



GOLD REACH RESOURCES LTD.

Condensed Consolidated Interim Financial Statements
(unaudited – prepared by management)
(expressed in Canadian dollars)

For the Nine Months Ended December 31, 2015 and 2014

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Vancouver, B.C.
February 22, 2016

GOLD REACH RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(unaudited – expressed in Canadian dollars)
As at December 31, 2015 and March 31, 2015

	As at December 31, 2015	As at March 31, 2015
ASSETS		
Current		
Cash and cash equivalents	\$ 491,610	\$ 464,415
Taxes receivable	16,471	13,856
Other receivables (Notes 6 and 10)	-	300,000
Prepaid expenses	54,470	11,826
Total Current Assets	562,551	790,097
Exploration and evaluation costs (Notes 5, 6 and 10)	21,367,298	21,002,241
Equipment and camp buildings (Note 7)	138,234	180,506
Total Non-Current Assets	21,505,532	21,182,747
Total Assets	\$ 22,068,083	\$ 21,972,844
LIABILITIES		
Current		
Trade and other payables (Note 8)	\$ 177,335	\$ 155,600
Total Current Liabilities	177,335	155,600
Deferred income tax liability	1,000,000	1,000,000
Total Non-Current Liabilities	1,000,000	1,000,000
Total Liabilities	1,177,335	1,155,600
SHAREHOLDERS' EQUITY		
Share capital (Note 11)	33,597,307	32,652,855
Contributed surplus (Note 11)	4,194,367	4,095,597
Deficit	(16,900,926)	(15,931,208)
Total Shareholders' Equity	20,890,748	20,817,244
Total Liabilities and Shareholders' Equity	\$ 22,068,083	\$ 21,972,844

Signed on behalf of the Board by:

"Dwayne Melrose"	Director
"Jim Pettit"	Director

See accompanying notes to the condensed consolidated interim financial statements.

GOLD REACH RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(unaudited - expressed in Canadian dollars)
For the Nine Months Ended December 31, 2015 and 2014

	For the three months ended December 31,		For the nine months ended December 31,	
	2015	2014	2015	2014
EXPENSES				
Amortization	\$ 15,713	\$ 14,762	\$ 47,138	\$ 44,020
Investor relations	27,625	28,632	200,843	153,791
Management and personnel (Note 9)	102,689	82,606	404,165	301,899
Office	12,141	20,562	42,717	63,890
Professional fees	25,384	22,600	116,711	130,604
Rent	10,353	10,353	31,059	25,663
Share based payments (Note 9)	-	-	98,770	161,663
Transfer agent and filing fees	8,080	5,525	16,084	25,320
Travel	8,572	13,713	133,821	68,199
	(210,557)	(198,753)	(1,091,308)	(975,049)
OTHER INCOME (EXPENSE):				
Interest expense	-	(9,186)	-	(44,035)
Interest income	-	-	10,481	-
Reduction in Part XII.6 tax	-	-	109,948	-
Miscellaneous income	667	-	1,161	6,126
LOSS BEFORE INCOME TAXES	(209,890)	(207,939)	(969,718)	(1,012,958)
INCOME TAXES	-	-	-	-
NET LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	\$ (209,890)	\$ (207,939)	\$ (969,718)	\$ (1,012,958)
LOSS PER SHARE - BASIC	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.03)
LOSS PER SHARE - DILUTED	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	40,600,829	36,578,025	39,536,383	36,403,128

See accompanying notes to the condensed consolidated interim financial statements.

GOLD REACH RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(unaudited - expressed in Canadian dollars)
For the Nine Months Ended December 31, 2015 and 2014

	For the nine months ended December 31,	
	2015	2014
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net loss for the period	\$ (969,718)	\$ (1,012,958)
Items not affecting cash:		
Share based payments	98,770	161,663
Amortization	47,138	44,020
	(823,810)	(807,275)
Changes in non-cash working capital items:		
Taxes recoverable	(2,615)	5,876
Other receivable	300,000	-
Prepaid expenses	(42,644)	(3,773)
Trade and other payables	21,735	(34,598)
Cash used in operating activities	(547,334)	(839,770)
INVESTING ACTIVITIES		
Investment in exploration and evaluation assets	(1,470)	8,261
Acquisition costs of exploration and evaluation assets	(399,299)	(12,805)
Acquisition of equipment	(4,866)	(17,231)
Cash used in investing activities	(405,635)	(21,775)
FINANCING ACTIVITIES		
Bridge loan proceeds	-	1,000,000
Bridge loan repayment	-	(1,000,000)
BC mining exploration tax credit	35,712	-
Proceeds from share issuance	966,380	719,280
Share issue costs	(21,928)	(75,802)
Cash provided by financing activities	980,164	643,478
NET INCREASE IN CASH	27,195	(218,067)
CASH AND CASH EQUIVALENTS - BEGINNING OF THE PERIOD	464,415	814,737
CASH AND CASH EQUIVALENTS - END OF THE PERIOD	\$ 491,610	\$ 596,670

See accompanying notes to the condensed consolidated interim financial statements.

GOLD REACH RESOURCES LTD.**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(expressed in Canadian dollars)

For the Nine Months Ended December 31, 2015 and 2014

	Number of Shares	Capital Stock	Contributed Surplus	Deficit	Total Equity
Balance, April 1, 2014	35,576,090	\$ 32,066,695	\$ 3,904,436	\$ (14,692,202)	\$ 21,278,929
Issued for cash - flow through shares	999,000	719,280	-	-	719,280
Issued for property acquisition	10,000	2,400	-	-	2,400
Share issue costs	-	(75,802)	-	-	(75,802)
Share-based compensation	-	(29,498)	191,161	-	161,663
Net loss and comprehensive loss for the period	-	-	-	(1,012,958)	(1,012,958)
Balance, December 31, 2014	36,585,090	\$ 32,683,075	\$ 4,095,597	\$ (15,705,160)	\$ 21,073,512
Balance, April 1, 2015	36,585,090	\$ 32,652,855	\$ 4,095,597	\$ (15,931,208)	\$ 20,817,244
Issued for cash – non-flow through shares	2,050,000	512,500	-	-	512,500
Issued for cash – non-flow through shares	2,669,884	453,880	-	-	453,880
Share issue costs	-	(21,928)	-	-	(21,928)
Stock based compensation	-	-	98,770	-	98,770
Net loss and comprehensive loss for the period	-	-	-	(969,718)	(969,718)
Balance, December 31, 2015	41,304,974	\$ 33,597,307	\$ 4,194,367	\$ (16,900,926)	\$ 20,890,748

See accompanying notes to consolidated financial statements

GOLD REACH RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements
(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2015 and December 31, 2014

1. CORPORATE INFORMATION

The Company is engaged principally in the acquisition, exploration and development of mineral properties. The recovery of the Company's investment in mineral properties and attainment of profitable operations is principally dependent upon financing being arranged by the Company to continue operations, explore and develop the mineral properties and the discovery, development and sale of ore reserves.

The Company was incorporated under the Business Corporations Act of British Columbia by Certificate of Incorporation dated November 29, 1965. The Company is listed on the TSX Venture Exchange ("TSX-V"), having the symbol GRV-V, as a Tier 2 mining issuer.

The address of the Company's corporate office and principal place of business is Suite 888 - 700 West Georgia Street, Vancouver, British Columbia, V7Y 1G5.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The unaudited condensed consolidated interim financial statements of the Company for the nine months ending December 31, 2015 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed consolidated interim financial statements have been prepared in full compliance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"). Accordingly, these unaudited condensed consolidated interim financial statements follow the same accounting principles and methods of application as the audited annual consolidated financial statements for the year ended March 31, 2015 but may condense or omit certain disclosures that otherwise would be present in annual financial statements prepared in accordance with IFRS. These financial statements should therefore be read in conjunction with the audited annual consolidated financial statements for the year ended March 31, 2015. Results for the period ended December 31, 2015, are not necessarily indicative of future results. These unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on February 22, 2016.

(b) Basis of Presentation and Measurement

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis and include the accounts of the Company and its wholly-owned subsidiary, Ootsa Ventures Ltd. All material intercompany accounts and transactions have been eliminated.

The unaudited condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company's and its subsidiary's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are unchanged from those set out in Note 4 of the audited Consolidated Financial Statements for the year ended March 31, 2015.

GOLD REACH RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements
(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2015 and December 31, 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

There have been no material revisions to the accounting policies reported in the Company's audited Consolidated Financial Statements for the Year Ended March 31, 2015.

(a) Going Concern of Operations

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations over the next year.

At December 31, 2015 the Company had not yet achieved profitable operations, had accumulated losses of \$16,900,926 since inception, had working capital of \$385,216 and expects to incur further losses in the development of its business however, the Company does not have sufficient cash resources to meet its obligations for at least twelve months from the date of approval of these financial statements. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

b) Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, the recoverability and measurement of deferred tax assets and liabilities, and ability to continue as a going concern. Actual results may differ from those estimates and judgments.

GOLD REACH RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements
(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2015 and December 31, 2014

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

There have been no material revisions to the nature of judgments and amount of changes in estimates of amounts reported in the Company's unaudited Condensed Consolidated Interim Financial Statements for the nine months ended December 31, 2015.

5. RECLAMATION BONDS

Included in Mineral Exploration and Evaluation Costs as at December 31, 2015, is the Company's aggregate of reclamation bonds posted with the Mining and Minerals Division of the British Columbia Government in the amount of \$169,900 (March 31, 2015 - \$169,900).

The bonds cover the future site restoration costs with respect to the Seel and Ox Lake Claims, collectively known as the Ootsa Property. All or part of the \$169,900 can be recovered subject to the inspection of the sites and assessment of the restoration costs by the Mining and Minerals Division of the British Columbia Government.

The bonds have not been discounted from their future value because the Company estimates the bonds may be settled within 2 years and the discounting cost being considered immaterial. The Company believes that the amount of the bonds includes sufficient risk premium.

Recovery of the posted bonds remains subject to the inspection of the sites and assessment of the restoration costs by the Mining and Minerals Division of the British Columbia Government.

6. MINERAL PROPERTIES

Ootsa Property

As at December 31, 2015, the Company owned a 100% interest in the Ootsa Property, located in central British Columbia, comprised of 120 mineral claims totalling 72,538 hectares.

Details of the claims on which an NSR provision exists and claims staked during the current nine months ended December 31, 2015 are as follows:

- 14 claims totalling 575 hectares, known as the Ox claims, are subject to a 2% Net Smelter Returns ("NSR") royalty. The purchase agreement with the vendor, Silver Standard Resources Inc., ("Silver") entitles the Company to purchase 50% of the 2% NSR from Silver at any time by the payment to Silver of \$500,000. The Company may purchase the remaining 1% NSR at any time by payment to Silver of an additional \$1,000,000. There is an associated Area of Interest with these claims, defined as the area lying within a distance of one kilometre from the external boundaries of the claims.
- There are four claims totalling 3,028 hectares, known as the Seel claims, which are subject to a 1% NSR. The Company is entitled at any time to purchase 50% of this 1% NSR for \$1,000,000. There is an associated Area of Interest with these claims, defined as the area lying within a distance of one kilometre from the external boundaries of the claims.

GOLD REACH RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2015 and December 31, 2014

6. MINERAL PROPERTIES (continued)

- Two additional claims known as the Swing claims (the “Captain Mine”) totalling 384 hectares were purchased in March 2014 in consideration of 25,000 common shares of the Company at a market value of \$0.91 per common share, subject to a 2% NSR. The purchase agreement with the vendor entitles the Company to purchase 50% of the 2% NSR from the vendor at any time by the payment to the vendor of \$500,000 or the Company may purchase the entire 2% NSR at any time by payment to the vendor of \$1,000,000.
- The Troitsa Peak claim totalling 211 hectares was purchased in December 2014 for total consideration of \$5,000 cash and 10,000 common shares of the Company. This claim is subject to a 1% NSR, half of which can be bought back at any time by the Company for \$500,000.
- During the nine months ended December 31, 2015 the Company staked an additional four claims totalling 306 hectares.

The Company now owns mineral rights to 72,538 hectares comprised of 120 claims. Of these claims, 104 (70,676 hectares) have had sufficient exploration work completed to remain valid until July 2, 2025, while 16 claims (1,862 hectares) expire on July 2, 2018.

Auro Property

In March 2012, the Company sold all of the Company’s mineral interests known as the Auro and Auro South properties (“Properties”) to New Gold Inc. (“New Gold”). Under the terms of the purchase agreement, the Company retained a 2% NSR on the Properties and New Gold committed to spend Cdn. \$1,500,000 during 2012 through 2014. New Gold has completed its required spending commitment on the Auro claims.

British Columbia Mineral Tax Credits (“BCMETC”)

Certain qualified exploration costs incurred by the Company entitles it for refundable tax credits as part of an exploration incentive plan offered by the Province of British Columbia. In April 2015 the Company the Company filed a BCMETC claim with the Canada Revenue Agency seeking \$335,730 in qualified refundable tax credits for the year ended March 31, 2015. The Company had accrued \$300,000 of the \$353,710 during the year ended March 31, 2015. In late July 2015 the Company received in full its refund. The Company presently estimates it will not have any material qualified costs in fiscal 2016 that might give rise to additional future BCMETC refunds.

GOLD REACH RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2015 and December 31, 2014**6. MINERAL PROPERTIES (continued)**

Expenditures on mineral property acquisition and deferred exploration and development costs for the nine months ended December 31, 2015 and for the year ended March 31, 2015 are as follows:

	For the nine months ended December 31, 2015	For the year ended March 31, 2015
Property acquisition costs:		
Balance, beginning of the period	\$ 1,145,566	\$ 1,129,693
Cash costs	1,470	13,473
Shares issued	-	2,400
Balance, end of the year	1,147,036	1,145,566
Deferred exploration and evaluation costs:		
Balance, beginning of the period	19,856,675	18,416,684
Incurred during the period:		
Drilling, blasting and trenching	-	948,131
Barge	180	16,840
Preliminary economic assessment	230,387	-
Geology	140,445	143,859
Geophysics	-	3,288
Consulting fees – First Nations	10,000	28,000
Field costs	1,094	271,927
Reclamation bonding	-	7,500
Travel	2,611	1,301
Assaying	916	102,190
Camp costs	11,046	79,345
Fuel	389	89,493
Insurance	515	4,306
BC tax credit refunds	(35,712)	(449,558)
Wages and related expenses	1,716	193,369
Total expenditures during the period	363,587	1,439,991
Balance, end of the period	20,220,262	19,856,675
Total deferred costs, end of the period	\$ 21,367,298	\$ 21,002,241

GOLD REACH RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2015 and December 31, 2014**7. EQUIPMENT AND CAMP BUILDINGS**

	Office Equipment	Camp Vehicles and Equipment	Camp Buildings/ Septic	Bridge	Total
Cost					
Balance at March 31, 2014	\$ 27,371	\$ 112,075	\$ 178,838	\$ 32,855	\$ 351,139
Additions	8,819	10,500	-	-	19,319
Disposals	-	-	-	-	-
Balance at March 31, 2015	\$ 36,190	\$ 122,575	\$ 178,838	\$ 32,855	\$ 370,458
Additions	4,866	-	-	-	4,866
Disposals	-	-	-	-	-
Balance at December 31, 2015	<u>\$ 41,056</u>	<u>\$ 122,575</u>	<u>\$ 178,838</u>	<u>\$ 32,855</u>	<u>\$ 375,324</u>
Depreciation and impairment					
Balance at March 31, 2014	\$ 16,574	\$ 59,139	\$ 49,484	\$ 4,928	\$ 130,125
Additions	3,281	17,492	35,768	3,286	59,827
Disposals	-	-	-	-	-
Balance at March 31, 2015	\$ 19,855	\$ 76,631	\$ 85,252	\$ 8,214	\$ 189,952
Additions	8,434	9,414	26,826	2,464	47,138
Disposals	-	-	-	-	-
Balance at December 31, 2015	<u>\$ 28,289</u>	<u>\$ 86,045</u>	<u>\$ 112,078</u>	<u>\$ 10,678</u>	<u>\$ 237,090</u>
Carrying amounts – NBV					
At March 31, 2015	<u>\$ 16,335</u>	<u>\$ 45,944</u>	<u>\$ 93,586</u>	<u>\$ 24,641</u>	<u>\$ 180,506</u>
At December 31, 2015	<u>\$ 12,767</u>	<u>\$ 36,530</u>	<u>\$ 66,760</u>	<u>\$ 22,177</u>	<u>\$ 138,234</u>

8. TRADE AND OTHER PAYABLES

The Company's trade and other payables on December 31, 2015 are as follows:

	As at December 31, 2015	As at March 31, 2015
Trade payables	\$ 90,932	\$ 27,652
Amounts due to related parties (Note 9)	3,150	-
Management fees accrued (Note 9)	71,253	-
Accrued expenses	12,000	18,000
Part X11.6 tax payable	-	109,948
	<u>\$ 177,335</u>	<u>\$ 155,600</u>

Trade payables are comprised principally of amounts outstanding for trade purchases relating to exploration and general operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

GOLD REACH RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2015 and December 31, 2014

9. RELATED PARTY TRANSACTIONS

During the nine months ended December 31, 2015 the following amounts were paid to related parties. All comparative amounts are for the nine months ended December 31, 2014.

- (a) Management wages and director fees of \$302,902 (2014 - \$195,000) were paid to directors or officers of the Company or to companies controlled by directors or officers of the Company.
- (b) Consulting and geological fees of \$16,967 (2014 – 10,000) were paid to Companies controlled by directors or officers of the Company.
- (c) Administration fees of \$38,025 (2014 - \$24,300) were paid to Companies controlled by directors or officers of the Company.
- (d) Included in accounts payable and accrued liabilities at December 31, 2015 is \$74,403 (2014 - \$Nil) owing to the senior management and directors of the Company for unpaid management fees.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors.

The Company incurred the following transactions with companies controlled by directors of the Company.

	For the nine months ended December 31,	
	2015	2014
Management fees – mineral property costs	\$ 16,967	\$ 10,000
Professional fees - administration	38,025	24,300
Management and administration	302,902	195,000
	\$ 357,894	\$ 229,300
Key management personnel compensation:		
Management fees	\$ 357,894	\$ 229,300
Non-key management personnel compensation:		
Directors' fees	\$ -	\$ 12,000
Key management personnel compensation comprised of:		
Short term employee benefits	\$ 357,894	\$ 229,300
Share-based payments	98,770	34,213
	\$ 456,664	\$ 263,513

GOLD REACH RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2015 and December 31, 2014

10. BRIDGE LOAN

During the year ended March 31, 2014, the Company incurred exploration expenditures in British Columbia on the Ootsa Property under provisions of the British Columbia Mineral Tax Credit legislation (“BCMETC”) entitling the Company to a tax credit refund of 30% of qualifying expenditures. Subject to an anticipated audit by Canada Revenue Agency of the qualified costs, a refund in excess of \$1,700,000 was estimated by the Company and the refund for the full amount of \$1,849,559 was received on July 29, 2014.

To access a portion of the estimated refund for the use on the 2014 summer Ootsa Project exploration program, the Company entered into a \$1,000,000 bridge loan agreement on June 16, 2014 whereby the lender advanced to the Company the loan amount (“Loan”), bearing interest at 12% per annum to be accrued and compounded quarterly. The Loan and accrued interest will be secured by a first and floating charge on the BCMETC refund total. Repayment of the Loan’s principal amount and payment of the accrued interest thereon are both due on the earlier of June 16, 2015 or within three days of the Company’s receipt of the BCMETC refund (“Maturity Date”) or to an extension to the Maturity Date as may be agreed to by the lender.

Accrued interest on the Bridge Loan for the nine months ended December 31, 2014 was \$34,849.

On June 16, 2014, the date of the Loan advance, the Company issued 500,000 common share purchase warrants (“Warrants”) entitling the lender to purchase one common share at any time on or before the Maturity Date at an exercise price per share equal to \$0.80.

On August 14, 2014 the lender agreed to extend the Maturity Date to September 14, 2014. On October 27, 2014 the loan principal and interest were paid in full

Shares acquired by the lender from the exercise of Warrants are subject to a four-month hold period commencing from the date the shares are acquired.

GOLD REACH RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2015 and December 31, 2014**11. SHARE CAPITAL AND CONTRIBUTED SURPLUS**

(a) Authorized: Unlimited number of common shares without par value.

(b) Issued and fully paid:

	Number of Shares	Amount
Balance – March 31, 2014	35,576,090	\$ 32,066,695
Issued for cash – flow through	999,000	719,280
Issued for property acquisition	10,000	2,400
Less: flow through share premium	-	(29,970)
Less: share issue costs SBC	-	(29,498)
Less: share issue costs	-	(76,052)
Balance – March 31, 2015	36,585,090	\$ 32,652,855
Issued for cash – non flow through	2,050,000	512,500
Issued for cash – non flow through	2,669,884	453,880
Less: share issue costs	-	(21,928)
Balance – December 31, 2015	41,304,974	\$ 33,597,307

Transactions during the Nine Months Ended December 31, 2015

- i. On May 14, 2015 the Company completed a non brokered private placement comprised of 2,050,000 units at a purchase price of \$0.25 per unit for gross proceeds of \$512,500. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of \$0.40 per share for 5 years from the closing date. Each Warrant is subject to accelerated expiry provisions such that if at any time after the date of Closing of the private placement, the Company's common shares trade on the TSX Venture Exchange at or above a weighted average trading price of \$0.75 per share for 10 consecutive trading days, the Company may give notice to the holders that each Warrant will expire 30 days from the date of providing such notice.
- ii. On October 26, 2015 the Company completed the first tranche of its non-brokered private placement and has issued 2,669,884 units at a purchase price of \$0.17 per unit for gross proceeds of \$453,880. Each unit consisted of one common share and one common share purchase warrant and each warrant entitles the holder to purchase an additional common share at a price of \$0.22 per share for a 24 month exercise period, subject to abridgement of the exercise period (after the expiry of the 4 month hold period) with 30 days notice to holders in the event that the ten-day volume weighted price of the shares exceeds \$0.40.

In compliance with Canadian securities laws, all of the securities issued in connection with this closing are subject to a four month hold period.

GOLD REACH RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements
(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2015 and December 31, 2014

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

Transactions during the Year Ended March 31, 2015

- i) On June 3, 2014 the Company closed a non-brokered flow through private placement of 999,000, flow through units (each a “FT Unit”) at a purchase price of \$0.72 per FT Unit to raise gross proceeds of \$719,280. Each Unit consists of one flow through common share (“FT Common Share”) of the Company and one-half of one non-transferable non flow through common share purchase warrant (“Warrant”). Each whole Warrant will entitle the holder to acquire one additional common share (a “Warrant Share”) of the Company at an exercise price of \$0.80 per common share of the Company at any time on or before June 3, 2016.

If the Company’s common shares trade at or above a weighted average price of \$1.30 per share for 10 consecutive trading days, the Company may give notice that each warrant may expire in 30 days.

At March 31, 2015, the Company has fully incurred the proceeds of this financing on the related qualifying expenditures.

The Company paid a finder’s fee of \$57,542 cash and issued 79,920 finder warrants with each finder warrant entitling the holder to acquire one additional common share of the Company at an exercise price of \$0.72 per share at any time on or before June 3, 2016.

- ii) On December 4, 2014, the Company acquired one mineral claim by issuing to the vendor 10,000 shares at market value of \$0.24 per common share (refer to Note 6).

Share Purchase Warrants:

A continuity schedule of outstanding share purchase warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2014	2,444,500	\$1.65
Issued – Unit Offering	499,500	\$0.80
Issued – Bridge Loan	500,000	\$0.80
Expired	(2,174,500)	\$1.66
Balance, March 31, 2015	1,269,500	\$0.95
Issued - Unit Offering	2,050,000	\$0.40
Issued – Unit Offering	2,669,884	\$0.17
Expired	(500,000)	\$0.80
Balance, December 31, 2015	5,489,384	\$0.42

GOLD REACH RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements
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For the Nine Months ended December 31, 2015 and December 31, 2014

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

On June 16, 2015 share purchase warrants totaling 500,000 expired unexercised.

As at December 31, 2015 outstanding share purchase warrants are:

Number of Warrants	Exercise Price	Expiry Date
499,500	\$0.80	June 3, 2016
250,000	\$1.50	October 12, 2017
20,000	\$1.50	January 3, 2019
2,050,000	\$0.40	May 14, 2020
2,669,884	\$0.22	October 26, 2017
<u>5,489,384</u>		

The Black-Scholes model inputs for the Bridge Loan bonus warrants granted during the nine months ended December 31, 2014 (Note 11) included:

Grant Date	Expiry Date	Share Price At Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield
June 16, 2014	June 16, 2015	\$0.68	\$0.80	1.10	1 year	0.9153	0

(d) Agents' warrants

A continuity schedule of outstanding agents' warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2014	14,000	\$1.50
Issued	79,920	\$0.72
Expired	(14,000)	\$1.50
Balance, March 31, 2015	79,920	\$0.72
Issued	-	-
Expired	-	-
Balance, December 31, 2015	<u>79,920</u>	<u>\$0.72</u>

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For the Nine Months ended December 31, 2015 and December 31, 2014

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

As at December 31, 2015 outstanding agent's warrants are:

Number of Warrants	Exercise Price	Expiry Date
79,920	\$0.72	June 3, 2016

(e) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's balance sheet include 'Contributed Surplus' and 'Accumulated Deficit'.

'Contributed Surplus' is used to recognize the value of stock option grants and share warrants prior to exercise. 'Accumulated Deficit' is used to record the Company's change in deficit from earnings from year to year.

(f) Stock options:

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant.

The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of grant.

The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSXV).

Options may be granted for a maximum term of five years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company. Unless otherwise stated, share purchase options vest when granted.

GOLD REACH RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

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For the Nine Months ended December 31, 2015 and December 31, 2014**11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)**

(f) Stock options (continued):

A summary of the Company's option transactions for the nine months ended December 31, 2015 and for the year ended March 31, 2015 is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Contractual Life (years)
Balance, March 31, 2014	3,499,309	\$0.84	2.99
Granted	50,000	\$0.80	
Granted	38,000	\$0.75	
Expired	(80,800)	\$0.30	
Balance, March 31, 2015	3,506,509	\$0.86	2.09
Granted	152,000	\$0.32	
Granted	205,000	\$0.32	
Granted	145,000	\$0.19	
Cancelled	(604,754)	\$0.85	
Expired	(145,000)	\$0.45	
Balance, December 31, 2015	3,258,755	\$0.79	1.63

The weighted average share price of options exercised, as at the date of exercise, during the nine months ended December 31, 2015 was \$nil.

As of December 31, 2015, an additional 243,000 options have been conditionally granted under the Company's stock option plan with an exercise price of \$0.32 per share with an expiry date of April 7, 2020.

GOLD REACH RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

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For the Nine Months ended December 31, 2015 and December 31, 2014**11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)**

(f) Stock options (continued):

As at December 31, 2015 outstanding vested stock options are:

Number of Options	Exercise Price	Expiry Date
240,934	\$0.50	January 7, 2016
30,000	\$0.50	May 18, 2016
170,000	\$0.65	July 14, 2016
70,000	\$0.70	September 20, 2016
923,000	\$0.60	January 3, 2017
66,000	\$0.60	March 30, 2017
150,000	\$0.83	June 12, 2017
173,429	\$1.50	June 27, 2017
92,950	\$1.41	October 31, 2017
393,359	\$1.20	March 5, 2018
127,510	\$1.30	September 3, 2018
249,573	\$1.30	October 28, 2018
50,000	\$0.80	April 11, 2019
20,000	\$0.75	July 17, 2019
152,000	\$0.32	April 7, 2020
205,000	\$0.32	April 7, 2020
145,000	\$0.19	July 10, 2020
3,258,755		

The Black-Scholes model inputs for options granted during the nine months ended December 31, 2015 included:

Grant Date	Expiry Date	Share Price At Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield
April 7, 2015	April 7, 2020	\$0.28	\$0.32	0.56	5 years	1.1554	0
May 15, 2015	April 7, 2020	\$0.25	\$0.32	0.66	5 years	1.1174	0
July 10, 2015	July 10, 2020	\$0.19	\$0.19	0.44	5 years	1.1185	0

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes for future volatility due to publicly available information.

GOLD REACH RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2015 and December 31, 2014

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(g) Contributed Surplus:

During the nine months ended December 31, 2015 \$98,770 (Year ended March 31, 2015, \$191,161) was recorded as stock-based compensation related to the granting of 502,000 incentive stock options (Year ended March 31, 2015 – 88,000), nil finder's warrants (Year ended March 31, 2015 – 79,920) and nil bonus warrants (Year ended March 31, 2015 - 500,000) and nil (Year ended March 31, 2015 - 20,000) warrants to the Wet'suwet'en. Of this amount, \$98,770 has been included as an expense in the Consolidated Statement of Comprehensive Loss and \$nil has been included in share issue costs on the Consolidated Statement of Financial Position.

A continuity of contributed surplus is as follows:

	For the Nine Months Ended December 31, 2015	For the Year Ended March 31, 2015
Balance, beginning of period	\$ 4,095,597	\$ 3,904,436
Stock-based compensation - expensed	98,770	58,069
Stock-based compensation - share issue costs	-	29,498
Stock-based compensation – bonus warrants	-	103,594
Balance, end of period	<u>\$ 4,194,367</u>	<u>\$ 4,095,597</u>

12. FINANCIAL INSTRUMENTS, MANAGEMENT OF CAPITAL AND FINANCIAL RISK

All financial instruments are included on the Company's balance sheet and measured at either fair value or amortized cost.

The Company's financial assets consist of cash and cash equivalents and amounts receivable, which are designated as loans and receivables and measured at amortized cost.

The Company's financial liabilities consist of accounts payable and accrued liabilities and due to related parties, which are designated as other financial liabilities and measured at amortized cost.

The carrying values of the Company's financial instruments measured at amortized costs approximate their fair values due to their short-term nature.

The capital of the Company consists of shareholders' equity - \$20,890,748 (March 31, 2015 - \$20,817,244).

GOLD REACH RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2015 and December 31, 2014

12. FINANCIAL INSTRUMENTS, MANAGEMENT OF CAPITAL AND FINANCIAL RISK (continued)

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements. The Company relies on capital markets to support continued growth.

13. SEGMENTED INFORMATION

During the nine months ended December 31, 2015 and for the year ended March 31, 2015 the Company operated in one reportable operating segment, being the acquisition, exploration and development of mineral properties in British Columbia. Administrative expenses and working capital balances are located in Canada.

14. NON-CASH TRANSACTIONS

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. The following transactions have been excluded from the statements of cash flows.

During the year ended March 31, 2015:

The Company incurred share issue costs of \$29,498 in relation to an issuance of 79,920 finder's warrants with an exercise price of \$0.72 and a June 3, 2016 expiry.

15. COMMITMENTS AND CONTINGENCIES

The Company is committed to an operating lease on its office premises expiring on September 30, 2016. The Company's lease commitments for the total annual basic lease rate and operating costs spanning the three months remaining in fiscal 2016, and the additional six months thereafter in fiscal 2017, are as follows:

2016	10,437
2017	21,042

16. SUBSEQUENT EVENT

On January 7, 2016, Stock Options entitling the holders thereof to acquire 290,934 common shares at \$0.50 per share expired unexercised.