ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Current Business Activities

General

Livengood Gold Project Developments

During the year ended December 31, 2014 and to the date of this report, the Company progressed on a number of opportunities, including those identified in the September 2013 Study and those subsequently developed by the Company, for optimization and with the potential for reducing Project costs. The 2014 work has developed an improved production schedule, as compared to the September 2013 Study, and generated detailed work plans for 2015. During 2014, in addition to the mine production scheduling and detailed metallurgical test work review, power supply alternatives were reviewed to determine how changing energy supply dynamics might impact the Project assumptions regarding electrical generation. Construction and operations camp alternatives were reviewed to better define the costs of supporting the manpower requirements for the Project. The Company has also continued to advance environmental baseline work in support of future permitting in order to better position the Project for a construction decision when warranted by market conditions. The 2015 work plans will include additional metallurgical tests and engineering and focus on all aspects of the Project, including confirmation of the flow sheet and optimizing the operating costs. Once defined, these operating costs will then be used to evaluate and optimize the Project configuration and capital costs, including determination of the optimum scale for the Project. The Company will also continue to advance environmental baseline work in support of future permitting and to evaluate alternatives for fresh water supply with potential to reduce Project costs.

Financing

During the fourth quarter of 2014, the Company closed a non-brokered private placement financing through the issuance of 18,245,000 common shares issued at C$0.46 per share for gross proceeds of $7,315,917. The financing closed on December 11, 2014. Total share issuance costs for this non-brokered private placement financing amounted to $24,828. This financing will allow the Company to continue to pursue opportunities for Project optimization with its 2015 work plan as further described below.

Management Change

In December 2014, the Company announced the resignation of Tom Yip, its Chief Financial Officer, effective December 31, 2014. Mr. Yip will provide transitional services to the Company as a consultant to insure financial continuity and oversight for a period of three to six months after December 31, 2014. The Company is evaluating the most cost effective structure to fill the role of chief financial officer and is searching for a replacement for Mr. Yip.

2015 Metallurgical, Field, and Engineering Work Plan

A multi-phase metallurgical test work program is underway with the following objectives:

- Optimize the gravity circuit
- Optimize the grind size and power consumption
- Optimize the reagent consumption
- Optimize the leach retention time
- Confirm the overall recoveries by rock type
- Provide additional confirmation of the Project head grades.

Review of the feasibility test work to date indicates that there is a potential that further optimization of the parameters noted above could result in capital and operating expenditure reductions for the Project. However, until this multi-phase metallurgical program has been completed, there can be no assurance that the head grade differences observed to date, or the potential process optimizations and cost savings opportunities identified, will in fact be realized.

Field work will be conducted in 2015 to advance the environmental baseline and to evaluate alternatives for fresh water supply with potential to reduce Project costs.

Once the test work and field work is completed and the process costs are better defined, these costs will then serve as input to an engineering phase that will evaluate and optimize the Project configuration and capital and operating expenditures, including determining the optimum scale for the Project, any of which may be different than that assumed in the September 2013 Study.

Summary of Quarterly Results

Description	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Net loss	$ (1,654,469)	$ (1,170,906)	$ (1,431,402)	$ (3,510,319)
Basic and diluted net loss per common share	$ (0.02)	$ (0.01)	$ (0.01)	$ (0.04)

	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Net loss	$ (1,022,387)	$ (4,124,761)	$ (642,050)	$ (4,063,282)
Basic and diluted net loss per common share	$ (0.01)	$ (0.04)	$ (0.01)	$ (0.04)

Significant fluctuations in the Company's quarterly net loss have mainly been the result of changes in the valuation of the Company's derivative liability. The fluctuation in the derivative liability is caused by changes in the price of gold during the period along with the expected price of gold through the term of the derivative liability which is payable in January 2017. The following table presents the unrealized gain or loss on the valuation of the derivative for each quarterly period during the years ended December 31, 2014 and 2013:

Three months ended:	2014 Unrealized Gain/(Loss)	2013 Unrealized Gain/(Loss)
March 31	$ (1,500,000)	$ 1,500,000
June 30	$ 800,000	$ 4,200,000
September 30	$ 400,000	$ -
December 31	$ 400,000	$ 1,900,000

Results of Operations

Year ended December 31, 2014 compared to Year ended December 31, 2013

The Company had cash and cash equivalents of $13,521,473 at December 31, 2014 compared to $13,925,601 at December 31, 2013. The Company incurred a net loss of $7,767,096 for the year ended December 31, 2014, compared to a net loss of $9,852,480 for the year ended December 31, 2013. The following discussion highlights certain selected financial information and changes in operations between the year ended December 31, 2014 and the year ended December 31, 2013.

Mineral property exploration expenses for the year ended December 31, 2014 totaled $2,631,974. During the year ended December 31, 2013 total mineral property exploration expenses were $8,188,995. Mineral property expenses during 2014 were comprised of costs related to environmental baseline data gathering, land maintenance payments and process engineering and metallurgical studies performed to progress the identified opportunities of the Project. Mineral property expenses during 2013 were comprised of costs related to process engineering and metallurgical studies performed to support the completion and filing of the September 2013 Study and environmental baseline data gathering.

Share-based payment charges were $1,285,385 during the year ended December 31, 2014 compared to $3,564,273 during the year ended December 31, 2013. The decrease in share-based payment charges during the period was mainly the result of stock option grants in 2014 at a lower fair value, cancellation of certain options during 2014 and vesting of prior stock option grants during 2013. The Company granted 2,480,000 options during the year ended December 31, 2014 compared to 613,000 options during the year ended December 31, 2013. At December 31, 2014 there was unrecognized compensation expense of $266,229 related to non-vested options outstanding. The cost is expected to be recognized over a weighted-average remaining period of approximately 0.93 years.

Share based payment charges were allocated as follows:

Expense category:	**Year ended December 31, 2014**	**Year ended December 31, 2013**
Consulting	$ 91,584	$ 1,030,439
Investor relations	67,923	40,935
Wages and benefits	1,125,878	2,492,899
	$ 1,285,385	$ 3,564,273

Excluding share-based payment charges of $1,125,878 and $2,492,899, respectively, wages and benefits decreased to $2,820,873 for the year ended December 31, 2014 from $4,370,814 for the year ended December 31, 2013. A decrease in severance expense of approximately $230,000 from 2013 to 2014 along with decreased personnel during the year ended December 31, 2014 contributed to lower wages and benefits expenses At December 31, 2013 the Company reduced its full time staff by approximately 30%.

Excluding share-based payments, all other operating expense categories reflected only moderate changes period over period.

Other items amounted to income of $606,192 during the year ended December 31, 2014 compared to income of $8,322,291 in the year ended December 31, 2013. Total other income in 2014 resulted from the unrealized gain on the revaluation of the derivative liability of $100,000. This unrealized gain was caused by the decrease in the price per ounce of gold during 2014 and is compared to a gain of $7,600,000 during 2013 which resulted from a greater decrease in the price of gold during 2013. In addition to the unrealized gain on the derivative liability, the Company had a foreign exchange gain of $453,161 during the year ended December 31, 2014 compared to a gain of $917,301 during the year ended December 31, 2013 as a result of the impact of exchange rates on certain of the Company's U.S. dollar cash balances. Total other income in 2013 was partially offset by a loss of $298,769 related to the other than temporary impairment of certain available-for-sale securities. The available-for-sale securities were deemed to be other than temporarily impaired based on the fair market value of the securities combined with a continued lack of liquidity.

Year ended December 31, 2013 compared to Year ended December 31, 2012

The Company had cash and cash equivalents of $13,925,601 at December 31, 2013 compared to $30,170,905 at December 31, 2012. The Company incurred a net loss of $9,852,480 for the year ended December 31, 2013, compared to a net loss of $56,643,462 for the year ended December 31, 2012. The following discussion highlights certain selected financial information and changes in operations between the year ended December 31, 2013 and the year ended December 31, 2012.

Mineral property exploration expenses for the year ended December 31, 2013 totaled $8,188,995. During the year ended December 31, 2012 total mineral property exploration expenses were $36,253,519 and the Company acquired mineral property assets of $2,127,693. Mineral property expenses during 2013 were comprised of costs related to process engineering and metallurgical studies performed to support the completion and filing of the September 2013 Study and environmental baseline data gathering. Mineral property expenses incurred during 2012 were significantly higher due to geotechnical and condemnation drilling programs as well as an extensive metallurgical test program that took place in 2012. Mineral property expenses during 2012 were comprised of costs related to drilling for geotechnical investigations, environmental baseline data gathering, field costs and engineering in support of data development for completion of the September 2013 Study.

Share-based payment charges were $3,564,273 during the year ended December 31, 2013 compared to $9,206,975 during the year ended December 31, 2012. The decrease in share-based payment charges during the period was mainly the result of stock option grants to new employees and vesting of prior stock option grants during 2012. The Company granted 613,000 options during the year ended December 31, 2013 compared to 6,380,000 options during the year ended December 31, 2012. At December 31, 2013 there was unrecognized compensation expense of $773,275 related to non-vested options outstanding. The cost was expected to be recognized over a weighted-average remaining period of approximately 0.68 years.

Share based payment charges were allocated as follows:

Expense category:	Year ended December 31, 2013	Year ended December 31, 2012
Consulting	$ 1,030,439	$ 2,288,148
Investor relations	40,935	167,009
Professional fees	-	395
Wages and benefits	2,492,899	6,751,423
	$ 3,564,273	$ 9,206,975

Excluding share-based payment charges of $2,492,899 and $6,751,423, respectively, wages and benefits decreased to $4,370,814 for the year ended December 31, 2013 from $6,891,635 for the year ended December 31, 2012. No management bonuses were paid during the year ended December 2013 compared to bonuses of approximately $830,000 paid in 2012. Also, a decrease in severance payments of approximately $400,000 from 2012 to 2013 along with decreased personnel during the year ended December 31, 2013 contributed to lower wages and benefits expenses.

Excluding share-based payment charges of $1,030,439 and $2,288,148, respectively, consulting fees decreased to $314,139 for the year ended December 31, 2013 from $1,022,277 for the year ended December 31, 2012. Consulting fees to the former interim Chief Executive Officer were approximately $40,000 during the year ended December 31, 2013 compared to approximately $390,000 during the year ended December 31, 2012. Additionally, combined decreases in directors fees, recruiting fees and compensation consulting fees amounted to approximately $200,000 during the year ended 2013.

Professional fees decreased by $145,546 during the year ended December 31, 2013 due to additional legal fees incurred during the year ended December 31, 2012 related to the review and development of compensation plans.

All other operating expense categories reflected only moderate change period over period.

Other items amounted to income of $8,322,291 during the year ended December 31, 2013 compared to a loss of $1,058,082 in the year ended December 31, 2012. The income amount in 2013 resulted from the unrealized gain on the revaluation of the derivative liability of $7,600,000 for the year ended December 31, 2013. This unrealized gain was caused by the decrease in the price per ounce of gold during 2013 which is used to value the derivative liability. In addition to the unrealized gain on the derivative liability, the Company had a foreign exchange gain of $917,301 during the year ended December 31, 2013 compared to a gain of $68,113 during the year ended December 31, 2012 as a result of the impact on the Company's U.S. dollar cash balances of an increase in the value of the Canadian dollar compared to the U.S. dollar.

The increase in other income was partially offset by a loss of $298,769 related to the other than temporary impairment of certain available-for-sale securities during the year ended December 31, 2013. The available-for-sale securities were deemed to be other than temporarily impaired based on the fair market value of the securities combined with a continued lack of liquidity. Income of $290,552 from mineral property earn-in was recognized during the year ended December 31, 2012 which was related to the Terra and Chisna properties transferred to Corvus in 2010 compared to no mineral property earn-in income for the year ended December 31, 2013. Interest income during the year ended December 31, 2013 was lower than during the year ended December 31, 2012 by approximately $80,000 due to lower cash balances in 2013.

Liquidity and Capital Resources

The Company has no revenue generating operations from which it can internally generate funds. To date, the Company's ongoing operations have been predominantly financed through sale of its equity securities by way of private placements and the subsequent exercise of share purchase and broker warrants and options issued in connection with such private placements. However, the exercise of warrants/options is dependent primarily on the market price and overall market liquidity of the Company's securities at or near the expiry date of such warrants/options (over which the Company has no control) and therefore there can be no guarantee that any existing warrants/options will be exercised. There are currently no warrants outstanding.

As at December 31, 2014, the Company reported cash and cash equivalents of $13,521,473 compared to $13,925,601 at December 31, 2013. The decrease of approximately $0.4 million resulted mainly from expenditures on the Livengood Gold Project of approximately $6.8 million and a negative foreign currency translation impact of approximately $0.9 million offset by net proceeds from financing of approximately $7.3 million. The Company continues to utilize its cash resources to pursue opportunities identified in the September 2013 Study and subsequently identified by the Company, to fund environmental activities required for preservation of baseline database and future permitting as well as to complete corporate administrative requirements.

Investing activities during the year ended December 31, 2014 comprised of solely the transfer of restricted cash to capitalized acquisition costs for land acquisitions that closed in January 2014. During the year ended December 31, 2013 the investing activity was for the increase in restricted cash related to cash in escrow for the land acquisitions closed during January 2014. Investing activities during the year ended December 31, 2012 comprised primarily of mineral property acquisitions of $2,127,693. Mineral property acquisitions during 2012 related to certain mining claims and related rights in the vicinity of the Livengood Gold Project.

Financing activities during the year ended December 31, 2014 provided proceeds of $7,291,089 from the closing of a non-brokered private placement of common shares in December 2014. Total common shares issued in the financing were 18,245,000 at a price of C$0.46 for gross proceeds of $7,315,917. Total share issuance costs were $24,828. The Company had no cash flows from financing activities during the year ended December 31, 2013. Financing activities provided $29,214,249 during the year ended December 31, 2012 on the issuance of common shares through a non-brokered private placement. During the third quarter of 2012, the Company closed a non-brokered private placement financing through the issuance of 11,384,719 common shares. The shares were issued in two stages. The first stage closed on August 3, 2012 and consisted of 9,458,308 common shares issued at C$2.60 per share for gross proceeds of $24,626,029. The second stage of the offering closed on September 17, 2012 and consisted of 1,926,411 common shares issued at C$2.5955 per share for gross proceeds of $5,142,500. The Company paid a cash finder's fee of 4% of gross proceeds in connection with C$10,000,000 of the total offering. Total share issuance costs for this non-brokered private placement financing amounted to $554,280.

As at December 31, 2014, the Company had working capital of $12,614,361 compared to working capital of $12,699,227 at December 31, 2013. The Company expects that it will operate at a loss for the foreseeable future, but believes the current cash and cash equivalents will be sufficient for it to complete its anticipated 2015 work plan at the Livengood Gold Project and satisfy its currently anticipated general and administrative costs, through the 2015 fiscal year and well into 2016. To advance the Livengood Gold Project towards permitting and development, the Company anticipates maintaining certain essential development activities for the fiscal year ending December 31, 2015. These essential activities include maintaining environmental baseline data that in its absence could materially delay future permitting of the Livengood Gold Project. Due to the potential importance of the 2014 head grade evaluation to the Project, a significant multi-phase metallurgical test work program has begun in an attempt to validate the observed higher calculated head grades. The Company anticipates spending approximately $10 million during fiscal year 2015 on metallurgicalwork and project engineering as well as to maintain the environmental baseline activity, and perform required general and administrative duties.

The Company will require significant additional financing to continue its operations (including general and administrative expenses) in connection with advancing activities at the Livengood Gold Project, the contingent payment due in January 2017 and the development of any mine that may be determined to be built at the Livengood Gold Project, and there is no assurance that the Company will be able to obtain the additional financing required on acceptable terms, if at all. In addition, any significant delays in the issuance of required permits for the ongoing work at the Livengood Gold Project, or unexpected results in connection with the ongoing work, could result in the Company being required to raise additional funds to advance permitting efforts. The Company's review of its financing options includes pursuing a future strategic alliance to assist in further development, permitting and future construction costs.

Despite the Company's success to date in raising significant equity financing to fund its operations, there is significant uncertainty that the Company will be able to secure any additional financing in the current or future equity markets. See "Risk Factors – We will require additional financing to fund exploration and, if warranted, development and production. Failure to obtain additional financing could have a material adverse effect on our financial condition and results of operation and could cast uncertainty on our ability to continue as a going concern." The quantity of funds to be raised and the terms of any proposed equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. Specific plans related to the use of proceeds will be devised once financing has been completed and management knows what funds will be available for these purposes. Due to this uncertainty, if the Company is unable to secure additional financing, it may be required to reduce all discretionary activities at the Project to preserve its working capital to fund anticipated non-discretionary expenditures beyond the 2015 fiscal year.

Other than cash held by its subsidiaries for their immediate operating needs in Alaska and Colorado, all of the Company's cash reserves are on deposit with a major Canadian chartered bank. The Company does not believe that the credit, liquidity or market risks with respect thereto have increased as a result of the current market conditions. However, to achieve greater security for the preservation of its capital, the Company has, of necessity, been required to accept lower rates of interest which has also lowered its potential interest income.

Contractual Obligations and Commitments

The following table discloses, as of December 31, 2014, the Company's contractual obligations including anticipated mineral property payments and work commitments and committed office and equipment lease obligations. Under the terms of the Company's mineral property purchase agreements, mineral leases and the terms of the unpatented mineral claims held by it, the Company is required to make certain scheduled acquisition payments, incur certain levels of expenditures, make lease or advance royalty payments, make payments to government authorities and incur assessment work expenditures as summarized in the table below in order to maintain and preserve the Company's interests in the related mineral properties. If the Company is unable or unwilling to make any such payments or incur any such expenditures, it is likely that the Company would lose or forfeit its rights to acquire or hold the related mineral properties. The following table assumes that the Company retains the rights to all of its current mineral properties, but no other lease purchase or royalty buyout options:

	Payments Due by Year						
	2015	2016	2017	2018	2019	2020 and beyond	Total
Livengood Property Purchase[1]	$ -	$ -	$ 14,700,000	$ -	$ -	$ -	$ 14,700,000
Mineral Property Leases[2]	412,398	417,309	422,294	427,353	437,488	442,701	2,559,543
Mining Claim Government Fees	115,205	77,230	77,230	77,230	77,230	77,230	501,355
Office and Equipment Lease Obligations	86,584	-	-	-	-	-	86,584
Total	$ 614,187	$ 494,539	$ 15,199,524	$ 504,583	$ 514,718	$ 519,931	$ 17,847,482

1. The amount payable in January 2017 of $14,700,000 represents the fair value of the Company's derivative liability as at December 31, 2014 and will be revalued at each subsequent reporting period.
2. Does not include required work expenditures, as it is assumed that the required expenditure level is significantly below the work which will actually be carried out by the Company. Does not include potential royalties that may be payable (other than annual minimum royalty payments).

Off-Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements.

Critical Accounting Policies

Mineral properties and exploration and evaluation expenditures

The Company's mineral project is currently in the exploration and evaluation phase. Mineral property acquisition costs are capitalized when incurred. Mineral property exploration costs are expensed as incurred. At such time that the Company determines that a mineral property can be economically developed, subsequent mineral property expenses will be capitalized during the development of such property.

The Company assesses interests in exploration properties for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Impairment analysis includes assessment of the following circumstances: a significant decrease in the market price of a long-lived asset or asset group; a significant adverse change in the extent or manner in which a long-lived asset or asset group is being used or in its physical condition; a significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset or asset group, including an adverse action or assessment by a regulator; an accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset or asset group; a current-period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset or asset group; a current expectation that, more likely than not, a long-lived asset or asset group will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. The term more likely than not refers to a level of likelihood that is more than 50%.

The Company's assessment of impairment related to its capitalized acquisition costs at December 31, 2014 was based on estimated undiscounted future cash flows expected to result from the use and eventual disposition of these assets. The assessment took into account the Company's expectation for the future price of gold as well as the probability of achieving certain opportunities to enhance the economics of the Livengood Gold Project as set out in the Company's September 2013 Study and as subsequently developed by the Company. Based on this assessment, no impairments were recorded at December 31, 2014.

Derivative

Derivative financial liabilities include the Company's future contingent payment valued using estimated future gold prices. Derivatives are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting period with changes in the fair value recognized in profit and loss. Fluctuations in the Company's derivative liability are driven by the price of gold during the current period and the forecasted price of gold to the end of the term of the liability in December 2016, which is payable in January 2017.

Stock-based compensation

The Company follows the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification Section 718 "Compensation - Stock Compensation", which establishes accounting for equity based compensation awards to be accounted for using the fair value method. The Company uses the Black-Scholes option pricing model to determine the grant date fair value of the awards. Compensation expense is measured at the grant date and recognized over the requisite service period, which is generally the vesting period.

Recently Issued Accounting Pronouncements

In June 2014, the FASB issued Accounting Standards Update 2014-12, Compensation - Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period ("ASU 2014-12"). The amendments in ASU 2014-12 require that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. A reporting entity should apply existing guidance in ASC 718, as it relates to awards with performance conditions that affect vesting to account for such awards. The amendments in ASU 2014-12 are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Early adoption is permitted. The adoption of ASU 2014-12 is not expected to have a material impact on our financial position, results of operations or cash flows.

Recently Adopted Accounting Pronouncements

In June 2014, the FASB issued Accounting Standards Update 2014-10, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements ("ASU 2014-10"). ASU 2014-10 eliminates the distinction of a development stage entity and certain related disclosure requirements, including the elimination of inception-to-date information on the statements of operations, cash flows and stockholders' equity. The amendments in ASU 2014-10 are effective for annual reporting periods beginning after December 15, 2014, and interim periods within those annual periods. Early adoption of this standard is permitted and the Company adopted the provisions of ASU 2014-10 during the quarter ended June 30, 2014. The adoption of ASU 2014-10 impacts the presentation of the statements of operations and comprehensive income and the statements of cash flows as these statements no longer contain financial information from the inception of the Company to the date of the financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The Company has exposure to market risk in areas of interest rate risk, foreign currency exchange rate risk, concentration of credit risk and other price risk.

Interest Rate Risk

Interest rate risk consists of the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's cash and cash equivalents consists of cash and cash equivalents held in bank accounts in the United States and Canada and short term deposit certificates or Guaranteed Investment Certificates with a major Canadian financial institution that earn interest at variable interest rates. Future cash flows from interest income on cash and cash equivalents will be affected by interest rate fluctuations. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values.

At December 31, 2014, the Company held a total of $11,838,462 cash equivalents which consist of interest saving accounts and Guaranteed Investment Certificates.

The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. The Company's sensitivity analysis suggests that a 0.5% change in interest rates would affect interest income by approximately $35,000.

Foreign Currency Risk

The Company is exposed to foreign currency risk to the extent that certain monetary financial instruments and other assets are denominated in Canadian dollars. As the majority of the Company's assets, aside from cash, are denominated in U.S. dollars, currency risk is limited to those Canadian cash balances. The Company has not entered into any foreign currency contracts to mitigate this risk. The Company's sensitivity analysis suggests that a consistent 5% change in the absolute rate of exchange for the Canadian dollar would affect net assets by approximately $300,000. Furthermore, depending on the amount of cash held by the Company in Canadian dollars at the end of each reporting period using the period end exchange rate, significant changes in the exchange rates could cause significant changes to the currency translation amounts recorded to accumulated other comprehensive income.

As at December 31, 2014, Canadian dollar balances were converted at a rate of C$1 to $0.8620.

Credit Risk

Concentration of credit risk exists with respect to the Company's Canadian cash and cash equivalents as all amounts are held at one major Canadian financial institution. Credit risk with regard to cash held in the United States is mitigated as the amount held in the United States is only sufficient to cover short-term requirements. With respect to receivables at December 31, 2014, the Company is not exposed to significant credit risk as the receivables are principally interest accruals.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign exchange risk. The Company's investment in marketable securities is exposed to such risk. The Company's derivative liability, which consists of a future contingent payment valued using estimated future gold prices, is also exposed to other price risk. See Note 6 of the notes to consolidated financial statements included elsewhere in this Annual Report on Form 10-K. The fair value of this liability will fluctuate with the average daily price of gold as well as with future projections for the average price of gold over the life of the obligation. For every dollar change in the average daily price of gold, the value of the derivative liability will change by $23,148.