DALRADIAN
RESOURCES

Dalradian Resources Inc.

Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2015
and December 31, 2014

March 23, 2016

Management's Responsibility for Consolidated Financial Statements

Date March 23, 2016

To the Shareholders of Dalradian Resources Inc.

The accompanying consolidated financial statements of Dalradian Resources Inc. ("the Company") were prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. The Audit Committee, whose members are independent directors of the Company, assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management and the external auditors quarterly. The audit committee reviews the internal controls over the financial reporting process, the consolidated financial statements and the auditors' report. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders. The Audit Committee also has the responsibility of engaging the external auditors.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Dalradian Resources Inc.

(signed) Patrick F. N. Anderson	*(signed) Keith McKay*
Patrick F. N. Anderson Chief Executive Officer	Keith McKay Chief Financial Officer

Dalradian Resources Inc.
(An exploration stage company)

Independent Auditors' Report

To the Shareholders of Dalradian Resources Inc.

We have audited the accompanying consolidated financial statements of Dalradian Resources Inc., which comprise the consolidated balance sheets as at December 31, 2015 and December 31, 2014, the consolidated statements of loss and comprehensive loss, shareholders' equity and cash flows for the years then ended, and notes, comprising 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 audit. We conducted our audit 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 our 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, we consider 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 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 consolidated financial position of Dalradian Resources Inc. as at December 31, 2015 and December 31, 2014, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes that Dalradian Resources Inc.'s ability to meet its obligations and fund planned expenditures in the year ended December 31, 2016 is contingent upon successful completion of additional financing arrangements, and there is no assurance that adequate financing will be available in the future, or available under terms favorable to the Company. These conditions, along with other matters set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

(signed) KPMG

Chartered Professional Accountants, Licensed Public Accountants
March 23, 2016
Toronto, Canada

Dalradian Resources Inc.
(An exploration stage company)

Consolidated Balance Sheets
(Expressed in Canadian dollars)

	As at Dec 31, 2015	As at Dec. 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 43,322,899	$ 29,776,872
Amounts receivable	856,244	246,390
Prepaid expenses and advance payments (note 4)	1,373,798	2,963,947
	45,552,941	32,987,209
Restoration deposit (note 7)	1,268,930	1,120,870
Property, plant and equipment (note 5)	12,096,928	408,069
Exploration and evaluation assets (note 6)	82,356,346	49,085,740
	$ 141,275,145	$ 83,601,888
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 6,070,328	$ 2,950,848
Non-Current liabilities:		
Provision for decommissioning and restoration (note 7)	1,265,234	380,937
Shareholders' equity:		
Share capital (note 8)	162,680,450	110,693,043
Warrants (note 8)	15,019,060	7,288,894
Contributed surplus	12,533,961	11,118,485
Accumulated deficit	(56,293,888)	(48,830,319)
	133,939,583	80,270,103
	$ 141,275,145	$ 83,601,888

Commitments and contingencies (note 14) and subsequent events (note 16)

On behalf of the Board:

(signed) Thomas Obradovich

Thomas Obradovich
Director

(signed) Ronald P. Gagel

Ronald P. Gagel
Director

See accompanying notes, which are an integral part of these consolidated financial statements.

Dalradian Resources Inc.
(An exploration stage company)

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Operating expenses:		
Salaries and related benefits	$ 4,213,550	$ 3,176,139
Professional fees and consulting	816,131	978,443
Share-based payments	1,365,594	1,103,903
Investor relations and general travel	1,187,366	771,732
Office, regulatory and general	908,618	1,023,751
Amortization	103,356	165,793
Foreign exchange gain	(898,577)	(180,348)
Interest and bank charges	8,628	8,713
	7,704,666	7,048,126
Interest income and other	241,097	203,241
Loss and comprehensive loss for the year	$ (7,463,569)	$ (6,844,885)
Loss per share – basic and diluted (note 10)	$ (0.04)	$ (0.06)

See accompanying notes, which are an integral part of these consolidated financial statements.

Dalradian Resources Inc.
(An exploration stage company)

Consolidated Statements of Shareholders' Equity
(Expressed in Canadian dollars)

	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Share capital:		
Balance, beginning of year	$ 110,693,043	$ 79,585,917
Common shares issued (note 8)	40,178,329	30,796,719
Warrants exercised (note 8)	11,395,255	-
Options exercised (note 8)	413,823	310,407
Balance, end of year	$ 162,680,450	$ 110,693,043
Warrants:		
Balance, beginning of year	$ 7,288,894	$ 139,310
Warrants issued (note 8)	9,648,206	7,149,584
Warrants exercised (note 8)	(1,864,955)	-
Warrants expired (note 8)	(53,085)	-
Balance, end of year	$ 15,019,060	$ 7,288,894
Contributed surplus:		
Balance, beginning of year	$ 11,118,485	$ 10,103,852
Increase from share-based payments	1,521,214	1,133,790
Warrants expired (note 8)	53,085	-
Options exercised (note 8)	(158,823)	(119,157)
Balance, end of year	$ 12,533,961	$ 11,118,485
Accumulated deficit:		
Balance, beginning of year	$ (48,830,319)	$ (41,985,434)
Loss and comprehensive loss for the year	(7,463,569)	(6,844,885)
Balance, end of year	$ (56,293,888)	$ (48,830,319)
Total shareholders' equity	$ 133,939,583	$ 80,270,103

See accompanying notes, which are an integral part of these consolidated financial statements.

Dalradian Resources Inc.
(An exploration stage company)

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Cash flows from (used in) operating activities:		
Loss and comprehensive loss for the year	$ (7,463,569)	$ (6,844,885)
Unrealized foreign exchange gain	(953,398)	(205,502)
Interest income and other	(236,004)	(203,092)
Items not affecting cash:		
Amortization	103,356	165,793
Share-based payments	1,365,594	1,103,903
Change in non-cash operating working capital:		
Amounts receivable	(606,865)	(160,313)
Prepaid expenses and advance payments	(56,435)	91,680
Restoration deposit (note 7)	(148,060)	-
Accounts payable and accrued liabilities	233,410	708,759
Cash flows used in operating activities	$ (7,761,971)	$ (5,343,657)
Cash flows from financing activities:		
Net proceeds from common shares and warrants issued (note 8)	$ 49,142,965	$ 37,946,304
Exercise of warrants (note 8)	9,530,300	-
Exercise of options (note 8)	255,000	191,250
Cash flows from financing activities	$ 58,928,265	$ 38,137,554
Cash flows from (used) in investing activities:		
Expenditures on exploration and evaluation assets	$ (27,148,794)	$ (8,951,309)
Restoration deposit (note 7)	-	(1,120,870)
Additions to property, plant and equipment	(11,657,887)	(193,928)
Interest received	233,016	188,545
Cash flows used in investing activities	$ (38,573,665)	$ (10,077,562)
Net change in cash and cash equivalents	12,592,629	22,716,335
Cash and cash equivalents, beginning of year	29,776,872	6,855,035
Effect of exchange rate fluctuations on cash held	953,398	205,502
Cash and cash equivalents, end of year	$ 43,322,899	$ 29,776,872

See accompanying notes, which are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Dalradian Resources Inc. (collectively with its subsidiaries, the "Company") was incorporated on March 27, 2009, in the Province of Ontario, Canada, and is involved in the acquisition, exploration and evaluation of mineral properties in Northern Ireland. The registered address of the Company's head office is Queen's Quay Terminal, 207 Queen's Quay West, Suite 416, Toronto, Ontario, M5J 1A7.

The Company has a history of losses and doesn't yet generate revenue. The Company's ability to meet its obligations and fund planned expenditures for the year ended December 31, 2016 following completion of the feasibility study is contingent upon successful completion of additional financing arrangements. Although the Company has been successful in raising funds to date, as evidenced by the recent private placement in February 2015 and the bought deal financing in October 2015 (see note 8), there can be no assurance that adequate financing will be available in the future, or available under terms favourable to the Company.

The above circumstances indicate the existence of material uncertainty which may cast significant doubt as to the ultimate appropriateness of the use of accounting applicable to a going concern.

The majority of the Company's efforts are devoted to the exploration and evaluation of its properties. The recoverability of the amounts paid for the acquisition of, and investment in, mineral properties is dependent upon the development of economically recoverable reserves, the preservation of the Company's interest in the underlying mineral prospecting licences and mining lease option agreements, the ability to obtain necessary financing and the attainment of profitable operations or, alternatively, the disposal of properties or the Company's interests therein on an advantageous basis.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future. The consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses and balance sheet classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

These consolidated financial statements have been approved and authorized to be issued by the Board of Directors on March 23, 2016.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company are in accordance with IFRS. Outlined below is a summary of the significant accounting policies used in the preparation of these consolidated financial statements.

(a) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments, warrants, and share-based payments, which are initially measured at fair value.

(b) Basis of consolidation

These consolidated financial statements include the assets, liabilities, revenues and expenses of the Company and its 100% owned subsidiary, Dalradian Gold Limited ("DGL"). All inter-company transactions and balances have been eliminated on consolidation. Prior to its disposition during the year ended December 31, 2014, the Company also owned 100% of Norwegian Minerals Group AS ("NMG").

(c) Measurement uncertainty

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the related reported expenses during the year. The most significant estimates and judgments are related to:

(i) Recoverability of exploration and evaluation assets and related property, plant and equipment as described in note 2(d) and 2(i);

(ii) Fair value of share-based payments and warrants as described in note 2(f);

(iii) Measurement of deferred income tax assets and liabilities as described in note 2(g);

(iv) Measurement of the provision for decommissioning and restoration as described in note 2(e)

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. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

(d) Exploration and evaluation assets

The Company capitalizes costs incurred to acquire, explore for and evaluate mineral resources. These expenditures are included in the exploration and evaluation assets classification within the Company's balance sheet. Once the technical feasibility and commercial viability of a mineral resource is determined, an impairment test is required and the carrying value is reclassified as development cost. The future development costs are capitalized until the properties are placed into production, become inactive, are assessed as impaired or are sold or abandoned. Capitalized exploration and evaluation costs will be amortized over the estimated useful life of the mineral property following the commencement of production, or written off if the property becomes inactive, is assessed as impaired or is sold or abandoned. The exploration and evaluation costs include the fair market value of consideration, including cash and shares, if any, on the acquisition of property interests. The amount of property acquisition costs and their related deferred exploration and evaluation costs represent actual expenditures incurred and are not intended to reflect present or future fair values.

The Company assesses its exploration and evaluation assets and related property, plant and equipment for impairment whenever facts and circumstances suggest that the carrying amount is not recoverable. The Company considers the conditions listed in IFRS 6, *Exploration and Evaluation of Mineral Resources* in determining whether the carrying value of its exploration and evaluation assets is not recoverable, such as the loss of the rights to explore an area, poor exploration results or abandonment of work programs. This evaluation requires significant judgment regarding the status of the exploration program to determine whether any of the conditions have been met.

If the recoverable amount of an exploration and evaluation asset or property, plant and equipment is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in the consolidated statement of loss and comprehensive loss. If the circumstances leading to the impairment change, and an impairment subsequently reverses, the carrying amount is increased to the revised estimate of the recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of loss and comprehensive loss.

(e) Provision for decommissioning and restoration

A provision for decommissioning and restoration is recognized when: (i) the Company has a present legal or constructive obligation as a result of past exploration and evaluation activities; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount can be reliably estimated.

The Company records a liability and corresponding asset for the present value of the estimated costs of legal and constructive obligations for future site decommissioning and restoration.

The present value is determined based on current market assessments of the discount rate specific to the country in which the reclamation site is located based on the risk-free rate of borrowing approximated by the yield on sovereign debt for that country, with a maturity approximating the end of decommissioning and restoration period.

The estimated present value of the decommissioning and restoration cost is reassessed on an ongoing basis for completed exploration and evaluation activities and for new material information as it becomes available. When estimates of decommissioning and restoration costs are revised, the present value of the changes in decommissioning and restoration costs is recorded in the period by a change in the decommissioning and restoration provision and a corresponding adjustment to the exploration and evaluation assets.

The ultimate cost of decommissioning and restoration is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements and the emergence of new restoration techniques. The expected timing of expenditure can also change. As a result there could be significant adjustments to the provisions for decommissioning and restoration, which would affect future financial results.

Funds on deposit with third parties provided as security for future decommissioning and restoration costs are included in restoration deposits on the balance sheet.

(f) Share-based payments and warrants

The fair value of any share-based payments granted to directors, officers, employees and consultants is recorded as an expense or a component of exploration and evaluation assets based on the nature of the services for which it was awarded over the vesting period of the award with a corresponding increase recorded to contributed surplus. Share-based payments for directors, officers and employees are valued at the grant date whereas consultants' share-based payments are valued as the goods and services are received from the recipient. Fair value of share options for directors, officers and employees, and warrants is determined using the Black-Scholes option pricing method utilizing management's assumptions, as described in note 8. Fair value of share-based payments for consultants is determined based on the fair value of the goods and services received and requires management to make estimates of the value of the goods and services received. Upon exercise of a share option or warrant, consideration paid by the option or warrant holder, together with the amount previously recognized in contributed surplus and warrants, respectively, is recorded as an increase to share capital.

The Restricted Share Units ("RSU") are accounted for as equity settled share-based payments, and the grant date fair value is amortized over their vesting period. The fair value of the RSU is based on the share price at the grant date as described in note 8.

(g) Income taxes

The Company uses the asset and liability method of accounting for income taxes. Deferred income tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and on losses carried forward. For non-monetary assets denominated in a foreign currency, the tax basis is translated to the functional currency using the current foreign exchange rate. Deferred income tax assets and liabilities are measured using the substantially enacted tax rates that are expected to be in effect when the differences are expected to reverse or losses are expected to be utilized. The effect on deferred income tax assets and liabilities of a change in the enacted tax rate is included in income in the period in which the change is substantially enacted. Deferred income tax assets are recorded to recognize tax benefits only to the extent that, based on available evidence, it is probable that they will be realized. This evaluation requires management to make judgments as to whether it is probable that a tax asset may be realized in the future.

(h) Loss per share

Basic loss per share is calculated using the weighted average number of shares outstanding. The dilutive effect of share-based payments and warrants is calculated using the treasury stock method. The treasury stock method assumes that any proceeds from the exercise of dilutive share-based payments and warrants would be used to repurchase common shares at the average market price during the year, with the incremental number of shares being included in the denominator of the diluted earnings per share calculation to the extent that it is dilutive. Share-based payments and share purchase warrants are not included in the computation of diluted loss per share in periods where the Company incurs a loss as their inclusion would be anti-dilutive.

(i) Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated amortization. Amortization is recognized, using the straight-line method, over the following periods:

Furniture and office equipment	3 years
Computer equipment and software	3 years
Leasehold improvements	Over the lease term
Plant and equipment	3-5 years

(j) Foreign currency translation

The Company and its subsidiary have a functional currency of Canadian dollars, which is also the currency in which the consolidated financial statements are presented. Transactions and balances denominated in a foreign currency have been translated into Canadian dollars using a method that retains their basis of measurement in terms of the Canadian dollar, as described below. Any conversion differences are recorded as exchange gains or losses in the consolidated statement of loss and comprehensive loss. Under this method:

(i) monetary items are translated at the exchange rate in effect at the balance sheet date;

(ii) non-monetary items, principally the exploration and evaluation assets, are translated at historical exchange rates; and

(iii) revenue and expenses are translated at the average rates of exchange during the year, other than share-based payments and amortization which are translated at historical rates.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with an original maturity of less than 3 months.

(l) Financial instruments

All financial instruments are initially recognized at fair value on the consolidated balance sheet. The Company has classified each financial instrument into one of the following categories: fair value through profit or loss; loans and receivables; and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Financial assets and liabilities classified as fair value through profit or loss are measured at fair value with changes in those fair values recognized in the consolidated statement of loss and comprehensive loss for the year.

Loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method.

The Company's financial assets and liabilities are recorded and measured as follows:

Asset or Liability	Category	Subsequent Measurement
Cash and cash equivalents, Restoration deposit	Fair value through profit or loss	Fair value
Amounts receivable	Loans and receivables	Amortized cost
Accounts payables and accrued liabilities	Other liabilities	Amortized cost

3. RECENT ACCOUNTING PRONOUNCEMENTS AND ADOPTION OF NEW AND AMENDED IFRS STANDARDS

The following new IFRS standards are issued but not yet effective for the Company.

IFRS 9 *Financial Instruments*

On July 24, 2014, the IASB issued the completed IFRS 9, *Financial Instruments,* (IFRS 9 (2014)).

IFRS 9 (2014) includes finalized guidance on the classification and measurement of financial assets. The final standard also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment, and new general hedge accounting requirements. IFRS 9 is to come into effect on January 1, 2018 with early adoption permitted.

The Company intends to adopt IFRS 9 (2014) in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 16 *Leases*

On January 13, 2016, the IASB issued IFRS 16, *Leases*.

The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. IFRS 16 is to come into effect on January 1, 2019 with early adoption permitted.

The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The extent of the impact of adoption of the standard has not yet been determined.

4. PREPAID EXPENSES AND ADVANCE PAYMENTS

On August 18, 2014, DGL entered into an agreement with a Northern Ireland based company, FP McCann, for the surface works portion of the underground exploration program ("Underground Program"). This agreement is for the completion of the surface civil engineering, including the building and commissioning of the temporary waste water treatment plant. In 2014, included in prepaid expenses and advance payments were advance payments to FP McCann totaling $2,044,845, equivalent of £1,133,353, which were held in an escrow account with a legal firm to be applied to future invoices. On September 8, 2015, funds held on escrow account were fully released to FP McCann upon completion of the surface work portion of the Underground Program.

(Expressed in Canadian dollars)

5. PROPERTY, PLANT AND EQUIPMENT

	Land	Plant and equipment	Computer equipment and software	Leasehold improvements	Furniture and office equipment	Total
Cost						
Balance at Dec. 31, 2013	$ -	$ 494,065	$ 445,100	$ 704,139	$ 218,283	$ 1,861,587
Additions	-	101,337	92,591	-	-	193,928
Balance at Dec. 31, 2014	$ -	$ 595,402	$ 537,691	$ 704,139	$ 218,283	$ 2,055,515
Additions	9,568,037	2,191,608	575,454	-	6,358	12,341,457
Disposals	-	(18,088)	-	-	-	(18,088)
Balance at Dec. 31, 2015	$ 9,568,037	$ 2,768,922	$ 1,113,145	$ 704,139	$ 224,641	$ 14,378,884
Accumulated Amortization						
Balance at Dec. 31, 2013	$ -	$ 278,507	$ 242,534	$ 461,013	$ 207,555	$ 1,189,609
Amortization	-	157,898	144,692	144,519	10,728	457,837
Balance at Dec. 31, 2014	$ -	$ 436,405	$ 387,226	$ 605,532	$ 218,283	$ 1,647,446
Amortization	-	366,463	190,039	95,919	177	652,598
Disposals	-	(18,088)	-	-	-	(18,088)
Balance at Dec. 31, 2015	$ -	$ 784,780	$ 577,265	$ 701,451	$ 218,460	$ 2,281,956
Net Book Value						
Balance at Dec. 31, 2014	$ -	$ 158,997	$ 150,465	$ 98,607	$ -	$ 408,069
Balance at Dec. 31, 2015	$ 9,568,037	$ 1,984,142	$ 535,880	$ 2,688	$ 6,181	$ 12,096,928

6. EXPLORATION AND EVALUATION ASSETS

	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Balance, beginning of year	$ 49,085,740	$ 40,349,082
Exploration	1,593,756	2,034,958
Asset evaluation	31,521,230	6,671,813
Share-based payments	155,620	29,887
Balance, end of year	$ 82,356,346	$ 49,085,740

Included within accounts payable and accrued liabilities, provision for decommissioning and restoration is $5,962,227 (2014 - $2,191,860) in relation to exploration and evaluation assets.

Asset evaluation expenditures include development planning, permitting and other activities associated with the Underground Program.

The Company, through DGL, holds a 100% interest in prospecting licences and options, subject to royalties as described below, covering approximately 84,000 hectares, consisting of four contiguous areas (DG1, DG2, DG3 and DG4), located in counties Tyrone and Londonderry, Northern Ireland, United Kingdom. This approximately 84,000-hectare area is collectively known as the “Northern Ireland Properties”. There are two elements comprising this interest:

- The Crown Estate Commissioners (“CEC”) has entered into mining lease Option Agreements with DGL (the "CEC Mining Lease Option Agreements") for gold and silver, covering these four contiguous areas; and

- The Department of Enterprise, Trade and Investment ("DETI"), a separate government body, has granted to DGL Prospecting Licenses for base metals (the "DETI Prospecting Licences") covering the same four areas.

On March 11, 2016, DGL finalized renewals of all four of its existing CEC Mining Lease Option Agreements, using a new standard form of CEC agreement, each with a commencement date of January 1, 2016 and an initial expiry date of December 31, 2021. The CEC Mining Lease Option Agreements have a six-year term, with an option to extend the term for up to an additional four years (together, the "Option Period").

The DETI Prospecting Licences for DG1 and DG2 were issued in 2013 and are currently in their first two-year extension term which runs from January 1, 2016 to December 31, 2017. They are eligible for one more, two-year extension. The DETI Prospecting Licences for DG3 and DG4 are currently in their second two-year extension term which runs from April 24, 2015 to April 23, 2017.

Pursuant to a royalty agreement dated December 13, 2004 (the "Royalty Agreement"), between DGL (formerly known as Ulster Minerals) and Minco Plc., a company duly incorporated under the laws of the Republic of Ireland, a 2% net smelter return royalty on a portion of the Northern Ireland Properties (as defined in the Royalty Agreement) is payable by DGL to Minco Plc. or its nominee. As provided in the CEC Mining Lease Option Agreements, a 4% royalty will be payable to the CEC upon production of gold and/or silver from the Northern Ireland Properties.

7. PROVISION FOR DECOMMISSIONING AND RESTORATION

With the start of the surface works phase of the Underground Program in 2014, the Company was required to place a restoration deposit of $1,268,930 (2014 – $1,120,870), equivalent of £621,811 (2014 - £620,000), in a reserve account as security for restoration to be performed in accordance with CEC requirements. The funds will remain in the reserve account and accrue interest until restoration associated with the Underground Program has been satisfactorily completed.

The Company estimates future decommissioning and restoration costs based on the level of current exploration and evaluation activity and estimates of costs required to fulfil the Company's future obligation. As of December 31, 2015, provision for decommissioning and restoration is estimated to be $1,265,234 (2014 - $380,937), equivalent of £620,000 (2014 - £210,800).

8. SHARE CAPITAL, WARRANTS, SHARE OPTIONS AND RESTRICTED SHARE UNITS

(a) Share Capital:

The Company is authorized to issue an unlimited number of common shares with no par value. As at December 31, 2015, 215,163,700 (December 31, 2014 – 140,050,483) common shares were issued and outstanding.

(Expressed in Canadian dollars)

	Number of shares issued		Amount
Balance, December 31, 2013	89,542,983	$	79,585,917
Bought deal offering February 19, 2014 (i)	19,837,500		12,121,149
Issuance costs of bought deal offering February 19, 2014 (i)	-		(1,394,922)
Bought deal offering July 31, 2014 (iii)	19,205,000		14,019,649
Issuance costs of bought deal offering July 31, 2014 (iii)	-		(1,345,299)
Private placement July 31, 2014 (iv)	11,200,000		8,176,000
Issuance costs of private placement July 31, 2014 (iv)	-		(779,858)
Issuance on exercise of options (ii, v)	265,000		310,407
Balance, December 31, 2014	140,050,483	$	110,693,043
Private placement February 9, 2015 (vi)	12,556,000		9,228,660
Issuance costs of private placement February 9, 2015 (vi)	-		(389,726)
Bought deal offering October 7, 2015 (xv)	50,312,500		32,200,000
Issuance costs of bought deal offering October 7, 2015 (xv)	-		(1,544,175)
Issuance on exercise of warrants (vii)	9,581,650		10,132,370
Issuance on exercise of broker warrants (viii, ix, xi)	1,272,072		1,262,885
Issuance on exercise of options (xii, xiii, xiv)	430,000		413,823
Issuance on land acquisition (xvi)	960,995		683,570
Balance, December 31, 2015	215,163,700	$	162,680,450

(b) Warrants:

	Number of warrants		Amount		Weighted average exercise price
Balance, December 31, 2013	120,000	$	139,310	$	1.77
Warrants issued February 19, 2014 (i)	9,918,750		1,765,101		0.90
Broker warrants issued February 19, 2014 (i)	1,190,250		329,888		0.70
Issuance costs of bought deal offering February 19, 2014 (i)	-		(203,131)		-
Warrants issued July 31, 2014 (iii)	9,602,500		3,264,850		1.50
Broker warrants issued July 31, 2014 (iii)	1,152,300		368,736		0.90
Issuance costs of bought deal offering July 31, 2014 (iii)	-		(313,289)		-
Warrants issued private placement July 31, 2014 (iv)	5,599,999		1,904,000		1.50
Broker warrants issued private placement July 31, 2014 (iv)	672,000		215,040		0.90
Issuance costs of private placement July 31, 2014 (iv)	-		(181,611)		-
Balance, December 31, 2014	28,255,799	$	7,288,894	$	1.22

(Expressed in Canadian dollars)

Warrants issued February 9, 2015 (vi)	6,278,000		2,071,740		1.15
Issuance costs of bought deal offering February 9, 2015 (vi)	-		(87,490)		-
Warrants issued October 7, 2015 (xv)	50,312,500		8,050,000		1.04
Issuance costs of bought deal offering October 7, 2015 (xv)	-		(386,044)		-
Warrants exercised (vii)	(9,581,650)		(1,508,885)		0.90
Broker warrants exercised (viii, ix, xi)	(1,272,072)		(356,070)		0.71
Warrants expired (x)	(337,100)		(53,085)		0.90
Balance, December 31, 2015	73,655,477	$	15,019,060	$	1.14

Each warrant entitles the holder to purchase one common share at the stated exercise price up to the expiry date.

The fair value of the Company's warrants, including broker warrants, issued during the years ended December 31, 2015, and December 31, 2014 were estimated using the Black-Scholes option pricing method using the following range of assumptions:

	2015	**2014**
Volatility	63% to 67%	68% to 81%
Risk-free interest rate	0.5%	1%
Expected life (years)	2	1 to 3
Dividend yield	nil	nil

As at December 31, 2015, the following warrants were issued and outstanding:

Type	**Expiry date**	**Number of warrants**	**Shares issuable**		**Carrying value**		**Exercise price**
Warrants	January 1, 2016	30,000	30,000	$	43,783	$	2.17
Warrants	January 1, 2017	40,000	40,000		47,767		1.81
Warrants	January 1, 2018	50,000	50,000		47,760		1.50
Warrants	July 31, 2017	15,202,499	15,202,499		4,673,951		1.50
Broker warrants	July 31, 2016	1,742,478	1,742,478		557,593		0.90
Warrants	February 9, 2017	6,278,000	6,278,000		1,984,250		1.15
Warrants	October 7, 2017	50,312,500	50,312,500		7,663,956		1.04
		73,655,477	73,655,477	$	15,019,060	$	1.14

(i) On February 19, 2014, the Company closed a bought deal offering of 19,837,500 units including fully exercised over-allotment units, at a price of $0.70 per unit, for gross proceeds of $13,886,250. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. The common share purchase warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.90 until February 19, 2015. The Company allocated approximately $0.09 to each one-half of one warrant using the Black-Scholes option pricing method, and allocated the residual $0.61 to each common share. A cash commission of $833,175 (6% of gross proceeds) was paid, together with the issuance of 1,190,250 broker warrants equal to 6% of the total number of units sold (valued at $329,888 using the Black-Scholes option pricing method) and advisory fee and other transaction costs of $434,990. Each broker warrant entitled the holder to purchase one common share at an exercise price of $0.70 until August 19, 2015.

(ii) On July 3, 2014, the Company issued 250,000 shares as a result of the exercise of 250,000 options. The cash proceeds from the option exercise were $187,500. The balance of $116,827 in contributed surplus was transferred to common shares upon exercise.

(iii) On July 31, 2014, the Company closed a bought deal offering of 19,205,000 units including fully exercised over-allotment units, at a price of $0.90 per unit, for gross proceeds of $17,284,500. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. The common share purchase warrant entitles the holder to purchase one common share of the Company at an exercise price of $1.50 until July 31, 2017. The Company allocated $0.17 to each one-half of one warrant using the Black-Scholes option pricing method, and allocated the residual $0.73 to each common share. A cash commission of $1,037,070 (6% of gross proceeds) was paid, together with the issuance of 1,152,300 broker warrants equal to 6% of the total number of units sold (valued at $368,736 using the Black-Scholes option pricing method) and advisory fee and other transaction costs of $252,782. Each broker warrant entitles the holder to purchase one common share at an exercise price of $0.90 until July 31, 2016.

(iv) On July 31, 2014, the Company completed a non-brokered private placement of 11,200,000 units, at a price of $0.90 per unit, for gross proceeds of $10,080,000. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. The common share purchase warrant entitles the holder to purchase one common share of the Company at an exercise price of $1.50 until July 31, 2017. The Company allocated $0.17 to each one-half of one warrant using the Black-Scholes option pricing method, and allocated the residual $0.73 to each common share. A cash commission of $604,800 (6% of gross proceeds) was paid, together with the issuance of 672,000 broker warrants equal to 6% of the total number of units sold (valued at $215,040 using the Black-Scholes option pricing method) and advisory fee and other transaction costs of $141,629. Each broker warrant entitles the holder to purchase one common share at an exercise price of $0.90 until July 31, 2016.

(v) On November 26, 2014, the Company issued 15,000 shares as a result of the exercise of 15,000 options. The cash proceeds from the option exercise were $3,750. The balance of $2,330 in contributed surplus was transferred to common shares upon exercise.

(vi) On February 9, 2015, the Company closed a non-brokered private placement of 12,556,000 units, at a price of $0.90 per unit, for gross proceeds of $11,300,400. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. The common share purchase warrant entitles the holder to purchase one common share of the Company at an exercise price of $1.15 until February 9, 2017. The Company allocated approximately $0.17 to each one-half of one warrant using the Black-Scholes option pricing method, and allocated the residual $0.73 to each common share. A cash commission of $452,016 (4% of gross proceeds) and other transaction costs of $25,200 were paid.

(vii) In January and February of 2015, the Company issued 9,581,650 common shares as a result of the exercise of 9,581,650 common share purchase warrants issued in February 2014. The cash proceeds from the warrant exercises were $8,623,485 and the grant date fair value of $1,508,885 recorded as common share purchase warrants was transferred to common shares upon exercise.

(viii) In February and March of 2015, the Company issued 877,215 common shares as a result of the exercise of 877,215 broker warrants issued in February 2014. The cash proceeds from the broker warrant exercises were $614,051 and the grant date fair value of $243,128 recorded as broker warrants was transferred to common shares upon exercise.

(ix) On March 10, 2015, the Company issued 81,822 common shares as a result of the exercise of 81,822 broker warrants issued in July 2014. The cash proceeds from the broker warrant exercises were $73,640 and the grant date fair value of $26,183 recorded as broker warrants was transferred to common shares upon exercise.

(x) On February 19, 2015, 337,100 common share purchase warrants exercisable at $0.90 per share, with a carrying value of $53,085, expired.

(xi) In July and August of 2015, the Company issued 313,035 common shares as a result of the exercise of 313,035 broker warrants issued in February 2014. The cash proceeds from the broker warrant exercises were $219,124 and the grant date fair value of $86,759 recorded as broker warrants was transferred to common shares upon exercise.

(xii) On July 10, 2015, the Company issued 135,000 common shares as a result of the exercise of 135,000 options. The cash proceeds from the option exercise were $33,750. The balance of $20,968 in contributed surplus was transferred to common shares upon exercise.

(xiii) On July 21, 2015, the Company issued 250,000 common shares as a result of the exercise of 250,000 options. The cash proceeds from the option exercise were $187,500. The balance of $116,826 in contributed surplus was transferred to common shares upon exercise.

(xiv) On August 10, 2015, the Company issued 45,000 common shares as a result of the exercise of 45,000 options. The cash proceeds from the option exercise were $33,750. The balance of $21,029 in contributed surplus was transferred to common shares upon exercise.

(xv) On October 7, 2015, the Company closed a bought deal offering of 50,312,500 units including fully exercised over-allotment units, at a price of $0.80 per unit, for gross proceeds of $40,250,000. Each unit consisted of one common share of the Company and one common share purchase warrant. The common share purchase warrant entitles the holder to purchase one common share of the Company at an exercise price of $1.04 until October 7, 2017. The Company allocated $0.16 to each warrant using the Black-Scholes option pricing method, and allocated the residual $0.64 to each common share. A cash commission of $1,610,000 (4% of gross proceeds) and other transaction costs of $320,219 were paid.

(xvi) On November 30, 2015, the Company issued 960,995 common shares, at a price of $0.71 per share, to a landowner as part of a deal to acquire their land for the purpose of exploration and evaluation activities.

(c) Share options:

On April 27, 2010, and as amended on March 22, 2011 and May 26, 2014, the Company adopted a share option plan under which it is authorized to grant share options to officers, directors, employees and consultants of the Company. Under the share option plan, the Company may not have more than 10% of the outstanding issued common shares reserved for incentive share options granted at any time. Options granted under the plan will have a term not to exceed five years, from the later of (i) the grant date; or (ii) August 10, 2010, the date on which the common shares were listed for trading on the Toronto Stock Exchange, have an exercise price of not less than the closing price of the shares on the exchange on which the common shares are listed on the trading date immediately preceding the date the options are granted and may be subject to vesting terms as determined by the Board of Directors.

(Expressed in Canadian dollars)

In accordance with the option plan, the vesting period is determined by the Board of Directors. Unless disclosed otherwise, the vesting period is generally one third of the total options granted vest immediately upon approval and the remaining thirds each vest on the first and second anniversaries of the date they were issued.

	Number of options	Weighted average exercise price
Balance, December 31, 2013	6,425,000	$ 0.94
Granted	2,430,000	0.94
Exercised[1]	(265,000)	0.72
Forfeited and expired	(775,000)	1.61
Balance, December 31, 2014	7,815,000	$ 0.88
Granted (i, ii, iii, iv, v)	4,025,000	0.75
Exercised[1]	(430,000)	0.59
Expired	(375,000)	1.06
Balance, December 31, 2015	11,035,000	$ 0.84

1. The weighted average share price on the date of exercise of exercised share options during 2015 is $0.80 (2014 - $0.98).

(i) On January 14, 2015, 750,000 options were granted to an officer, effective March 2, 2015, with an exercise price of $0.78 per share. One third of these options vested immediately with the remaining thirds each vesting on the first and second anniversaries of the date they were issued. The options expire March 2, 2020.

(ii) On April 8, 2015, 300,000 options were granted to consultants of the Company, with an exercise price of $0.92 per share. One half of these options vest on October 8, 2015, and the other half vest on April 8, 2016. The options expire April 8, 2020. For accounting purposes, these options were treated as employee options based on the nature of the arrangement for services provided.

(iii) On August 20, 2015, 500,000 options were granted to new directors of the Company, with an exercise price of $0.90 per share. These options vested immediately and expire August 20, 2020.

(iv) On August 21, 2015, 100,000 options were granted to a consultant of the Company, with an exercise price of $0.91 per share. These options vest on November 19, 2015 and expire on August 21, 2020. For accounting purposes, these options were treated as employee options based on the nature of the arrangement for services provided.

(v) On December 18, 2015, 2,300,000 options were granted to directors of the Company, with an exercise price of $0.67 per share. 250,000 of these options granted to a new director were vested immediately. One third of the remaining 2,050,000 options were vested immediately with the remaining thirds each vesting on the first and second anniversaries of the date they were issued. These options expire December 18, 2020.

As at December 31, 2015, share options granted and still outstanding were as follows:

(Expressed in Canadian dollars)

Grant Date	Exercise price	Grant date fair value of options outstanding	Number of vested options	Number of non-vested options	Number of outstanding options	Remaining life in years	Expiry date
Nov. 16, 2009	0.25	62,126	400,000	-	400,000	0.05	Jan. 19, 2016
Apr. 15, 2010	0.75	584,133	1,250,000	-	1,250,000	0.05	Jan. 19, 2016
Jun. 9, 2010	0.75	256,574	550,000	-	550,000	0.05	Jan. 19, 2016
May 27, 2011	1.60	249,632	250,000	-	250,000	0.41	May 27, 2016
Nov. 2, 2011	2.20	95,468	70,000	-	70,000	0.84	Nov. 2, 2016
Apr. 23, 2012	1.10	34,209	50,000	-	50,000	1.31	Apr. 23, 2017
May 14, 2012	0.97	30,130	50,000	-	50,000	1.37	May 14, 2017
Aug. 7, 2012	1.11	103,322	150,000	-	150,000	1.50	Jun. 30, 2017
Aug. 7, 2012	1.11	378,847	550,000	-	550,000	1.60	Aug. 7, 2017
Sep. 11, 2012	1.02	316,598	500,000	-	500,000	1.66	Aug. 28, 2017
Feb. 11, 2013	1.30	28,227	35,000	-	35,000	2.12	Feb. 11, 2018
May. 8, 2013	0.71	99,005	225,000	-	225,000	0.17	Mar. 2, 2016
Jul. 9, 2013	0.71	109,874	500,000	-	500,000	2.52	Jul. 9, 2018
Feb. 14, 2014	0.85	135,100	200,000	100,000	300,000	3.13	Feb. 14, 2019
Jun. 25, 2014	0.98	77,961	100,000	50,000	150,000	1.50	Jun. 30, 2017
Jun. 25, 2014	0.98	155,922	300,000	-	300,000	1.66	Aug. 28, 2017
Jun. 25, 2014	0.98	753,623	966,666	483,334	1,450,000	3.48	Jun. 25, 2019
Sep. 25, 2014	0.71	51,901	93,333	46,666	140,000	3.74	Sep. 25, 2019
Dec. 10, 2014	0.67	31,016	60,000	30,000	90,000	3.95	Dec. 10, 2019
Mar. 2, 2015	0.78	293,142	250,000	500,000	750,000	4.17	Mar. 2, 2020
Apr. 1, 2015	0.87	32,763	25,002	49,998	75,000	4.25	Apr. 1, 2020
Apr. 8, 2015	0.92	138,313	150,000	150,000	300,000	4.27	Apr. 8, 2020
Aug. 20, 2015	0.90	195,726	500,000	-	500,000	4.64	Aug. 20, 2020
Aug. 21, 2015	0.91	39,543	100,000	-	100,000	4.64	Aug. 21, 2020
Dec. 18, 2015	0.67	657,306	933,338	1,366,663	2,300,000	4.97	Dec. 18, 2020
		$ 4,910,461	8,258,339	2,776,661	11,035,000	2.39[1]	

1. The weighted average remaining life for the options outstanding at December 31, 2015 is 2.39 years (2014 - 2.08 years)

The fair value of the Company's options granted to employees and consultants during the years ended December 31, 2015 and December 31, 2014 were estimated using the Black-Scholes option pricing method using the following range of assumptions:

	2015	2014
Volatility........................	64% to 78%	79% to 82%
Risk-free interest rate........................	0.3% to 0.5%	1.0% to 1.2%
Expected life (years)........................	3	3
Dividend yield........................	Nil	nil
Forfeiture rate........................	0% to 5%	5%

(Expressed in Canadian dollars)

The Company estimates future volatility by reference to the Company's historic volatility over a period equal to the expected life of the option.

The total fair value of unvested options that will be recognized in the consolidated statement of loss or capitalized into exploration and evaluation assets in future periods amounts to $527,626 as at December 31, 2015 (December 31, 2014 - $459,394).

(d) Restricted Share Units ("RSUs"):

On June 25, 2012, the shareholders approved an RSU plan. Under the plan, the participants are granted rights to acquire fully paid and non-assessable common shares from the Company.

	Number of RSUs	Weighted average fair value per unit at grant date (i)
Balance, December 31, 2013	850,000	$ 1.11
Granted (i)	145,000	0.69
Balance, December 31, 2014	995,000	$ 1.05
Granted (ii)	100,000	0.96
Forfeited (iii)	(25,000)	0.96
Balance, December 31, 2015	1,070,000	$ 1.04

(i) The fair value of the RSUs are based on the share price on grant dates.

(i) On October 2, 2014, a total of 145,000 RSUs at a fair value of $0.69 per RSU, based on the share price on grant date, were granted to an officer who is also a director of the Company under the Company's RSU plan. These RSUs have a vesting period of three years.

(ii) On April 7, 2015, a total of 100,000 RSUs at a fair value of $0.96 per RSU, based on the share price on grant date, were granted to three officers of the Company under the Company's RSU plan. These RSUs have a vesting period of three years.

(iii) On August 28, 2015, 25,000 RSUs, previously granted to a former officer of the Company on April 7, 2015, were forfeited.

On June 4, 2015, two directors and one officer elected to defer the vesting date of their RSUs in accordance with the terms of the RSU plan. The RSUs had an initial vesting date of August 7, 2015 which was deferred to various dates in 2016.

The RSU expense for the year ended December 31, 2015 was $238,142 (2014 - $322,838).

9. RELATED PARTY TRANSACTIONS

Compensation of key management personnel comprised:

	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Short-term employee benefits and other payments	$ 1,853,461	$ 1,400,000
Termination benefits	1,500,000	-
Directors' fees	407,652	405,000
Share-based payments	1,236,822	988,869
	$ 4,997,935	$ 2,793,869

(Expressed in Canadian dollars)

Key management personnel are comprised of members of the board and officers of the Company.

During the year ended December 31, 2014, the company closed a bought deal offering of 12,837,500 units including fully exercised over-allotment units, at a price of $0.70 per unit, for gross proceeds of $13,886,250. Through this issuance, key management personnel of the Company purchased 343,000 units of the Company for $240,100. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Also in 2014, the Company closed a bought deal offering of 19,205,000 units including fully exercised over-allotment units, at a price of $0.90 per unit, for gross proceeds of $17,284,500. Key management personnel of the Company purchased 444,444 units of the Company for $400,000. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant.

During the year ended December 31, 2015, the Company closed a bought deal offering of 50,312,500 units including fully exercised over-allotment units, at a price of $0.80 per unit, for gross proceeds of $40,250,000. Key management personnel of the Company purchased 373,750 units of the Company for $299,000. Each unit consisted of one common share of the Company and one common share purchase warrant.

See note 8 for further details of these financings.

10. BASIC AND DILUTED LOSS PER SHARE

The following table sets forth the computation of basic and diluted loss per share:

	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Numerator:		
Loss for the year	$ (7,463,569)	$ (6,844,885)
Denominator:		
Weighted average number of common shares	172,658,656	119,671,915
Basic and diluted loss per share	$ (0.04)	$ (0.06)

The outstanding share options, RSUs and warrants were not included in the computation of diluted loss per share as their inclusion would be anti-dilutive.

11. DEFERRED INCOME TAX RECOVERY

The major components of deferred income tax expense/recovery for the years ended December 31, 2015 and December 31, 2014 are as follows:

	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Reconciliation of effective tax rate:		
Net loss before taxes	$ (7,463,569)	$ (6,844,885)
Income tax recovery at statutory rates 26.5 %	(1,977,846)	(1,813,895)
Non-deductible expenses	366,139	294,319
Rate adjustments	-	-
Change in recognized temporary differences	1,602,766	1,514,021
Effect of tax rates in foreign jurisdiction	8,941	5,555
	$ -	$ -

(Expressed in Canadian dollars)

Unrecognized deferred tax assets:

Deferred tax assets have not been recognized in respect of:

Investment in subsidiaries	$ 3,125,812	$ 2,988,258
Deductible temporary differences	7,212,019	5,771,607
Tax losses	46,963,347	39,382,148
	$ 57,301,178	$ 48,142,013

Exploration and evaluation expenditures incurred up to December 31, 2015 at the Curraghinalt deposit (across the four Mineral Prospecting Licences held by DGL) have been capitalized for accounting and tax purposes and will be claimed in due course.

For Canadian income tax purposes, the non-capital tax losses begin to expire in 2029. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair Value

Cash and cash equivalents and restoration deposits are measured at fair value using level 1 inputs per the fair value hierarchy.

The carrying values of amounts receivable and accounts payable and accrued liabilities reflected in the consolidated balance sheet approximate fair value because of the short-term maturity of these financial instruments.

(b) Commodity Price Risk

The Company's ability to develop its properties and its future profitability are directly related to the market price of gold. The price of gold is affected by numerous factors, such as global consumption and demand for gold, international economic and political trends, fluctuations in value of the U.S. dollar and other currencies, interest rates and inflation.

(c) Liquidity Risk

Liquidity risk includes the risk that, as a result of the Company's operational liquidity requirements:

(i) the Company will not have sufficient funds to settle a transaction on the due date;

(ii) the Company will be forced to sell financial assets at a value that is less than what they are worth; or,

(iii) the Company may be unable to settle liabilities or recover a financial asset at all.

The ultimate responsibility for liquidity risk rests with the Board of Directors of the Company, which has built an appropriate liquidity risk management framework for management of the Company's short, medium and long-term funding and liquidity requirements. The Company's cash requirements and balances are projected based on estimated future requirements. The Company plans to meet these requirements through a mix of available funds, equity financing, sale of assets, and project debt financing. Continuing operations are dependent on the Company's ability in the near term to access sufficient capital to complete the Company's exploration and evaluation activities, identify commercial gold reserves and to ultimately have profitable operations. Accounts payable and accrued liabilities at December 31, 2015 all have contractual maturities of less than 90 days and are subject to normal trade terms. The Company had sufficient funds on hand at December 31, 2015 to settle these liabilities.

(Expressed in Canadian dollars)

(d) Credit Risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the consolidated balance sheet date. The majority of the Company's financial assets are cash and cash equivalents, restoration deposit and amounts receivable. Management considers the credit risk on cash and cash equivalents and restoration deposit to be limited because the counterparties are established well-known financial institutions. During the year ended December 31, 2015, no amounts receivable were past due. Consequently, no allowances or bad debts were required on the amounts receivable. The maximum exposure to credit risk is represented by the carrying amount of the cash and cash equivalents, restoration deposit and amounts receivable on the consolidated balance sheet.

(e) Foreign Currency Risk

Foreign currency risk is the risk that a variation in the exchange rates between the Canadian dollar and foreign currencies could affect the Company's operating and financial results. The Company is exposed to foreign currency risk as the Company holds cash in foreign currencies and has other financial assets and liabilities that are denominated in foreign currencies. The Company's management monitors the exchange rate fluctuations on a regular basis and does not use currency derivative instruments to manage its exposure to foreign currency fluctuations.

At December 31, 2015, the carrying amounts of the Company's foreign currency-denominated net financial assets are approximately as follows:

	Net financial assets (liabilities)	Effect of 10% change in exchange rate on loss
U.S. dollar	$ (705,491)	$ (70,549)
Euro	(496,083)	(49,608)
Pound sterling	3,811,177	381,118
	$ 2,609,603	$ 260,961

13. CAPITAL DISCLOSURES

The Company's policy with respect to managing its capital is as follows:

(a) to safeguard the Company's ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders; and

(b) to raise sufficient funds to finance ongoing exploration and evaluation activities to provide an adequate return to shareholders.

The Company defines capital as total equity plus long-term debt. Total equity is comprised of share capital, accumulated deficit, contributed surplus and warrants. Currently the Company has no debt or borrowings, other than short-term accounts payable and accrued liabilities with terms of less than 90 days to maturity. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to raise capital.

(Expressed in Canadian dollars)

	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Shareholders' equity	$ 133,939,583	$ 80,270,103
Long-term debt	-	-
	$ 133,939,583	$ 80,270,103

14. COMMITMENTS AND CONTINGENCIES

The Company may be subject to various contingent liabilities that occur in the normal course of operations.

At December 31, 2015, the Company had the following commitments for operating leases for the next five fiscal years:

	Total	2016	2017	2018	2019	2020
Operating leases	$ 615,905	$ 330,338	$ 136,104	$ 107,343	$ 21,060	$ 21,060

Operating leases represent lease agreements for office space, a storage facility, and equipment in Toronto and Northern Ireland.

On May 15, 2015, the Company entered into a lease agreement for office space in Toronto, Canada. The agreement commenced on May 15, 2015 and expires on September 30, 2018. Payments are included in the above commitment table.

15. SEGMENTED REPORTING

The Company's registered office is in Canada. The geographical segmentation of the Company's assets and expenses are as follows:

	Canada	Northern Ireland	Total
As at December 31, 2015			
Current assets	$ 40,507,961	$ 5,044,980	$ 45,552,941
Restoration deposit	-	1,268,930	1,268,930
Exploration and evaluation assets	-	82,356,346	82,356,346
Property, plant and equipment	13,123	12,083,805	12,096,928
Total assets	$ 40,521,084	$ 100,754,061	$ 141,275,145
Year ended December 31, 2015			
Additions to property, plant and equipment	$ 13,818	$ 12,327,639	$ 12,341,457
Additions to exploration and evaluation assets	$ -	$ 33,270,606	$ 33,270,606
Revenue	$ -	$ -	$ -
Net loss	$ 7,326,015	$ 137,554	$ 7,463,569

(Expressed in Canadian dollars)

As at December 31, 2014			
Current assets	$ 29,168,950	$ 3,818,259	$ 32,987,209
Restoration deposit	-	1,120,870	1,120,870
Exploration and evaluation assets	-	49,085,740	49,085,740
Property, plant and equipment	102,660	305,409	408,069
Total assets	$ 29,271,610	$ 54,330,278	$ 83,601,888
Year ended December 31, 2014			
Additions to property, plant and equipment	$ -	$ 193,928	$ 193,928
Additions to exploration and evaluation assets	$ -	$ 8,736,658	$ 8,736,658
Revenue	$ -	$ -	$ -
Net loss (1)	$ 6,759,424	$ 85,461	$ 6,844,885

(1) *$27,280 of net losses related to the Company's former exploration licenses in Norway are included in Canada. No amounts incurred related to Norway in 2015 following the disposition of the entity in 2014.*

16. SUBSEQUENT EVENTS

Land Acquisition

Subsequent to year end, the Company acquired land for a proposed mine site processing plant and associated facilities in proximity to the Curraghinalt gold deposit in exchange for cash and shares.

Landowner Warrants

On January 1, 2016, 30,000 warrants exercisable at $2.17 per warrant, with a carrying value of $43,783, expired.

Share Options

On January 5, 2016, the Company issued 400,000 shares as a result of the exercise of 400,000 options granted to an officer and a director of the Company. The cash proceeds from the option exercise were $100,000.

On January 19, 2016, 1,800,000 options granted to officers and directors of the Company at an exercise price of $0.75 expired.