New Pacific Holdings Corp.

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of New Pacific Holdings Corp.

We have audited the accompanying consolidated financial statements of New Pacific Holdings Corp., which comprise the consolidated statements of financial position as at June 30, 2016 and June 30, 2015, and the consolidated statements of income (loss), comprehensive income (loss), changes in cash flows and equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

Auditor's 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 audits 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 auditor's 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, the consolidated financial statements present fairly, in all material respects, the financial position of New Pacific Holdings Corp. as at June 30, 2016 and June 30, 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

/s/ Deloitte LLP

Chartered Professional Accountants
September 14, 2016
Vancouver, Canada

New Pacific Holdings Corp.

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

	Notes		**June 30, 2016**		June 30, 2015
ASSETS					
Current Assets					
Cash and cash equivalents	3	**$**	**5,267,066**	$	14,851,828
Bonds	4		**17,201,630**		8,826,997
Receivables			**115,146**		109,767
Deposits and prepayments			**23,401**		19,493
			22,607,243		23,808,085
Non-current Assets					
Reclamation deposits			**15,075**		15,075
Equity investments	5		**3,700,345**		-
Plant and equipment	6		**60,454**		106,861
Mineral property interests	7		**4,415,900**		8,253,673
TOTAL ASSETS		**$**	**30,799,017**	$	32,183,694
LIABILITIES AND EQUITY					
Current Liabilities					
Trade and other payables	9	**$**	**701,228**	$	1,292,765
Provisions	10		**83,000**		81,000
Due to related parties	11		**6,112**		69,633
Total Liabilities			**790,340**		1,443,398
Equity					
Share capital	12		**57,149,481**		57,149,481
Share-based payment reserve			**17,642,249**		17,512,523
Accumulated other comprehensive income			**1,225,698**		1,267,877
Deficit			**(46,176,203)**		(46,058,036)
Equity attributable to the equity holders of the Company			**29,841,225**		29,871,845
Non-controlling interest	13		**167,452**		868,451
Total Equity			**30,008,677**		30,740,296
TOTAL LIABILITIES AND EQUITY		**$**	**30,799,017**	$	32,183,694

See accompanying notes to the consolidated financial statements

New Pacific Holdings Corp.
Consolidated Statements of Income (Loss)
(Expressed in Canadian dollars)

	Notes	Years ended June 30, 2016	2015
Income from investments			
Gain on equity investments	5	**$ 2,473,528**	$ -
Fair value change and interest earned on bonds	4	**577,538**	69,678
Interest income		**47,556**	132,697
		3,098,622	202,375
Operating expenses			
Audit and accounting		**60,180**	80,831
Consulting		**3,690**	44,654
Depreciation		**40,511**	39,252
Filing and listing		**73,831**	39,780
Investor relations		**14,660**	12,944
Legal and professional fees		**45,000**	34,752
Salaries and benefits		**366,284**	649,814
Office and administration		**159,445**	157,404
Rent		**95,952**	118,853
Share-based compensation		**129,726**	201,666
Travel and promotion		**40,443**	86,472
Income (loss) before other income and expenses		**2,068,900**	(1,264,047)
Other (income) expenses			
Gain on disposal of plant and equipment		**(105,281)**	(20,324)
Impairment of mineral property interests	7,8	**3,850,343**	175,901
Foreign exchange gain		**(864,648)**	(3,129,372)
Other (income) expense		**(1,607)**	744
		2,878,807	(2,973,051)
Net (loss) income		**$ (809,907)**	$ 1,709,004
Attributable to:			
Equity holders of the Company		**(118,167)**	1,739,248
Non-controlling interests		**(691,740)**	(30,244)
		$ (809,907)	$ 1,709,004
Basic and diluted (loss) earnings per share		**$ (0.00)**	$ 0.03
Weighted average number of common shares - basic and diluted		**66,938,229**	66,938,229

See accompanying notes to the consolidated financial statements

New Pacific Holdings Corp.
Consolidated Statements of Comprehensive Income (Loss)
(Expressed in Canadian dollars)

	Years ended June 30,	
	2016	2015
Net (loss) income	**$ (809,907)**	$ 1,709,004
Other comprehensive (loss) income		
Items that may subsequently be reclassified to net income or loss:		
Currency translation adjustment	**(51,438)**	1,285,563
Other comprehensive (loss) income	**(51,438)**	1,285,563
Attributable to:		
Equity holders of the Company	**$ (42,179)**	$ 1,054,162
Non-controlling interests	**(9,259)**	231,401
	(51,438)	1,285,563
Comprehensive (loss) income	**$ (861,345)**	$ 2,994,567
Attributable to:		
Equity holders of the Company	**$ (160,346)**	$ 2,793,410
Non-controlling interest	**(700,999)**	201,157
	$ (861,345)	$ 2,994,567

See accompanying notes to the consolidated financial statements

New Pacific Holdings Corp.

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Notes		Years ended June 30, 2016		2015
Operating activities					
Net (loss) income		$	**(809,907)**	$	1,709,004
Add (deduct) items not affecting cash :					
Unrealized gain on equity investments			**(2,473,528)**		-
Unrealized fair value change and interest earned on bonds	4		**(577,538)**		(69,678)
Interest income			**(47,556)**		(132,697)
Depreciation			**40,511**		39,252
Impairment on mineral property interests			**3,850,343**		175,901
Gain on disposal of plant and equipment			**(105,281)**		(20,324)
Share-based compensation			**129,726**		201,666
Unrealized foreign exchange gain			**(864,648)**		(3,129,372)
Coupon payments	4		**604,950**		-
Interest received			**47,556**		210,375
			(205,372)		(1,015,873)
Change in non-cash working capital					
Deposits and other receivables			**(12,593)**		55,505
Trade and other payables			**(598,720)**		242,063
Due to related parties			**(63,520)**		(42,345)
Cash used in operating activities			**(880,205)**		(760,650)
Investing activities					
Bonds					
Acquisitions	4		**(15,750,827)**		(8,933,526)
Dispositions	4		**7,010,931**		-
Purchase of equity investments			**(1,226,817)**		-
Expenditures on mineral property interests			**(51,771)**		(538,132)
Proceeds from disposition of plant and equipment			**110,550**		23,210
Net redemption of short-term investments			**-**		129,529
Cash provided by (used in) investing activities			**(9,907,934)**		(9,318,919)
Effect of exchange rate changes on cash and cash equivalents			**1,203,377**		3,288,649
Decrease in cash and cash equivalents			**(9,584,762)**		(6,790,920)
Cash and cash equivalents, beginning of the year			**14,851,828**		21,642,748
Cash and cash equivalents, end of the year	**3**	**$**	**5,267,066**	$	14,851,828

See accompanying notes to the consolidated financial statements

New Pacific Holdings Corp.

Consolidated Statements of Change in Equity

(Expressed in Canadian dollars, except for share figures)

	Share Capital							
	Number of common shares issued	Amount	Share-based payment reserve	Accumulated other comprehensive income	Deficit	Equity attributable to equity holders of the Company	Non-controlling interest	Total equity
Balance, July 1, 2014	66,938,229	$ 57,149,481	$ 17,324,178	$ 213,715	$ (47,797,284)	$ 26,890,090	$ 667,294	$ 27,557,384
Share-based compensation	-	-	188,345	-	-	188,345	-	188,345
Net income	-	-	-	-	1,739,248	1,739,248	(30,244)	1,709,004
Currency translation adjustment	-	-	-	1,054,162	-	1,054,162	231,401	1,285,563
Balance, June 30, 2015	66,938,229	57,149,481	17,512,523	1,267,877	(46,058,036)	29,871,845	868,451	30,740,296
Share-based compensation	-	-	129,726	-	-	129,726	-	129,726
Net loss	-	-	-	-	(118,167)	(118,167)	(691,740)	(809,907)
Currency translation adjustment	-	-	-	(42,179)	-	(42,179)	(9,259)	(51,438)
Balance, June 30, 2016	**66,938,229**	**$ 57,149,481**	**$ 17,642,249**	**$ 1,225,698**	**$ (46,176,203)**	**$ 29,841,225**	**$ 167,452**	**$ 30,008,677**

See accompanying notes to the consolidated financial statements

1. CORPORATE INFORMATION

New Pacific Holdings Corp. along with its subsidiaries (collectively the "Company" or "New Pacific"), is a Canadian investment issuer engaged in investing in privately held and publicly traded corporations. The Company was previously in the business of exploring and developing precious metal mining properties in Canada and China under the name of New Pacific Metals Corp. The change of the Company's business and name was approved by the Company's shareholders at the Annual General and Special Meeting held on November 13, 2015.

The investment objective for the Company as an investment issuer is to seek a high return on investment opportunities, primarily in the natural resource, industrial or technology sectors; and to preserve capital and limit downside risk while achieving a reasonable rate of return by focusing on opportunities with attractive risk to reward profiles. The nature and timing of the investment will depend, in part, on available capital at any particular time and the investment opportunities identified and available. Subject to the availability of capital, New Pacific intends to create a diversified portfolio of investments.

The Company's common shares are listed on the TSX Venture Exchange ("TSX-V"). The Company was continued into the Province of British Columbia under the Business Corporation Act in November 2004. The head office, registered address and records office of the Company are located at 200 Granville Street, Suite 1378, Vancouver, British Columbia, Canada, V6C 1S4.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The policies applied in these consolidated financial statements are based on IFRS in effect as of June 30, 2016.

These consolidated financial statements have been prepared on a going concern basis. The Company has a history of losses and no operating revenues from its operations. As at June 30, 2016, the Company had a working capital position of $21,816,903 and sufficient cash resources to meet the Company's investment needs, for, but not limited to, the next 12 months. These financial statements do not reflect adjustments, which could be material, to the carrying value of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

Certain balances on the consolidated financial statements were reclassified for presentation purposes due to the Company's change in business from a mining issuer to an investment issuer.

The consolidated financial statements of the Company as at and for the year ended June 30, 2016 were authorized for issue in accordance with a resolution of the Board of Directors dated on September 14, 2016.

(b) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly or partially owned subsidiaries.

Subsidiaries are consolidated from the date on which the Company obtains control up to the date of the disposition of control. Control is achieved when the Company has power over the subsidiary, is exposed or has rights to variable returns from its involvement with the subsidiary; and has the ability to use its power to affect its returns. For non-wholly-owned subsidiaries over which the Company has control, the net assets attributable to outside equity shareholders are presented as "non-controlling interests" in the equity section of the consolidated statements of financial position. Net income for the period that is attributable to the non-controlling interests is calculated based on the ownership of the non-controlling interest shareholders in the subsidiary.

Balances, transactions, income and expenses between the Company and its subsidiaries are eliminated on consolidation.

These consolidated financial statements include the accounts of the Company and its 100% owned subsidiaries: Tagish Lake Gold Corp. ("TLG"), New Pacific Offshore Inc., SKN Nickel & Platinum Ltd., Glory Metals Investment Corp. Limited, New Pacific Investment Corp. Limited, and Fortress Mining Inc., as well as 82% owned subsidiary, Qinghai Found Mining Co. Ltd.

(c) Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Company elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administrative expenses.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts hold by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

(d) Foreign Currency Translation

The functional currency for each subsidiary of the Company is the currency of the primary economic environment in which the entity operates. The functional currency of the head office, Canadian subsidiaries and all intermediate holding companies is the Canadian dollar ("CAD"). The functional currency of all Chinese subsidiaries is the Chinese Renminbi ("RMB").

Foreign currency monetary assets and liabilities are translated into the functional currency using exchange rates prevailing at the balance sheet date. Foreign currency non-monetary assets are translated using exchange rates prevailing at the transaction date. Foreign exchange gains and losses are included in the determination of net income.

The consolidated financial statements are presented in CAD. The financial position and results of the Company's entities are translated from functional currencies to CAD as follows:

- assets and liabilities are translated using exchange rates prevailing at the balance sheet date;

- income and expenses are translated using average exchange rates prevailing during the period; and
- all resulting exchange gains and losses are included in other comprehensive income.

The Company treats inter-company loan balances, which are not intended to be repaid in the foreseeable future, as part of its net investment. When a foreign entity is sold, the historical exchange differences plus the foreign exchange impact that arises on the transaction are recognized in the consolidated statement of income as part of the gain or loss on sale.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash, and short-term money market instruments that are readily convertible to cash with original terms of three months or less.

(f) Short-Term Investments

Short term investments consist of certificates of deposit and money market instruments with original terms of three months or more, but less than one year.

(g) Plant and Equipment

Plant and equipment are initially recorded at cost, including all directly attributable costs to bring the assets to the location and condition necessary for it to be capable of operating in the manner intended by management. Plant and equipment are subsequently measured at cost less accumulated depreciation and applicable impairment losses. Depreciation is computed using the straight-line method based on the nature and estimated useful lives as follows:

Buildings	20 Years
Machinery	5 Years
Motor vehicles	5 Years
Office equipment and furniture	5 Years
Computer software	5 Years

Subsequent costs that meet the asset recognition criteria are capitalized while costs incurred that do not extend the economic useful life of an asset are considered repair and maintenance, which are accounted for as an expense recognized during the period. The Company conducts an annual assessment of the residual balances, useful lives, and depreciation methods being used for plant and equipment and any changes are applied prospectively.

Assets under construction are capitalized as construction-in-progress. The cost of construction-in-progress comprises of its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Construction-in-progress assets are not depreciated until it is completed and available for use.

(h) Mineral Property Interests

The cost of acquiring mineral rights and properties either as an individual asset purchase or as part of a business combination is capitalized and represents the property's fair value at the date of acquisition. Fair value is determined by estimating the value of the property's reserves, resources and exploration potential.

Exploration and evaluation costs, incurred associated with specific mineral rights and properties prior to demonstrable technical feasibility and commercial viability of extracting a mineral resource, are capitalized.

The Company determines that a property is in the development stage when it has completed a positive economic analysis of the mineral deposit. Subsequent development costs incurred prior to the commercial production stage are capitalized and included in the carrying amount of the related property in the period incurred. Proceeds from sales during this period, if any, are offset against costs capitalized.

(i) Impairment of Long-lived Assets

Long-lived assets, including mineral property interests, plant and equipment are reviewed and tested for impairment when indicators of impairment are considered to exist. Impairment assessments are conducted at the level of cash-generating units ("CGU") or at the individual asset level, whichever is the lowest level for which identifiable cash inflows are largely independent of the cash flows of other assets. An impairment loss is recognized for any excess of carrying amount of a CGU over its recoverable amount, which is the greater of its fair value less costs to sell and value in use. For mineral properties and processing facilities, the recoverable amount is estimated as the discounted future net cash inflows expected to be derived from expected future production, metal prices, and net proceeds from the disposition of assets on retirement, less operating and capital costs. Impairment losses are recognized in the period they are incurred.

For exploration and evaluation assets, indication of impairment includes but is not limited to expiration of the right to explore, substantive expenditures in the specific area is neither budgeted nor planned, and exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources.

Impairment losses are reversed if the conditions that gave rise to the impairment are no longer present and it has been determined that the asset is no longer impaired as a result. This reversal is recognized in net income in the period the reversal occurs limited by the carrying value that would have been determined, net of any depreciation, had no impairment charge been recognized in prior years.

(j) Share-based Payments

The Company recognizes share-based compensation expense for all stock options awarded to employees, officers, and directors based on the fair values of the stock options at the date of grant. The fair values of the stock options at the date of grant are expensed over the vesting periods of the stock options with a corresponding increase to equity. The fair value of stock options granted to employees, officers, and directors is determined using the Black-Scholes option pricing model with market related inputs as of the date of grant. The fair value of stock options granted to non-employees is measured at the fair value of the services delivered unless fair value cannot be estimated reliably, in which case, fair value is determined using the Black-Scholes option pricing model. Stock options with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values. Forfeitures are accounted for using estimates based on historical actual forfeiture data. Share-based compensation expense related to exploration is capitalized in mineral properties interests.

Upon the exercise of the stock option, consideration received and the related amount transferred from reserves are recorded as share capital.

(k) Rehabilitation Provision

Rehabilitation provisions are recognized when a present legal or constructive obligation exists, as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. The nature of these rehabilitation activities may include dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

Upon initial recognition of the rehabilitation provision liability, the present value of the estimated costs is capitalized to the carrying value of the related asset. The estimated costs are subsequently amortized to earnings based on the same method of amortization of the underlying asset. The liability is also accreted to full value over time through periodic unwinding of the discount charged to finance expenses in the consolidated statement of income.

Management has determined that there is no rehabilitation provision at June 30, 2016 and June 30, 2015.

(l) Income Taxes

Current tax for each taxable entity is based on the local taxable income at the local substantively enacted statutory tax rate at the balance sheet date and includes adjustments to taxes payable or recoverable in respect to previous periods.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities, and their carrying amounts for financial reporting purposes. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilized, except:

- where the deferred tax asset or liability relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

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 tax rates and tax laws that have been substantively enacted by the end of the reporting period.

Deferred tax relating to items recognized outside profit or loss is recognized in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(m) Earnings (loss) per Share

Earnings (loss) per share is computed by dividing net income (loss) attributable to equity holders of the Company by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur if additional common shares are assumed to be issued under securities that entitle their holders to obtain common shares in the future. For stock options, the number of additional shares for inclusion in diluted earnings per share calculations is determined when the exercise price is less than the average market price of the Company's common shares; the stock options are assumed to be exercised and the proceeds are used to repurchase common shares at the average market price for the period. The incremental number of common shares issued under stock options and repurchased from proceeds is included in the calculation of diluted earnings per share. The impact of stock options was anti-dilutive for the years ended June 30, 2016 and 2015.

(n) Financial Instruments

The Company early adopted IFRS 9 (2014) Financial Instruments, effective July 1, 2015 (See also Note 2(p)).

Initial recognition:
On initial recognition, all financial assets and financial liabilities are recorded at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as fair value through profit or loss ("FVTPL"), in which case transaction costs are expensed as incurred.

Subsequent measurement of financial assets:
Subsequent measurement of financial assets depends on the classification of such assets.

I. Non-equity instruments:
IFRS 9 includes a single model that has only two classification categories for financial instruments other than equity instruments: amortized cost and fair value. To qualify for amortized cost accounting, the instrument must meet two criteria:
   i. The objective of the business model is to hold the financial asset for the collection of the cash flows; and
   ii. All contractual cash flows represent only principal and interest on that principal.

   All other instruments are mandatorily measured at fair value.

II. Equity instruments:
At initial recognition, for equity instruments other than held for trading, the Company may make an irrevocable election to designate it as either FVTPL or fair value through other comprehensive income ("FVTOCI").

Financial assets classified as amortized cost are measured using the effective interest method. Amortized cost is calculated by taking into account any discount or premiums on acquisition and fees that are an integral part of the effective interest method. Amortization from the effective interest method is included in finance income.

Financial assets classified as FVTPL are measured at fair value with changes in fair values recognized in profit or loss. Equity investments designated as FVTOCI are measured at fair value with changes in fair values recognized in other comprehensive income ("OCI"). Dividends from that investment are recorded in profit or loss when the Company's right to receive payment of the dividend is established unless they represent a recovery of part of the cost of the investment.

Impairment of financial assets carried at amortized cost:
The Company assesses at the end of each reporting period whether there is objective evidence that financial assets or group of financial assets measured at amortized cost are impaired. Impairment losses and reversal of impairment losses, if any, are recognized in profit or loss in the period they are incurred.

Subsequent measurement of financial liabilities:
Financial liabilities classified as amortized cost are measured using the effective interest method. Amortized cost is calculated by taking into account any discount or premiums on acquisition and fees that are an integral part of the effective interest method. Amortization using the effective interest method is included in finance costs.

Financial liabilities classified as FVTPL are measured at fair value with gains and losses recognized in profit or loss.

The Company classifies its financial instruments as follows:

- Financial assets classified as FVTPL: cash and cash equivalents, bonds and equity investments;
- Financial assets classified as amortized cost: receivables;
- Financial liabilities classified as amortized cost: trade and other payables, provisions and due to related parties.

Derecognition of financial assets and financial liabilities:
A financial asset is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Gains and losses on derecognition of financial assets and liabilities classified as amortized cost are recognized in profit or loss when the instrument is derecognized or impaired, as well as through the amortization process.

Gains and losses on derecognition of equity investments designated as FVTOCI (including any related foreign exchange component) are recognized in OCI. Amounts presented in OCI are not subsequently transferred to profit or loss, although the cumulative gain or loss may be transferred within equity.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability. In this case, a new liability is recognized, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting of financial instruments:
Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position if and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle liabilities simultaneously.

Fair value of financial instruments:
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without deduction for transaction costs. For financial instruments that are not traded in active markets, the fair value is determined using appropriate valuation techniques, such as using a recent arm's length market transaction between knowledgeable and willing parties, discounted cash flow analysis, reference to the current fair value of another instrument that is substantially the same, or other valuation models.

(o) Significant Judgments and Estimation Uncertainties

Many amounts included in the consolidated financial statements require management to make judgments and/or estimates. These judgments and estimates are continuously evaluated and are based on management's experience and knowledge of relevant facts and circumstances. Actual results may differ from the amounts included in the consolidated statement of financial position.

Areas of significant judgment include:
- Capitalization of expenditures with respect to exploration, evaluation and development costs to be included in mineral property interests.
- Determination of functional currency.
- Determination of cash generating units.
- Accounting assessment and classification for equity investments and bonds.

Areas of significant estimates include:
- Estimates of the quantities of proven and probable mineral reserves and the portion of resources considered to be probable of economic extraction.
- Forecast prices of commodities, exchange rates, production costs, and recovery rates.
- The estimated fair values of cash generating units for impairment tests, including estimates of future costs to produce proven and probable reserves, future commodity prices, discount rates, probabilities of expected cash flows from disposal and salvage value of plant and equipment.
- The estimated useful lives and residual values of tangible and long-lived assets and the measurement of depreciation expense.
- Valuation input and forfeiture rates used in calculation of share-based compensation.
- Evaluation and assessment of contingent liabilities.
- The accounting and recognition of income taxes and composition of deferred income tax asset and liabilities.
- Valuation of securities that do not have a quoted market price.

The Company estimates its ore reserves and mineral resources based on information compiled by qualified persons as defined in accordance with the National Instrument 43-101.

(Expressed in Canadian dollars, except for share figures)

(p) Adoption of New Accounting Standards

In November 2009, the IASB introduced IFRS 9, *Financial Instruments* ("IFRS 9"), which is part of a project to replace IAS 39, *Financial Instruments: Recognition and* Measurement ("IAS 39"). IFRS 9 replaces the current multiple classification and measurement model for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. Classification depends on the Company's business model for managing its financial instruments and the contractual cash flow characteristics of the financial instruments. Adoption of IFRS 9 is required for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company has elected to early adopt IFRS 9 and the related consequential amendments effective July 1, 2015, which was the date of initial application ("DOIA"). The Company retrospectively applied IFRS 9 to comparative periods' financial statements. There were no differences in the comparative periods' financial statements arising from the initial adoption of IFRS 9.

The adoption of this new standard has had an impact on the classification of the Company's financial instruments compared to the old standard under IAS 39. There were no quantitative changes as a result of adopting IFRS 9.

Upon the initial adoption of IFRS 9, the following changes in classification of the Company's financial instruments were applied:

Financial Assets:	**IAS 39**	**IFRS 9**
Cash and cash equivalents	FVTPL	FVTPL
Bonds	FVTPL	FVTPL
Receivables	Loans and receivables	Amortized cost
Equity investments	Available-for-sale	FVTPL

Financial Liabilities:	**IAS 39**	**IFRS 9**
Trade and other payables	Other liabilities	Amortized cost
Provisions	Other liabilities	Amortized cost
Due to related parties	Other liabilities	Amortized cost

(q) Accounting Standards Issued But Not Yet Effective

IFRS 15 – *Revenue from contracts with customers,* the standard on revenue from contacts with customers was issued in September 2015 and may be effective for annual reporting periods beginning on or after January 1, 2018 for public entities with early adoption permitted. Entities have the option of using either a full retrospective or a modified retrospective approach to adopt the guidance. The Company is assessing the impact of this standard.

IAS 7 - *Statement of Cash Flows* has been revised to incorporate amendments issued by the International Accounting Standards Board ("IASB") in January 2016. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Company is assessing the impact of this standard.

IAS 12 - *Income Taxes* has been revised to incorporate amendments issued by the IASB in January 2016. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments are effective for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Company is assessing the impact of this standard.

IFRS 16 - *Leases* was issued by the IASB and will replace Leases ("IAS 17"). IFRS 16 requires most leases to be reported on a company's balance sheet as assets and liabilities. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early application permitted for companies that also apply IFRS 15 Revenue from Contracts with Customers. The Company is currently assessing the impact of this new standard.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

		June 30, 2016		June 30, 2015
Cash in bank	$	**5,267,066**	$	14,851,828

Cash and cash equivalents includes US dollar denominated deposits of US$3,825,402 (June 30, 2015 – US$11,174,173) in premium rate savings accounts redeemable at any time with an average annual interest rate of 0.39% (June 30, 2015 – 0.38%) calculated daily and paid monthly. The remaining funds are held in Canadian dollars and Chinese Renminbi.

4. BONDS

The Company acquired bonds issued by other companies from various industries through the open market. These bonds were held to receive coupon interest payments as well as to realize potential gains. The bonds may also be disposed on demand through the open market should the Company require funds for other operational or investment needs. The Company accounts for the bonds at fair value at each reporting date.

The bonds portfolio is summarized as follow:

				Fair value	
Issuer	**Coupon rate**	**Gain (loss)**	**Rate of return**	**Moody's or S&P rating**	**June 30, 2016**	June 30, 2015
Huarong Finance Co., Ltd.	3.00%	$ 94,060	3.46%	Baa1	$ **2,659,751**	$ 2,536,734
ICBCIL Finance Co. Limited	2.63%	15,486	0.89%	A3	**-**	3,147,820
ICBCIL Finance Co. Limited	3.25%	37,835	2.18%	A3	**-**	3,142,443
Grand China Air Hong Kong Co., Ltd.	5.50%	30,559	4.90%	N.R.	**1,315,409**	-
Shui On Development Holding Ltd.	8.70%	45,496	6.67%	N.R.	**1,383,767**	-
Central China Real Estate Ltd.	6.50%	55,383	8.90%	Ba3, B+	**1,315,138**	-
Evergrande Real Estate Group	8.75%	3,053	0.97%	B3, CCC+	**651,805**	-
CITIC Envirotech Limited	5.45%	33,814	5.17%	N.R.	**1,342,471**	-
eHi Car Services Ltd.	7.50%	80,561	12.85%	BB-	**1,350,768**	-
Zhiyuan Group (BVI) Co., Ltd.	6.20%	66,423	10.71%	BB	**1,387,547**	-
Blue Sky Fliers Co., Ltd.	6.90%	23,185	14.97%	N.R.	**690,724**	-
Credit Agricole S.A.	6.63%	(73,225)	(11.81%)	A1, A	**1,183,778**	-
Standard Chartered Bank	6.50%	(52,774)	(8.51%)	Ba1, BB-	**1,204,086**	-
Stats Chippac Ltd.	8.50%	129,166	20.98%	B3, B+	**1,360,741**	-
Unigroup International Holdings Ltd.	6.00%	88,516	14.26%	N.R.	**1,355,645**	-
Total or weighted average	6.26%	$ 577,538	6.42%		$ **17,201,630**	$ 8,826,997

(Expressed in Canadian dollars, except for share figures)

The continuity of bonds is summarized as follow:

		Amount
Balance, July 1, 2014	$	-
Acquisition		8,933,526
Interest earned		61,491
Gain on fair value change		8,187
Foreign currency translation impact		(176,207)
Balance, June 30, 2015	$	8,826,997
Acquisition		15,750,827
Interest earned		659,876
Loss on fair value change		(82,338)
Coupon payment		(604,950)
Disposition		(7,010,931)
Foreign currency translation impact		(337,851)
Balance, June 30, 2016	**$**	**17,201,630**

5. EQUITY INVESTMENTS

Equity investments represent equity interests of other publicly-trading or privately-held companies that the Company has acquired through the open market or through private placements. These equity interests consist of common shares and warrants. Equity investments are classified as FVTPL and are measured at fair value on initial recognition and subsequent measurement.

The equity investments portfolio is summarized as follow:

			June 30, 2016		June 30, 2015
Silvercorp Metals Inc.	(a)	**$**	**3,375,120**	$	-
Cozystay Holdings Inc.	(b)		**325,225**		-
		$	**3,700,345**	$	-

(a) Silvercorp Metals Inc.

Silvercorp Metals Inc. ("SVM") is a publicly traded mining company based in Canada. The Company acquired a total of 1,148,000 shares of SVM through the open market at a weighted average cost of $0.764 per share. The Company's total investment in SVM represented 0.7% of SVM's total outstanding shares as at June 30, 2016. SVM was traded at $2.94 per share as at June 30, 2016.

SVM's fair value movements were summarized as follow:

		Fair value		**Accumulated mark-to-market gain included in net loss**
Balance, July 1,2015	$	-	$	-
Purchase from open market		876,667		-
Change in fair value		2,498,453		2,498,453
Balance, June 30, 2016	**$**	**3,375,120**	**$**	**2,498,453**

(Expressed in Canadian dollars, except for share figures)

(b) Cozystay Holdings Inc.

Cozystay Holdings Inc. ("Cozystay") is a private Canadian company. The Company acquired a total of 750,750 shares of Cozystay through a private placement at a cost of $0.466 (USD $0.333) per share. The Company's total investment in Cozystay represented 7% of Cozystay's total outstanding shares as at June 30, 2016.

Cozystay's fair value movements were summarized as follow:

		Fair value		Accumulated mark-to-market loss included in net loss
Balance, July 1,2015	$	-	$	-
Purchase through private placement		350,150		-
Change in fair value		(24,925)		(24,925)
Balance, June 30, 2016	**$**	**325,225**	**$**	**(24,925)**

As at June 30, 2016, fair value of Cozystay's shares approximates its carrying value except for the changes caused by foreign exchange.

Equity investments purchased subsequent to year end:

(c) Dalradian Resources Inc.

Dalradian Resources Inc. ("DNA") is a publicly traded mining company based in Canada. Subsequent to the year end on July 22, 2016, the Company acquired a total of 300,000 shares of DNA through the open market at a cost of $1.03 per share for a total consideration of $309,000. The Company's total investment in DNA represented 0.1% of DNA's total outstanding shares.

(d) Centerra Gold Inc.

Centerra Gold Inc. ("CG") is a publicly traded mining company based in Canada. Subsequent to the year end on August 3, 2016, the Company acquired a total of 60,000 shares of CG through the open market at a cost of $7.8559 per share for a total consideration of $471,354. The Company's total investment in CG represented 0.02% of CG's total outstanding shares.

(e) Aton Resources Inc.

Aton Resources Inc. ("AAN") is a publicly traded mining company based in Canada. Subsequent to the year end on August 5, 2016, the Company acquired a total of 14,000,000 shares of AAN through a private placement at a cost of $0.05 per share for a total consideration of $700,000. The Company's total investment in AAN represented 12.4% of AAN's total outstanding shares.

(f) Aureus Mining Inc.

Aureus Mining Inc. ("AUE") is a publicly traded mining company based in Canada. Subsequent to the year end from August 8 to September 9, 2016, the Company acquired a total of 6,231,000 shares of AUE through the open market at a weighted average cost of $0.0569 per share for a total consideration of $354,755. The Company's total investment in AUE represented 0.5% of AUE's total outstanding shares.

(Expressed in Canadian dollars, except for share figures)

(g) Prophecy Development Corp.

Prophecy Development Corp. ("PCY") is a publicly traded mining company based in Canada. Subsequent to the year end on August 16, 2016, the Company acquired a total of 90,000 shares plus warrants of PCY through a private placement at a cost of $3.80 per share and warrant for a total consideration of $342,000. The warrants have an exercise price of $4.40 per share and expire in five years after the closing date of the transaction. The Company's total investment in PCY represented 2% of PCY's total outstanding shares.

6. PLANT AND EQUIPMENT

Cost	Buildings	Machinery	Motor vehicles	Office equipment and furniture	Computer software	Total
Balance, July 1, 2014	$ 890,754	$ 1,123,492	$ 115,922	$ 152,503	$ 126,225	$ 2,408,896
Disposals	-	-	-	(8,104)	-	(8,104)
Foreign currency translation impact	-	1,084	7,124	8,719	51	16,978
Balance, June 30, 2015	$ 890,754	$ 1,124,576	$ 123,046	$ 153,118	$ 126,276	$ 2,417,770
Disposals	-	-	(32,465)	-	-	(32,465)
Foreign currency translation impact	-	(205)	247	(1,647)	(10)	(1,615)
Balance, June 30, 2016	**$ 890,754**	**$ 1,124,371**	**$ 90,827**	**$ 151,471**	**$ 126,266**	**$ 2,383,689**
Accumulated depreciation and amortization						
Balance as at July 1, 2014	$ (890,754)	$(1,118,541)	$ (85,055)	$ (96,309)	$ (80,829)	$ (2,271,488)
Depreciation and amortization	-	(454)	(6,632)	(15,154)	(17,011)	(39,251)
Disposals	-	-	-	5,216	-	5,216
Foreign currency translation impact	-	(274)	(2,215)	(2,854)	(43)	(5,386)
Balance, June 30, 2015	$ (890,754)	$(1,119,269)	$ (93,902)	$ (109,101)	$ (97,883)	$ (2,310,909)
Depreciation and amortization	-	(493)	(7,197)	(15,850)	(16,972)	(40,511)
Disposals	-		27,196	-	-	27,196
Foreign currency translation impact	-	83	(447)	1,344	8	988
Balance, June 30, 2016	**$ (890,754)**	**$(1,119,679)**	**$ (74,350)**	**$ (123,607)**	**$ (114,847)**	**$ (2,323,235)**
Carrying amount						
Balance, June 30, 2015	$ -	$ 5,307	$ 29,143	$ 44,017	$ 28,393	$ 106,861
Balance, June 30, 2016	**$ -**	**$ 4,692**	**$ 16,477**	**$ 27,864**	**$ 11,419**	**$ 60,454**

During the year ended June 30, 2016, certain plant and equipment were disposed for proceeds of $110,550 (year ended June 30, 2015 - $23,210) and a gain of $105,281 (year ended June 30, 2015 – gain of $20,324) was recognized in the consolidated statement of loss.

7. MINERAL PROPERTY INTERESTS

(a) Tagish Lake Gold Property

The Tagish Lake Gold Property, covering an area of 254 square kilometres, is located in Yukon Territory, Canada, and consists of 1,510 mining claims with three identified gold and gold-silver mineral deposits: Skukum Creek, Goddell Gully and Mount Skukum.

(b) RZY Project

The RZY Project, located in Qinghai, China is an early stage silver-lead-zinc exploration project, situated on a high plateau with an average elevation of 5,000 metres above sea level. The RZY Project is located approximately 237 kilometres via paved and gravel roads from the capital city of Yushu Tibetan Autonomous Prefecture, or 820 kilometres via paved highway from Qinghai Province's capital city of

(Expressed in Canadian dollars, except for share figures)

Xining. In 2016, the Qinghai Provincial Government issued a moratorium which temporarily suspends exploration for twenty six mining projects including the Company's RZY project. Despite of the moratorium, the Company successfully renewed the exploration permit with Qinghai Provincial Government and will apply to renew the exploration permit upon its expiration in November 2016.

The continuity schedule of mineral property acquisition costs and deferred exploration and development costs is summarized as follows:

Cost		Tagish Lake		RZY Project		Total
Balance, July 1, 2014	$	-	$	6,743,282	$	6,743,282
Capitalized exploration expenditures						
Reporting and assessment		10,394		-		10,394
Drilling and assaying		-		2,871		2,871
Staking and mapping		2,510		-		2,510
Surveying		-		322,402		322,402
Camp services		175,710		78,919		254,629
Permitting		252		(57,241)		(56,989)
Environmental study		114		-		114
Other		(13,079)		1,959		(11,120)
Impairment of TLG Project		(175,901)		-		(175,901)
Foreign currency translation impact		-		1,161,481		1,161,481
Balance, June 30, 2015	$	-	$	8,253,673	$	8,253,673
Capitalized exploration expenditures						
Camp services		-		43,132		43,132
Permitting		-		8,639		8,639
Impairment of RZY Project (Note 8)		-		(3,850,343)		(3,850,343)
Foreign currency translation impact		-		(39,201)		(39,201)
Balance, June 30, 2016	**$**	**-**	**$**	**4,415,900**	**$**	**4,415,900**

8. IMPAIRMENT OF RZY PROJECT

During the year ended June 30, 2016, the Company performed a strategic review of its RZY Project due to prolonged inactivity. The Company assessed the recoverable amounts of each cash-generating unit ("CGU") to determine if there was any impairment. The recoverable amount of the RZY Project's mineral property interest, which is part of the China segment, is determined based on the assets' fair value less costs to sell. As a result of the assessment, an impairment expense of $3,850,343 was recognized against the carrying amounts of the project's mineral property interest.

9. TRADE AND OTHER PAYABLES

Trade and other payables consist of:

		June 30, 2016		June 30, 2015
Trade payable	**$**	**83,544**	$	602,868
Acquisition cost payable		**441,904**		441,903
Accrued liabilities		**175,780**		247,994
	$	**701,228**	$	1,292,765

(Expressed in Canadian dollars, except for share figures)

Acquisition cost payable represents estimated consideration and legal costs payable to settle untendered shares as a result of the TLG acquisition. The liability for the settlement of untendered shares is on demand and is effective until October 28, 2016, which is the expiry date of the plan of arrangement.

10. PROVISIONS

The Company is involved in legal action associated with the normal course of operations. As at June 30, 2016, the Company has a provision of $83,000 (June 30, 2015 - $81,000) for the labour dispute case related to Paul Whelan Mining Contractors ("Whelan Mining"). Subsequent to the year end on August 8, 2016, the Company reached an agreement with Whelan Mining to settle the case with an all-inclusive sum of $83,000. On August 18, 2016, the Supreme Court of Yukon issued a consent order to dismiss the case after the Company made the settlement payment.

11. RELATED PARTY TRANSACTIONS

Related party transactions not disclosed elsewhere in the consolidated financial statements are as follows:

	Years ended June 30,			
Transactions with related parties		**2016**		2015
Silvercorp Metals Inc. (a)	**$**	**253,799**	$	306,397

Related party transactions are entered at the amounts agreed on by the parties. As at June 30, 2016 and 2015, the balances with related parties, which are unsecured, non-interest bearing, and due on demand, are as follows:

Due to related parties		**June 30, 2016**		**June 30, 2015**
Silvercorp Metals Inc. (a)	**$**	**6,112**	$	69,633

(a) Silvercorp has two common directors and officers with the Company and shares office space and provides various general and administrative services to the Company. During the year ended June 30, 2016, the Company recorded total expenses of $253,799 (year ended June 30, 2015 - $306,397) for services rendered and expenses incurred by Silvercorp on behalf of the Company.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the years ended June 30, 2016 and 2015 are as follows:

	Year ended June 30,			
		2016		2015
Directors' fees	**$**	**70,000**	$	70,000
Salaries/consulting fees for key management personnel		**162,000**		459,977
	$	**232,000**	$	529,977

12. SHARE CAPITAL

(a) Share Capital - authorized share capital

(Expressed in Canadian dollars, except for share figures)

Unlimited number of common shares without par value.
Unlimited number of Class A preferred shares without par value.

(b) Stock Options

The continuity schedule of stock options, as at June 30, 2016 and 2015, is as follows:

	Number of options	Weighted average exercise price
Balance, July 1, 2014	4,695,000	0.73
Options forfeited	(770,000)	0.81
Optons expired	(975,000)	0.65
Balance, June 30, 2015	2,950,000	0.74
Options cancelled	(125,000)	0.60
Options expired	(420,000)	1.56
Balance, June 30, 2016	**2,405,000**	**0.61**

Option pricing model requires the input of subjective assumptions including the expected volatility. Changes in the assumptions can materially affect the fair value estimate and therefore, the existing models do not necessarily provide a reliable estimate of the fair value of the Company's stock options. The Company's expected volatility is based on the historical volatility of the Company's share price on the Toronto Stock Exchange.

There were no options granted for the year ended June 30, 2016 and 2015.

For the year ended June 30, 2016, a total of $129,726 (year ended June 30, 2015 - $201,666) was recorded as share-based compensation expense.

The following table summarizes information about stock options outstanding as at June 30, 2016:

	Exercise prices	Number of options outstanding as at 6/30/2016	Weighted average remaining contractual life (years)	Number of options exercisable as at 6/30/2016	Weighted average exercise price
$	0.57	485,000	2.23	303,125	0.57
	0.61	1,105,000	1.23	966,875	0.61
	0.62	815,000	1.77	611,250	0.62
	0.57-0.62	2,405,000	1.62	1,881,250	0.61

13. NON-CONTROLLING INTEREST

		Qinghai Found
Balance, July 1, 2014	$	667,294
Share of net loss		(30,244)
Share of other comprehensive income		231,401
Balance, June 30, 2015	$	868,451
Share of net income		1,322
Share of impairment loss on RZY Project		(693,062)
Share of other comprehensive loss		(9,259)
Balance, June 30, 2016	**$**	**167,452**

(Expressed in Canadian dollars, except for share figures)

As at June 30, 2016 and 2015, the non-controlling interest in Qinghai Found Mining Co. Ltd. was 18%.

14. FINANCIAL INSTRUMENTS

The Company manages its exposure to financial risks, including liquidity risk, foreign exchange rate risk, interest rate risk, credit risk and equity price risk in accordance with its risk management framework. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis.

(a) Fair Value

The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of inputs used in making the measurements as defined in IFRS 7 – Financial Instruments: Disclosures ("IFRS 7").

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs which are supported by little or no market activity.

The following table sets forth the Company's financial assets that are measured at fair value on a recurring basis by level within the fair value hierarchy at June 30, 2016 and June 30, 2015 that are not otherwise disclosed. As required by IFRS 7, financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Fair value as at June 30, 2016			
Recurring measurements	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Cash and cash equivalents	$ 5,267,066	$ -	$ -	$ 5,267,066
Bonds	17,201,630	-	-	17,201,630
Equity investments[1]	3,375,120	-	325,225	3,700,345

[1] Investment in Cozystay is a Level 3 financial instrument

	Fair value as at June 30, 2015			
Recurring measurements	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash and cash equivalents	$ 14,851,828	$ -	$ -	$ 14,851,828
Bonds	8,826,997	-	-	8,826,997

Fair value of other financial instruments excluded from the table above approximates their carrying amount as of June 30, 2016 and June 30, 2015, respectively.

There were no transfers into or out of level 3 during 2016 and 2015.

(b) Liquidity Risk

The Company has a history of losses and no operating revenues from its operations. Liquidity risk is the risk that the Company will not be able to meet its short term business requirements. As at June 30, 2016, the Company had a working capital position of $21,816,903 and sufficient cash resources to meet the Company's short-term financial liabilities and its planned investment activities as well as exploration and development expenditures for the foreseeable future, for, but not limited to, the next 12 months.

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following summarizes the remaining contractual maturities of the Company's financial liabilities:

		June 30, 2016		June 30, 2015
		Due within a year		
Trade and other payables	**$**	**701,228**	$	1,292,765
Due to related parties		**6,112**		69,633
	$	**707,340**	$	1,362,398

(c) Foreign Exchange Risk

The Company is exposed to foreign exchange risk when it undertakes transactions and holds assets and liabilities denominated in foreign currencies other than its functional currencies. The Company currently does not engage in foreign exchange currency hedging. The Company's exposure to foreign exchange risk is summarized as follows:

The amounts are expressed in CAD equivalents		**June 30, 2016**		June 30, 2015
United States dollars	**$**	**22,505,852**	$	21,885,664
Chinese RMB		**243,484**		1,046,913
Financial assets in foreign currency	**$**	**22,749,336**	$	22,932,577
Chinese RMB	**$**	**82,494**	$	587,844
Financial liabilities in foreign currency	**$**	**82,494**	$	587,844

As at June 30, 2016, with other variables unchanged, a 1% strengthening (weakening) of the U.S. Dollar against the CAD would have increased (decreased) net income by approximately $225,000.

As at June 30, 2016, with other variables unchanged, a 1% strengthening (weakening) of the Chinese RMB against the CAD would have increased (decreased) net income by approximately $1,600.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's cash and cash equivalents primarily include highly liquid investments that earn interest at market rates that are fixed to maturity. The Company also holds a portion of cash and cash equivalents in bank accounts that earn variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have significant impact on the fair values of the financial instruments as of June 30, 2016. The Company also owns bonds that earn coupon payments at fixed rates to maturity. Fluctuation in market interest rates usually will have an impact on bond's fair value. An increase in market interest rates will generally reduce bond's fair value while a decrease in market interest rates will generally increase it. The Company monitors market interest rate fluctuations closely and adjusts the investment portfolio accordingly.

(e) Credit Risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meets its contractual obligations. The Company is exposed to credit risk primarily associated with cash and cash equivalents, bonds, and receivables. The carrying amount of financial assets included on the statement of financial position represents the maximum credit exposure.

The Company has deposits of cash equivalents that meet minimum requirements for quality and liquidity as stipulated by the Company's Board of Directors. Management believes the risk of loss to be remote, as majority of its cash and cash equivalents are held with major financial institutions. Bonds by nature are exposed to more credit risk than cash. The Company manages its risk associated with bonds by only investing in large globally recognized corporations from diversified industries. As at June 30, 2016, the Company has a receivables balance of $115,146 (June 30, 2015 - $109,767).

(f) Equity Price Risk

The Company holds certain marketable securities that will fluctuate in value as a result of trading on global financial markets. As the Company's marketable securities holding are mainly in mining companies, the value will also fluctuate based on commodity prices. Based upon the Company's portfolio at June 30, 2016, a 10% increase (decrease) in the market price of the securities held, ignoring any foreign exchange effects would have resulted in an increase (decrease) to net income of approximately $340,000.

15. CAPITAL MANAGEMENT

The Company's objectives of capital management are intended to safeguard the entity's ability to support the Company's normal investing and operating requirement on an ongoing basis, continue the investment in high quality assets along with safeguarding the value of its development and exploration mineral properties, and support any expansionary plans.

The capital of the Company consists of the items included in equity. The Board of Directors does not establish a quantitative return on capital criteria for management. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company's overall strategy with respect to capital risk management remained unchanged during the period. The Company is not subject to any externally imposed capital requirement as at June 30, 2016.

(Expressed in Canadian dollars, except for share figures)

16. INCOME TAXES

The provision for income taxes differs from the amount computed by applying the cumulative Canadian federal and provincial income tax rates to the loss before income tax provision due to the following:

		Years ended June 30,		
		2016		2015
Canadian statutory tax rate		**26.00%**		26.00%
(Loss) income before income taxes	**$**	**(809,907)**	$	1,709,004
Income tax (recovery) expense computed at Canadian statutory rates		**(210,576)**		444,341
Foreign tax rates different from statutory rate		**73,877**		4,385
Permanent items and other		**(150,434)**		(282,961)
Investment tax credits		**-**		(13,703)
Change in unrecognized deferred tax assets		**245,485**		1,392,686
Adjustments in respect of prior years		**28,378**		(1,488,341)
Other		**13,270**		(56,407)
	$	**-**	$	-

Deferred tax assets are recognized to the extent that the realization of the related tax benefit through future taxable profit is probable. The ability to realize the tax benefits is dependent upon numerous factors, including the future profitability of operations in the jurisdiction in which the tax benefit arise. Deductible temporary differences and unused tax losses for which no deferred tax assets have been recognized are attributable to the following:

		2016		2015
Non-capital loss carry forward	**$**	**12,831,293**	$	14,539,291
Plant and equipment		**3,065,415**		3,088,923
Mineral property interests		**34,151,680**		30,671,384
Provisions		**83,000**		81,000
Investment tax credit		**1,536,586**		1,588,244
	$	**51,667,974**	$	49,968,842

As of June 30, 2016, the Company has the following net operating losses, expiring various years to 2035 and available to offset future taxable income in Canada and China, respectively:

		Canada		China
2017		-		194,974
2018		-		381,651
2019		-		189,319
2020		-		48,707
2030		1,588,671		-
2031		1,856,703		-
2032		1,321,934		-
2033		1,173,305		-
2034		1,337,753		-
2035		1,339,406		-
2036		3,398,870		-
	$	12,016,642	$	814,651

(Expressed in Canadian dollars, except for share figures)

As at June 30, 2016, the Company had tax credits of $1.6 million (June 30, 2015 -$1.6 million) that have not been recognized, expiring between 2028 and 2035.

17. SEGMENTED INFORMATION

The Company operates in two reportable operating segments, one being the investment segment focused on investing in other privately-held and publicly-traded corporations; the other being the mining segment focused on safeguarding the value of its exploration and development mineral properties. These reporting segments are components of the Company where separate financial information is available that is evaluated regularly by the Company's Chief Executive Officer, the chief operating decision maker.

(a) Segment information for assets and liabilities are as follow:

	June 30, 2016			
	Investment	**Mining**		**Total**
	Canada	**Canada**	**China**	
Cash and cash equivalents	**$ 4,849,953**	**$ 18,231**	**$ 398,882**	**$ 5,267,066**
Bonds	**17,201,630**	**-**	**-**	**17,201,630**
Equity investments	**3,700,345**	**-**	**-**	**3,700,345**
Plant and equipment	**18,041**	**-**	**42,413**	**60,454**
Mineral property interests	**-**	**-**	**4,415,900**	**4,415,900**
Other assets	**26,023**	**15,672**	**111,927**	**153,622**
Total Assets	**$ 25,795,992**	**$ 33,903**	**$ 4,969,122**	**$ 30,799,017**
Total Liabilities	**$ (596,637)**	**$ (111,209)**	**$ (82,494)**	**$ (790,340)**

	June 30, 2015			
	Investment	Mining		Total
	Canada	Canada	China	
Cash and cash equivalents	$ 13,889,687	$ 23,340	$ 938,801	$ 14,851,828
Bonds	8,826,997	-	-	8,826,997
Plant and equipment	38,539	-	68,322	106,861
Mineral property interests	-	-	8,253,673	8,253,673
Other assets	15,492	20,732	108,111	144,335
Total Assets	$ 22,770,715	$ 44,072	$ 9,368,907	$ 32,183,694
Total Liabilities	$ (732,246)	$ (123,307)	$ (587,845)	$ (1,443,398)

(Expressed in Canadian dollars, except for share figures)

(b) Segment information for operating results are as follows:

	Year ended June 30, 2016			
	Investment	Mining		Total
	Canada	Canada	China	
Gain on equity investments	$ 2,473,528	$ -	$ -	$ 2,473,528
Fair value change and interest earned on bonds	577,538	-	-	577,538
Interest income	47,556	-	-	47,556
	3,098,622	-	-	3,098,622
Salaries and benefits	351,086	(6,349)	21,547	366,284
Share-based compensation	129,726	-	-	129,726
Foreign exchange gain	(819,164)	-	(45,484)	(864,648)
Other operating expenses	395,610	69,447	68,655	533,712
Income before other income and expenses	3,041,364	(63,098)	(44,718)	2,933,548
Gain on disposal of plant and equipment	-	(53,605)	(51,676)	(105,281)
Impairment of mineral property interests	-	-	3,850,343	3,850,343
Other income	(1,219)	-	(388)	(1,607)
Net income (loss)	$ 3,042,583	$ (9,493)	$ (3,842,997)	$ (809,907)
Attributed to:				
Equity holders of the Company	$ 3,042,583	$ (9,493)	$ (3,151,257)	$ (118,167)
Non-controlling interests	-	-	(691,740)	(691,740)
Net income (loss)	$ 3,042,583	$ (9,493)	$ (3,842,997)	$ (809,907)

	Year ended June 30, 2015			
	Investment	Mining		Total
	Canada	Canada	China	
Fair value change and interest earned on bonds	$ 69,678	$ -	$ -	$ 69,678
Interest income	132,360	337	-	132,697
	202,038	337	-	202,375
Salaries and benefits	605,616	5,176	39,022	649,814
Share-based compensation	201,666	-	-	201,666
Foreign exchange (gain) loss	(3,133,793)	-	4,421	(3,129,372)
Other operating expenses	406,741	84,365	123,836	614,942
Income before other income and expenses	2,121,808	(89,204)	(167,279)	1,865,325
Loss (gain) on disposal of plant and equipment	2,886	(23,210)	-	(20,324)
Impairment of mineral property interests	-	175,901	-	175,901
Other income	-	-	744	744
Net income (loss)	$ 2,118,922	$ (241,895)	$ (168,023)	$ 1,709,004
Attributed to:				
Equity holders of the Company	$ 2,118,922	$ (241,895)	$ (137,779)	$ 1,739,248
Non-controlling interests	-	-	(30,244)	(30,244)
Net income (loss)	$ 2,118,922	$ (241,895)	$ (168,023)	$ 1,709,004