comprehensive income (loss), changes in equity and cash flows for the year 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, 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, B.C., Canada V7Y 1G6
Telephone (604) 687-0947 Fax (604) 687-6172

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.

Other Matters

The consolidated financial statements of Freegold Ventures Limited for the year ended December 31, 2013 were audited by another auditor who expressed an unmodified opinion on those statements on March 28, 2014.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

March 31, 2015

Freegold Ventures Limited
(An Exploration Stage Company)

Consolidated Statements of Financial Position

For the Years Ended 31 December

Canadian Funds

ASSETS		2014		2013
Current				
Cash and cash equivalents	$	**234,901**	$	765,530
Amounts receivable		**12,220**		28,634
Prepaid expenses and deposits		**62,266**		117,399
Assets held for sale *(Note 4)*		**147,900**		150,555
		457,287		1,062,118
Exploration and Evaluation Properties *(Note 5)*		**34,887,888**		36,240,324
Property, Plant and Equipment *(Note 6)*		**460,188**		437,737
	$	**35,805,363**	$	37,740,179

LIABILITIES				
Current				
Trade payables *(Note 7)*	$	**149,239**	$	213,102
Accrued liabilities		**27,686**		32,000
Due to related parties *(Note 8)*		**151,042**		144,502
		327,967		389,604
Restoration and Environmental Obligations *(Note 9)*		**555,087**		488,684
Trade payables – Non-current *(Note 7)*		**542,141**		247,822
		1,425,195		1,126,110
EQUITY				
Share Capital *(Note 10)*		**81,313,352**		80,119,934
Reserves		**17,092,416**		12,763,913
Deficit		**(64,025,600)**		(56,269,778)
		34,380,168		36,614,069
	$	**35,805,363**	$	37,740,179

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

APPROVED AND AUTHORIZED FOR ISSUE BY THE BOARD ON 31 March 2015:

"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 – 31 December 2012	**74,022,884**	**$ 79,647,572**	**$ 6,922,765**	**$ 4,202,667**	**$ (1,061,175)**	**$ (54,460,923)**	**$ 35,250,906**
Issuance and allotment of shares for:							
- Private placements *(Note 10a)*	1,250,000	500,000	-	-	-	-	500,000
- Exercise of warrants *(Notes 10b and 10c)*	148,144	127,033	-	(30,739)	-	-	96,294
- Value assigned to warrants *(Notes 10a and 10c)*	-	(147,088)	-	147,088	-	-	-
Fair value of change in exercise price of warrants *(Note 10c)*	-	-	-	276,316	-	-	276,316
Share-based payments *(Note 10d)*	-	-	59,461	-	-	-	59,461
Share issuance costs *(Note 10a)*	-	(7,583)	-	-	-	-	(7,583)
Foreign currency translation adjustment	-	-	-	-	2,247,530	-	2,247,530
Loss for the year	-	-	-	-	-	(1,808,855)	(1,808,855)
Balance – 31 December 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 5d)*	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 – 31 December 2014	**83,998,351**	**$ 81,313,352**	**$ 7,117,435**	**$ 5,439,656**	**$ 4,535,325**	**$ (64,025,600)**	**$ 34,380,168**

- See Accompanying Notes -

Freegold Ventures Limited
(An Exploration Stage Company)

Consolidated Statements of Loss and Comprehensive Income (Loss)

For the Years Ended 31 December

Canadian Funds

		2014		2013
General and Administrative Expenses				
Consulting fees *(Note 8)*	$	196,072	$	256,625
Share-based payments *(Notes 8 and 10d)*		74,240		59,461
Travel and transportation		146,058		212,931
Promotion and shareholder relations		132,073		229,034
Professional fees (*Note 8)*		121,943		154,657
Wages, salaries and benefits *(Note 8)*		147,767		360,091
Transfer, filing and other fees		109,373		120,028
Rent and utilities		40,751		37,305
Office and miscellaneous		56,207		59,357
Property evaluation costs		3,154		17,040
Depreciation *(Note 6)*		15,820		17,938
Accretion *(Note 9)*		21,086		19,588
Total General and Administrative Expenses		(1,064,544)		(1,544,055)
Other Income (Expenses)				
Interest income		2,602		16,545
Foreign exchange gain, net		20		40,597
Write down of trade payables *(Note 7)*		119,299		52,027
Write down of assets held for sale *(Note 4)*		(15,591)		-
Interest and bank charges		(3,654)		(9,497)
Gain on sale of property, plant and equipment *(Note 4)*		-		3,170
Financing cost *(Note 10c)*		(309,516)		(276,316)
Write down of exploration and evaluation properties *(Note 5)*		(6,484,438)		(91,326)
		(6,691,278)		(264,800)
Net Loss for the Year	$	(7,755,822)	$	(1,808,855)
Loss per Share – Basic and Diluted	$	(0.10)	$	(0.02)
Weighted Average Number of Shares Outstanding		79,392,934		74,511,179
Comprehensive Income (Loss)				
Net loss for the year	$	(7,755,822)	$	(1,808,855)
Foreign currency translation adjustment		3,348,970		2,247,530
Total Comprehensive Income (Loss) for the Year	$	(4,406,852)		438,675
Comprehensive Income (Loss) per Share – Basic and Diluted	$	(0.06)	$	0.01

- See Accompanying Notes -

Freegold Ventures Limited
(An Exploration Stage Company)

Consolidated Statements of Cash Flows

For the Years Ended 31 December

Canadian Funds

Cash Resources Provided By (Used In)	2014	2013
Operating Activities		
Loss for the year	**$ (7,755,822)**	$ (1,808,855)
Items not affecting cash:		
Depreciation	**15,820**	17,938
Accretion	**21,086**	19,588
Financing cost	**309,516**	276,316
Gain on sale of property, plant and equipment	**-**	(3,170)
Write down of trade payables	**(119,299)**	(52,027)
Write down of assets held for sale	**15,591**	-
Write down of exploration and evaluation properties	**6,484,438**	91,326
Share-based payments	**74,240**	59,461
Net changes in non-cash working capital components:		
Amounts receivable	**16,414**	(2,034)
Prepaid expenses and deposits	**55,133**	(21,220)
Trade payables	**(14,122)**	(351,786)
Accrued liabilities	**(4,314)**	(4,500)
Due to related parties	**6,540**	88,622
	(894,779)	(1,690,341)
Investing Activities		
Exploration and evaluation property acquisition costs	**(350,991)**	(481,221)
Exploration and evaluation property deferred exploration costs	**(900,399)**	(2,566,128)
Purchase of property, plant and equipment	**-**	(1,176)
Proceeds on sale of assets held for sale	**-**	57,500
	(1,251,390)	(2,991,025)
Financing Activities		
Share capital issued	**1,650,284**	596,294
Share issuance costs	**(72,058)**	(7,583)
	1,578,226	588,711
Effect of Foreign Currency on Cash and Cash Equivalents	**37,314**	107,903
Net Decrease in Cash and Cash Equivalents	**(530,629)**	(3,984,752)
Cash and cash equivalents - Beginning of year	**765,530**	4,750,282
Cash and Cash Equivalents - End of Year	**$ 234,901**	$ 765,530
Interest paid	**$ 3,654**	$ 3,018
Interest received	**$ 2,324**	$ 16,271
Income taxes paid	**$ -**	$ -
Supplemental Disclosure of Non-Cash Items		
Exploration expenditures included in trade payables	**$ (648,860)**	$ (284,983)
Share-based compensation in mineral property	**$ (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 31 December 2014 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 has a comprehensive loss of $4,406,852 for the year ended 31 December 2014 (31 December 2013 – $438,675 – comprehensive income) and has working capital of $129,320 at 31 December 2014 (31 December 2013 – $672,514).

The Company had cash and cash equivalents of $234,901 at 31 December 2014 (31 December 2013 - $765,530), 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 Accounting Standards ("IAS"), using accounting policies consistent 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, Ican Minerals, Inc. (inactive), Dolphin Gold, Inc., Grizzly Bear Gold Inc. and McGrath Gold Inc. (inactive). All subsidiaries are US corporations which are involved in exploration and evaluation of properties. Inter-company balances are eliminated upon consolidation.

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

The preparation of the Company's 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 liabilities, the recoverability and measurement of deferred tax assets and liabilities, 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 31 December 2014, cash and cash equivalents includes a redeemable guaranteed investment certificate of $51,704 (31 December 2013 - $51,294) maturing on 2 May 2015, which is pledged as security for certain payables of the Company.

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. 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 the consolidated statements of loss and comprehensive 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%
Computer software	100%
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 warrant 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) **Loss per Share**

Basic loss per share is based on the weighted average number of common shares issued and outstanding during the year. The effect of potential issuances of shares under options and warrants would be anti-dilutive, and therefore basic and diluted loss per share are the same.

o) **Income Taxes**

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the statement of financial position date.

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, Ican Minerals, Inc., 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 in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. 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 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**

At the date of authorization of these financial statements, the IASB and IFRIC have issued the following new and revised standards, amendments and interpretations which are not yet effective during the year ended 31 December 2014.

Effective for annual periods beginning on or after 1 July 2014

IAS 19, *Defined Benefit Plans and Employee Contributions*

Amended to clarify the application of IAS 19 to plans that require employees or third parties to contribute toward the cost of benefits.

Effective for annual periods beginning on or after 1 January 2016

IFRS 11, *Accounting for Acquisitions of Interests in Joint Operations*

Amended to provide specific guidance on accounting for the acquisition of an interest in a joint operation that is a business.

IFRS 14, *Regulatory Deferral Accounts*

IFRS 14 is a new standard to specify the financial reporting requirements for regulatory deferral account balances that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation.

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.

IAS 27 & IFRS 1, *Equity Method in Separate Financial Statements*

IAS 27 is amended to restore the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

IFRS 1 is amended to permit use of the business combinations exemption for investments in subsidiaries accounted for using the equity method in the separate financial statements of the first-time adopter.

Effective for annual periods beginning on or after 1 January 2017

IFRS 15, *Revenue from Contracts with Customers:*

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service*.

Effective for annual periods beginning on or after 1 January 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 financial position and financial performance of the Company.

3. Approval

These consolidated financial statements were approved and authorized for issue by the Audit Committee of the Board of Directors on 31 March 2015.

4. Assets Held For Sale

		31 December 2014		31 December 2013
Opening assets held for sale	**$**	**150,555**	$	194,058
Dispositions		**-**		(54,330)
Write down		**(15,591)**		-
Foreign currency translation		**12,936**		10,827
Ending assets held for sale	**$**	**147,900**	$	150,555

As at 31 December 2011, the Company classified its remaining mining equipment as assets held for sale as it no longer had a use for this equipment. During the year ended 31 December 2014, the Company sold $Nil (31 December 2013 - $54,330) of equipment for proceeds of $Nil (31 December 2013 - $57,500) resulting in a gain of $Nil (31 December 2013 – gain of $3,170). During the year ended 31 December 2014, the Company wrote-down $15,591 (31 December 2013 - $Nil) 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 2015.

5. Exploration and Evaluation Properties

		Golden Summit Property		Rob Property		Vinasale Property		Union Bay Property		Total
Acquisition costs										
Balance, 31 December 2012	$	1,428,678	$	-	$	194,006	$	-	$	1,622,684
Additions		344,638		51,495		85,088		-		481,221
Foreign currency translation		98,653		-		13,396		-		112,049
Write downs		-		(51,495)		-		-		(51,495)
Balance, 31 December 2013	$	1,871,969	$	-	$	292,490	$	-	$	2,164,459
Exploration and evaluation costs										
Balance, 31 December 2012	$	24,037,981	$	-	$	5,207,163	$	-	$	29,245,144
Assaying		103,034		-		-		-		103,034
Drilling		1,196,517		-		-		-		1,196,517
Engineering and consulting		275,318		3,131		29,591		-		308,040
Geological and field expenses		268,323		2,079		5,760		-		276,162
Geophysical		113,117		-		-		-		113,117
Metallurgical studies		197,858		-		-		-		197,858
Environmental studies		15,639		-		-		-		15,639
Land maintenance and tenure		69,200		26,093		-		1,528		96,821
Personnel		517,597		7,000		19,326		-		543,923
Foreign currency translation		1,659,874		-		359,567		-		2,019,441
Write downs		-		(38,303)		-		(1,528)		(39,831)
Balance, 31 December 2013	$	28,454,458	$	-	$	5,621,407	$	-	$	34,075,865
Total	**$**	**30,326,427**	**$**	**-**	**$**	**5,913,897**	**$**	**-**	**$**	**36,240,324**

Notes to Consolidated Financial Statements

31 December 2014 and 2013

Canadian Funds

	Golden Summit Property	Rob Property	Vinasale Property	Shorty Creek Property	Total
Acquisition costs					
Balance, 31 December 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, 31 December 2014	$ 2,328,392	$ -	$ -	$ 211,936	$ 2,540,328
Exploration and evaluation costs					
Balance, 31 December 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, 31 December 2014	$ 32,075,928	$ -	$ -	$ 271,632	$ 32,347,560
Total	**$ 34,404,320**	**$ -**	**$ -**	**$ 483,568**	**$ 34,887,888**

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

Fairbanks Exploration Inc.

By various agreements dated from 1 December 1992 to 9 May 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 to FEI. The Company is also required to make all underlying lease payments.

The Company will fund 100% of the project 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") to FEI, 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 mineable reserves.

(i) **Keystone Claims**

By an agreement dated 17 May 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 15 October 2000, a $50,000 signing bonus was paid. On 30 November 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 $75,000 in 2008 with the remaining $75,000 paid in 2009, subject to a payment extension)
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 subsequently)
2015 – 2019 (US$150,000 per year)	$	750,000		

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.

* US$37,500 was paid subsequent to the year ended 31 December 2014 and the lease agreement remains in good standing.

(ii) **Newsboy Claims**

By lease agreement dated 28 February 1986 and amended 26 March 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 12 October 2012, the Company amended the lease agreement and the lease term was extended for a five year term, from 1 March 2011 to 29 February 2016. The minimum royalty payable under the amended lease is US$12,000 per year for the term of the lease. These payments are current. In addition, the Company will have the option to further extend the lease for a term of an additional 5 years by making a one-time payment of US$50,000. 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 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 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 for US$1,000,000.

(iv) **Green Claims**

On 16 December 2010, the Company entered into a long-term 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
1 December 2010	US$100,000 (paid)	-
1 December 2011	US$100,000 (paid)	US$250,000 (incurred)
1 December 2012	US$100,000 (paid)	US$500,000 (incurred)
1 December 2013	US$100,000 (paid)	US$750,000 (incurred)
1 December 2014	US$50,000 (paid)	US$1,000,000 (incurred)
1 December 2014	US$50,000 *	-
1 December 2015 to 2019	US$100,000 per year	-
1 December 2020 to 2029	US$200,000 per year	-
Total	US$3,000,000	

* The US$50,000 payment has been deferred to 2015 and the lease agreement remains in good standing.

(v) **Chatham Claims**

On 11 July 2011, the Company entered into a four 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 is required to make annual cash payments and exploration expenditures as follows:

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

The Company has the option to purchase the property for US$750,000.

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

* The US$50,000 exploration expenditure commitment has been waived and the lease agreement remains in good standing.

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

By lease agreement effective 1 June 2012, the Company entered into a new mining lease over 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 three year lease agreement and may be extended for two extensions of three years. In 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. 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:

	Payments	Exploration Expenditures
Execution of agreement	US$25,000 (paid)	-
Year 1 (2013)	US$10 per acre per year (paid)	US$125 per acre per year (incurred)
Year 2 (2014)	US$10 per acre per year (paid)	US$125 per acre per year (incurred)
Year 3	US$10 per acre per year	US$125 per acre per year
Years 4-6	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 17 July 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 Property. On 8 August 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 five years after which the Company will be responsible.

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

By agreement dated 28 February 2007 and as amended on 18 January 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. The Company must make annual cash payments and incur exploration expenditures as follows:

Option Year Commencing	Payments	Exploration Expenditures
28 February 2007	US$50,000 (Paid)	US$300,000 (incurred)
1 February 2008	US$70,000 (Paid)	US$700,000*
1 February 2009	US$75,000 (Paid)	US$1,000,000**
1 February 2010	US$80,000 (Paid)	US$1,500,000 (incurred)
1 February 2011	US$85,000 (Paid)	US$1,500,000 (incurred)
Total	US$360,000	US$5,000,000

* During 2008, the Company requested that Doyon consider deferring the remaining 2008 expenditures to 2009, 2010 and 2011 in exchange for an additional contribution of US$20,000 to the scholarship fund and Doyon agreed to such request.

** By amendment dated 18 January 2010, Doyon agreed to waive the 2009 exploration expenditures. As consideration, the Company agreed to place US$300,000 in an escrow account by 15 April 2010. The funds were released upon mobilization of a drill rig to the property in July 2010.

On 20 January 2012, the Company paid US$100,000 to extend the lease by one year and was required to incur an additional US$1,500,000 (incurred) in exploration expenditures.

On 30 January 2013, the Company paid US$70,000 to extend the lease by one year and was required to incur an additional US$1,500,000 in exploration expenditures by 31 December 2013. The Company did not complete these expenditures and was actively engaged in negotiations to amend the terms of the current agreement.

During the year 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.

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 Lease and notified Doyon on 30 March 2015 that it had no further interest in pursuing the Vinasale project.

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

By agreement dated 9 July 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 31 December 2014, the Company terminated the option agreement and wrote off its remaining interest of $538 (31 December 2013 - $89,798).

e) **Union Bay Property, Alaska, USA**

The Company acquired certain mineral claims known as the Union Bay Property, in Alaska, USA, by way of staking.

During the year ended 31 December 2014, the Company did not renew its interest in the property and wrote off its remaining interest of $Nil (31 December 2013 - $1,528).

6. Property, Plant and Equipment

	Automotive	Computer Equipment	Computer Software	Office Equipment	Exploration Office	Exploration Office Equipment	Land	Total
Costs								
Balance, 31 December 2012	$ 33,430	$ 7,048	$ 6,140	$ 7,724	$ 179,027	$ 13,327	$ 217,776	$ 464,472
Additions	-	1,176	-	-	-	-	-	1,176
Foreign currency translation	2,309	-	-	-	12,362	921	15,038	30,630
Balance, 31 December 2013	$ 35,739	$ 8,224	$ 6,140	$ 7,724	$ 191,389	$ 14,248	$ 232,814	$ 496,278
Accumulated Depreciation								
Balance, 31 December 2012	$ (13,539)	$ (2,010)	$ (6,140)	$ (2,162)	$ (10,598)	$ (3,733)	$ -	(38,182)
Depreciation	(6,019)	(1,688)	-	(1,113)	(7,173)	(1,945)	-	(17,938)
Foreign currency translation	(1,296)	-	-	-	(762)	(363)	-	(2,421)
Balance, 31 December 2013	$ (20,854)	$ (3,698)	$ (6,140)	$ (3,275)	$ (18,533)	$ (6,041)	$ -	$ (58,541)
Net Book Value	$ 14,885	$ 4,526	$ -	$ 4,449	$ 172,856	$ 8,207	$ 232,814	$ 437,737

	Automotive	Computer Equipment	Computer Software	Office Equipment	Exploration Office	Exploration Office Equipment	Land	Total
Costs								
Balance, 31 December 2013	$ 35,739	$ 8,224	$ 6,140	$ 7,724	$ 191,389	$ 14,248	$ 232,814	$ 496,278
Additions	-	-	-	-	-	-	-	-
Foreign currency translation	3,243	-	-	-	17,364	1,292	21,123	43,022
Balance, 31 December 2014	$ 38,982	$ 8,224	$ 6,140	$ 7,724	$ 208,753	$ 15,540	$ 253,937	$ 539,300
Accumulated Depreciation								
Balance, 31 December 2013	$ (20,854)	$ (3,698)	$ (6,140)	$ (3,275)	$ (18,533)	$ (6,041)	$ -	(58,541)
Depreciation	(4,655)	(1,357)	-	(890)	(7,207)	(1,711)	-	(15,820)
Foreign currency translation	(2,108)	-	-	-	(2,016)	(627)	-	(4,751)
Balance, 31 December 2014	$ (27,617)	$ (5,055)	$ (6,140)	$ (4,165)	$ (27,756)	$ (8,379)	$ -	$ (79,112)
Net Book Value	**$ 11,365**	**$ 3,169**	**$ -**	**$ 3,559**	**$ 180,997**	**$ 7,161**	**$ 253,937**	**$ 460,188**

7. Trade Payables

During the year, the Company wrote off trade payables in the amount of $119,299 (31 December 2013 - $52,027). 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)*.

During the current and prior year, the Company entered into an agreement with one of its vendors to repay an amount payable over two years.

8. Related Party Balances and Transactions

A summary of key management compensation is as follows:

		31 December 2014		31 December 2013
Accounting – Chief Financial Officer	**$**	**75,000**	$	87,500
Consulting – Corporate Secretary		**32,400**		32,400
Legal - Director		**2,000**		1,939
Share-based payments - Director		**23,559**		-
Salaries and benefits – President and Vice President		**371,875**		479,166
Total	**$**	**504,834**	$	601,005

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

		31 December 2014		31 December 2013
President and Chief Executive Officer	**$**	**75,521**	$	64,583
Vice President, Exploration and Development		**75,521**		64,583
Chief Financial Officer		**-**		12,500
Corporate Secretary		**-**		2,836
Total	**$**	**151,042**	$	144,502

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)*. The present value of the estimated obligations relating to properties is $555,087 (31 December 2013 - $488,684) using discount rates at which cash flows have been discounted by 4.25%. 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 31 December 2014 is $580,050 (US$500,000) (31 December 2013 - $531,800 (US$500,000)) and the cash outflows are expected to occur in 2016.

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

		31 December 2014		31 December 2013
Balance, beginning of year	**$**	**488,684**	$	438,197
Addition		**-**		-
Accretion		**21,086**		19,588
Foreign currency translation		**45,317**		30,899
Balance, end of year	**$**	**555,087**	$	488,684

10. Share Capital

The Company has authorized an unlimited number of common shares with no par value. At 31 December 2014, the Company had 83,998,351 common shares outstanding (31 December 2013 – 75,421,028).

a) **Share Issuances and Other**

On 11 September 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 11 September 2016 and at a price of $0.30 per share exercisable until 11 September 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 11 September 2016 and at a price of $0.30 per share exercisable until 11 September 2017 *(Note 10c)*.

On 28 March 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 28 March 2015 and at a price of $0.35 per share exercisable until 28 March 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 28 March 2015 and at a price of $0.35 per share exercisable until 28 March 2016 *(Note 10c)*.

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

On 20 September 2013, the Company closed a non-brokered private placement of 1,250,000 units at $0.40 per unit for proceeds of $500,000. 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 $0.50 per share (re-priced to $0.30 during the year ended 31 December 2014) exercisable until 20 September 2015 *(Note 10c)*. The Company recorded share issuance costs of $7,583 in relation to the private placement.

b) **Exercise of Warrants**

During the year, a total of Nil (31 December 2013 – 148,144) warrants were exercised for gross proceeds of $Nil (31 December 2013 - $96,294).

c) **Share Purchase Warrants**

The following is a summary of the changes in the Company's share purchase warrants for the years ended 31 December 2014 and 2013:

	31 December 2014		31 December 2013	
	Number of warrants	Weighted average exercise price $	Number of warrants	Weighted average exercise price $
Outstanding, beginning of the year	2,948,298	0.59	4,524,441	0.65
Granted	2,871,878	0.30/0.35	1,250,000	0.50
Exercised	-	-	(148,144)	0.65
Amended old	(1,698,297)	0.65	-	-
Amended new	1,698,297	0.25	-	-
Amended old	(1,250,000)	0.50	-	-
Amended new	1,250,000	0.25/0.30	-	-
Granted	5,171,500	0.25/0.30	-	-
Expired	-	-	(2,677,999)	0.65
Outstanding, end of the year	10,991,676	0.27	2,948,298	0.59

The following table summarizes information regarding share purchase warrants outstanding as at 31 December 2014:

	Number	Price per Share	Expiry Date	
	1,630,978	$0.25	2 August 2015	****
	17,320	$0.25	2 August 2015	****
	50,000	$0.25	15 August 2015	****
	1,250,000	$0.30	20 September 2015	***
	2,871,878	$0.30/$0.35	28 March 2015/2016	**
	5,171,500	$0.25/$0.30	11 September 2016/2017	*
Total	10,991,676			

* During the year, 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 11 September 2016 and at a price of $0.30 per share exercisable until 11 September 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, interest rate of 1.17%, a dividend yield of 0% and historical volatility of 102% *(Note 10a)*.

** During the year, 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 28 March 2015 and at a price of $0.35 per share exercisable until 28 March 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, interest rate of 0.96%, a dividend yield of 0% and historical volatility of 116% *(Note 10a)*.

*** During the prior year, 1,250,000 share purchase warrants having a 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 20 September 2015. The fair values were calculated using the Black-Scholes option pricing model with an expected life of 2.0 years, interest rate of 1.23%, a dividend yield of 0% and historical volatility of 94% *((Note 10a)*.

*** On 24 January 2014, the Company amended the original exercise price for 1,250,000 warrants from $0.50 to $0.25 per share exercisable until 20 September 2014 and to $0.30 exercisable until 20 September 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.

**** During the year ended 31 December 2012, 1,821,442 share purchase warrants having a fair value of $396,546 were issued relating to private placements. 1,655,977 warrants were issued to purchase one additional common share at a price of $0.65 per share exercisable until 2 February 2014 and 50,000 warrants were issued to purchase one additional common share at a price of $0.65 per share exercisable until 15 February 2014. 115,465 broker warrants were issued that entitle the holder to purchase one additional common share at a price of $0.65 per share exercisable until 2 February 2014 *(Note 10a).* During the prior year, 148,144 warrants were exercised for proceeds of $96,294.

**** On 24 January 2014, the Company amended the expiry date for 1,648,298 share purchase warrants from 2 February 2014 to 2 August 2014 and amended the expiry date for 50,000 share purchase warrants from 15 February 2014 to 15 August 2014. The original exercise price for these share purchase warrants have also been amended from $0.65 to $0.25 per share; 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 $155,228 recorded to financing cost. On 11 August 2014, the Company amended the expiry date for 1,648,298 share purchase warrants from 2 August 2014 to 2 August 2015 and amended the expiry date for 50,000 share purchase warrants from 15 August 2014 to 15 August 2015. The exercise price for these share purchase warrants remained the same at $0.25 per share; 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 $124,825 recorded to financing cost.

During the year ended 31 December 2011, 4,583,331 share purchase warrants having a fair value of $859,060 were issued relating to private placements. Each warrant entitles the holder to purchase one additional common share at a price of $0.59 per share exercisable until 16 March 2012 and at a price of $0.65 per share exercisable from 17 March 2012 until 16 March 2013. During 2013, 50,000 warrants were exercised for proceeds of $32,500. Effective 16 March 2013, the exercise date of 2,677,999 share purchase warrants was amended from previously 16 March 2013 to 16 September 2013 resulting in an incremental fair value of $276,316 recorded to financing cost. This amount is shown as a financing cost. 298,000 of these warrants are held by directors and officers of the Company and the extension of such warrants was approved by shareholders of the Company, excluding the votes attached to common shares beneficially owned by holder of the insider warrants, at the Company's 28 June 2013 Annual and Special General Meeting. The exercise price of the warrants of $0.65 per common share remained the same. On 16 September 2013, these warrants expired unexercised.

d) **Share Purchase Options**

The Company has established a stock option plan (the "2012 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 and Special Meeting held on 29 June 2012, shareholders 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 2012 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 2012 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.

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

Number Outstanding 31 December 2013	Granted	Exercised	Cancelled	Expired	Number Outstanding 31 December 2014	Number Exercisable 31 December 2014	Exercise Price Per Share	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		

During the year, the Company granted the following options to consultants of the Company which vest on the following dates:

Vesting Date	Exercise Price	Number of options	**2014 Vested Amount**
1 January 2014	$0.25	300,000	**$60,969***
1 June 2014	$0.25	146,429	**20,399****
1 July 2014	$0.25	42,262	**5,815****
1 August 2014	$0.25	42,262	**5,764****
1 September 2014	$0.25	42,262	**5,660****
1 October 2014	$0.25	42,262	**5,533****
1 November 2014	$0.25	42,262	**3,994****
1 December 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 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, 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 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 a prior year, the Company granted the following options to a consultant of the Company which vest on the following dates:

Vesting Date	Exercise Price	Number of options	**2013 Vested Amount**
12 February 2013	$0.92	50,000	**$25,711**
12 May 2013	$0.92	50,000	**12,817**
12 August 2013	$0.92	50,000	**11,863**
12 November 2013	$0.92	50,000	**9,070**
Total		200,000	**$59,461**

The total estimated fair value of the 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.

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:

	31 December 2014	31 December 2013
Expected dividend yield	**0.00%**	0.00%
Expected stock price volatility	**109.58%**	115.13%
Risk-free interest rate	**1.68%**	1.48%
Expected life of options	**4.69 years**	4.38 years

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

e) **Shareholders Rights Plan**

Effective 9 May 2012, the Board of Directors 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 of Directors 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% (2013 – 25.75%):

		31 December 2014		31 December 2013
Loss before income taxes	**$**	**7,755,822**	$	1,808,855
Expected income tax (recovery)	**$**	**(2,017,000)**	$	(466,000)
Changes in tax rates and foreign exchange rates		**489,000**		(4,000)
Permanent differences		**108,000**		84,000
Expiry of non-capital losses		**218,000**		-
Change in unrecognized deductible temporary differences		**1,202,000**		386,000
Total income tax expense (recovery)	**$**	**-**	$	-

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

		31 December 2014		31 December 2013
Deferred tax assets				
Share issue costs	**$**	**36,000**	$	46,000
Non-capital losses		**10,506,000**		10,139,000
Capital losses		**28,000**		28,000
Property, plant and equipment		**1,076,000**		989,000
Restoration obligation		**189,000**		166,000
Exploration and evaluation properties		**2,231,000**		2,758,000
Unrecognized deferred tax assets	**$**	**14,066,000**	$	14,126,000

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:

	2014	Expiry	2013	Expiry
Temporary Differences				
Share issue costs	$ 137,000	2035 to 2038	$ 179,000	2034 to 2037
Non-capital losses	34,811,000	2015 to 2034	33,938,000	2014 to 2033
Allowable capital losses	107,000	No expiry date	107,000	No expiry date
Property, plant, and equipment	3,266,000	No expiry date	2,909,000	No expiry date
Restoration obligation	555,000	No expiry date	488,000	No expiry date
Exploration and evaluation properties	6,563,000	No expiry date	8,112,000	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	$ 41,412	$ 31,060	$ -	$ 72,472
Photocopier lease payments	$ 3,888	$ 2,141	$ -	$ 6,029

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, the Company wrote off trade payables in the amount of $119,299 (31 December 2013 - $52,027). 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 31 December 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**

Details on a geographic basis as at 31 December 2013 are as follows:

	USA	Canada	Total
Loss for the year	$ (88,755)	$ (1,720,100)	$ (1,808,855)
Comprehensive income (loss) for the year	$ 2,158,775	$ (1,720,100)	$ 438,675
Current assets	$ 421,556	$ 640,562	$ 1,062,118
Property, plant and equipment	$ 428,762	$ 8,975	$ 437,737
Exploration and evaluation properties	$ 36,240,324	$ -	$ 36,240,324
Total assets	$ 37,090,642	$ 649,537	$ 37,740,179

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 31 December 2014 and 31 December 2013 are as follows:

		31 December 2014		31 December 2013
Financial Assets				
FVTPL, measured at fair value				
Cash and cash equivalents	**$**	**234,901**	$	765,530
Loans and receivables, measured at amortized cost				
Amounts receivable		**278**		1,351

		31 December 2014		31 December 2013
Financial Liabilities				
Other liabilities, measured at amortized cost				
Trade payables	**$**	**149,239**	$	213,102
Trade payables – non-current		**542,141**		247,822
Accrued liabilities		**27,686**		32,000
Due to related parties	**$**	**151,042**	$	144,502

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

		31 December 2014		31 December 2013
		Level 1		Level 1
Cash and cash equivalents	**$**	**234,901**	$	765,530

There were no transfers between Level 1 and 2 in the years ended 31 December 2014 and 2013.

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 31 December 2014. 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 31 December 2014, amounts receivable of $12,220 (31 December 2013 - $28,634) was comprised of Goods and Services Tax/Harmonized Sales Tax receivable of $11,942 (31 December 2013 - $16,524), interest receivable of $278 (31 December 2013 - $274) and other receivables of $Nil (31 December 2013 - $11,836). 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 31 December 2014, the Company had cash of $234,901 to settle current liabilities of $327,967 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 31 December 2014 and 2013:

	31 December 2014	31 December 2013
Cash and cash equivalents	**US$ 99,121**	US$ 228,253
Trade payables	**US$ 533,432**	US$ 375,787

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 $4,343 for the year ended 31 December 2014.

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 Risk**

The Company is not subject to interest 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 31 December 2014:

i) On 26 February 2015, 604,167 stock options with an exercise price of $0.48 per share granted on 26 February 2010 expired.

ii) As at 31 March 2015, the Company has received subscription commitments for $480,000 towards a non-brokered private placement at $0.10 per unit. Each unit will consist of one common share and one-half non-transferable share purchase warrant. Each warrant will entitle the holder to purchase one additional common share at a price of $0.15 per share exercisable for 3 years after closing.