

EMPIRE ROCK MINERALS INC.

(formerly Ultra Resources Corp.)

Consolidated Financial Statements

Years Ended December 31, 2015 and 2014

(Expressed in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Empire Rock Minerals Inc. (formerly Ultra Resources Corp.)

We have audited the accompanying consolidated financial statements of Empire Rock Minerals Inc. which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 involves evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Empire Rock Minerals Inc. as at December 31, 2015 and 2014 and its financial performance and its 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 of the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Ultra Resources Corp. to continue as a going concern.



Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

April 27, 2016

EMPIRE ROCK MINERALS INC.

(formerly Ultra Resources Corp.)

Consolidated statements of financial position

(Expressed in Canadian dollars)

	December 31, 2015 \$	December 31, 2014 \$ (Restated - Note 15)
Assets		
Current assets		
Cash	860	3,539
Marketable securities (Note 3)	43,138	25,569
Amounts receivable	12,063	10,813
Prepaid expenses	2,500	—
Due from related party (Note 7)	9,010	9,010
Total current assets	67,571	48,931
Non-current assets		
Exploration and evaluation assets (Note 4)	2,634,771	3,064,994
Total assets	2,702,342	3,113,925
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	1,128,826	813,202
Loans payable (Note 6)	601,069	264,442
Total current liabilities	1,729,895	1,077,644
Non-current liabilities		
Loan payable (Note 6)	—	250,000
Total liabilities	1,729,895	1,327,644
Shareholders' equity		
Share capital	15,249,326	15,018,276
Share-based payment reserve	1,990,019	1,990,019
Share subscriptions receivable	—	(75,000)
Deficit	(16,266,898)	(15,147,014)
Total shareholders' equity	972,447	1,786,281
Total liabilities and shareholders' equity	2,702,342	3,113,925

Nature of operations and continuance of business (Note 1)

Subsequent events (Note 16)

Approved and authorized for issuance on behalf of the Board of Directors on April 27, 2016:

/s/ John Brydle

John Brydle, Director

/s/ Lisa Chapman

Lisa Chapman, Director

(The accompanying notes are an integral part of these consolidated financial statements)

EMPIRE ROCK MINERALS INC.

(formerly Ultra Resources Corp.)

Consolidated statements of operations and comprehensive loss

(Expressed in Canadian dollars)

	Year ended December 31, 2015 \$	Year ended December 31, 2014 \$ (Restated - Note 15)
Expenses		
Bad debts	2,000	—
Consulting fees	—	17,158
Impairment of exploration and evaluation assets (Note 4)	695,090	—
Interest and bank charges (Note 7)	178,452	90,888
Management fees (Note 7)	30,000	30,000
Office and miscellaneous (Note 7)	112,906	54,433
Professional fees (Note 7)	88,550	91,550
Property investigation costs	—	1,355
Rent (Note 7)	33,600	33,600
Salaries	10,729	—
Transfer agent and filing fees	19,912	15,260
Travel and promotion	9,996	14,273
Total expenses	1,181,235	348,517
Loss before other income (expense)	(1,181,235)	(348,517)
Other income (expense)		
Unrealized gain (loss) on marketable securities (Note 3)	17,569	(10,568)
Write-off of accounts payable	43,782	—
Total other income (expense)	61,351	(10,568)
Net loss and comprehensive loss for the year	(1,119,884)	(359,085)
Loss per share, basic and diluted	(0.12)	(0.05)
Weighted average shares outstanding	9,109,767	6,761,990

(The accompanying notes are an integral part of these consolidated financial statements)

EMPIRE ROCK MINERALS INC.

(formerly Ultra Resources Corp.)

Consolidated statements of changes in equity

(Expressed in Canadian dollars)

	Share capital		Share-based payment reserve	Share subscriptions receivable	Deficit	Total shareholders' equity
	Number of shares	Amount \$	\$	\$	\$	\$
Balance, December 31, 2013	6,642,905	14,724,276	1,990,019	—	(14,787,929)	1,926,366
Shares issued to acquire an exploration and evaluation asset	733,333	44,000	—	—	—	44,000
Shares issued pursuant to private placement – non flow-through	666,666	100,000	—	—	—	100,000
Shares issued pursuant to private placement – flow-through	1,000,000	150,000	—	—	—	150,000
Share subscriptions receivable	—	—	—	(75,000)	—	(75,000)
Net loss for the year	—	—	—	—	(359,085)	(359,085)
Balance, December 31, 2014 (Restated – Note 15)	9,042,904	15,018,276	1,990,019	(75,000)	(15,147,014)	1,786,281
Shares issued to acquire an exploration and evaluation asset	645,000	31,050	—	—	—	31,050
Shares issued pursuant to private placement – non flow-through	1,000,000	50,000	—	—	—	50,000
Shares issued pursuant to private placement – flow-through	3,000,000	150,000	—	—	—	150,000
Share subscriptions received	—	—	—	75,000	—	75,000
Net loss for the year	—	—	—	—	(1,119,884)	(1,119,884)
Balance, December 31, 2015	13,687,904	15,249,326	1,990,019	—	(16,266,898)	972,447

(The accompanying notes are an integral part of these consolidated financial statements)

EMPIRE ROCK MINERALS INC.

(formerly Ultra Resources Corp.)

Consolidated statements of cash flows

(Expressed in Canadian dollars)

	Year ended December 31, 2015 \$	Year ended December 31, 2014 \$ (Restated - Note 15)
Operating activities		
Net loss for the year	(1,119,884)	(359,085)
Items not involving cash:		
Impairment of exploration and evaluation assets	695,090	—
Unrealized loss (gain) on marketable securities	(17,569)	10,568
Write-off of accounts payable	(43,782)	—
Changes in non-cash operating working capital:		
Amounts receivable	(1,250)	(3,669)
Prepaid expenses	(2,500)	—
Accounts payable and accrued liabilities	225,986	218,227
Net cash used in operating activities	(263,909)	(133,959)
Investing activities		
Advances to a related party	—	(40,000)
Repayments from a related party	—	30,990
Exploration and evaluation asset expenditures	(100,397)	(31,993)
Net cash used in investing activities	(100,397)	(41,003)
Financing activities		
Proceeds from loans payable	97,270	174,741
Repayments of loans payable	(10,643)	(175,360)
Proceeds from issuance of common shares and share subscriptions received	275,000	175,000
Net cash provided by financing activities	361,627	174,381
Decrease in cash	(2,679)	(581)
Cash, beginning of year	3,539	4,120
Cash, end of year	860	3,539
Non-cash investing and financing activities:		
Exploration and evaluation asset expenditures included in accounts payable	133,420	111,110
Promissory note issued for the acquisition of exploration and evaluation assets	—	250,000
Shares issued for the acquisition of exploration and evaluation assets	31,050	44,000
Supplemental disclosures:		
Interest paid	—	—
Income taxes paid	—	—

(The accompanying notes are an integral part of these consolidated financial statements)

EMPIRE ROCK MINERALS INC.

(formerly Ultra Resources Corp.)

Notes to the consolidated financial statements

December 31, 2015

(Expressed in Canadian dollars)

1. Nature of Operations and Continuance of Business

Empire Rock Minerals Inc. (formerly Ultra Resources Corp.) (the “Company”) was incorporated in the province of British Columbia. On October 22, 2015, the Company changed its name to Empire Rock Minerals Inc. The Company’s registered address is Suite 702, 889 West Pender Street, Vancouver, BC, V6C 3B2.

The Company is an exploration stage company in the process of exploring its mineral properties in Canada and Slovakia and has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of amounts spent for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its property, and upon future profitable production or proceeds from disposition of the properties. The operations of the Company will require various licences and permits from various governmental authorities which are or may be granted subject to various conditions and may be subject to renewal from time to time. There can be no assurance that the Company will be able to comply with such conditions and obtain or retain all necessary licences and permits that may be required to carry out exploration, development, and mining operations at its projects. Failure to comply with these conditions may render the licences liable to forfeiture.

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2015, the Company has not generated any revenues from operations, has a working capital deficiency of \$1,662,324, and has an accumulated deficit of \$16,266,898. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is pursuing additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Basis of Presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board on a going concern basis.

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Beckov Minerals, s.r.o, a company incorporated in Slovakia. All significant inter-company balances and transactions have been eliminated on consolidation

These consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is the Company’s functional currency.

(b) Use of Estimates and Judgments

The preparation of the consolidated financial statements in conformity with IFRS requires the Company’s management to make estimates and assumptions that affect the amounts reported in the financial statements and the related notes to the financial statements. Significant financial statement items which involve the use of estimates include the fair value of share-based payments, recoverability of exploration and evaluation assets, and unrecognized deferred income tax assets. Actual results could differ from those estimates.

EMPIRE ROCK MINERALS INC.

(formerly Ultra Resources Corp.)

Notes to the consolidated financial statements

December 31, 2015

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(b) Use of Estimates and Judgments (continued)

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions may change if new information becomes available. If information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of operations in the period when the new information becomes available.

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

(c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(d) Exploration and Evaluation Expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are charged to operations.

Exploration and evaluation assets are assessed for impairment if: (i) sufficient data exists to determine technical feasibility and commercial viability; and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Mineral Property Options

The Company does not record any expenditures made by the optionee in its accounts. It also does not recognize any gain or loss on its exploration and evaluation option arrangements but re-designates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the optionee is credited against costs previously capitalized.

EMPIRE ROCK MINERALS INC.

(formerly Ultra Resources Corp.)

Notes to the consolidated financial statements

December 31, 2015

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(e) Impairment of Non-Current Assets

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there are any indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. The recoverable amount is determined as the higher of fair value less direct costs to sell and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. Estimated future cash flows are calculated using estimated recoverable reserves, estimated future commodity prices and the expected future operating and capital costs. The pre-tax discount rate applied to the estimated future cash flows reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount through an impairment charge to the statement of operations.

Assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed. When an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation, depletion and amortization) had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of impairment is recognized as a gain in the statement of operations.

(f) Reclamation and Remediation Provisions

The Company recognizes a provision for statutory, contractual, constructive or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability including risks specific to the countries in which the related operation is located.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mineral properties, plant and equipment. These costs are depreciated using either the unit-of-production or straight-line method depending on the asset to which the obligation relates.

The obligation is increased for the accretion and the corresponding amount is recognized as a finance expense. The obligation is also adjusted for changes in the estimated timing, amount of expected future cash flows, and changes in the discount rate. Such changes in estimates are added to or deducted from the related asset except where deductions are greater than the carrying value of the related asset in which case, the amount of the excess is recognized in the statement of operations.

EMPIRE ROCK MINERALS INC.

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Notes to the consolidated financial statements

December 31, 2015

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(f) Reclamation and Remediation Provisions (continued)

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases, changes in interest rates, and as new information concerning the Company's closure and reclamation obligations becomes available.

(g) Financial Instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in the statement of operations. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company's cash and marketable securities are classified as fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to the statement of operations. The Company does not have any assets classified as available-for-sale.

EMPIRE ROCK MINERALS INC.

(formerly Ultra Resources Corp.)

Notes to the consolidated financial statements

December 31, 2015

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(g) Financial Instruments (continued)

(i) Non-derivative financial assets (continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables are comprised of amounts receivable.

Impairment of financial assets

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to the statement of operations in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through the statement of operations are not reversed through the statement of operations. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

EMPIRE ROCK MINERALS INC.

(formerly Ultra Resources Corp.)

Notes to the consolidated financial statements

December 31, 2015

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(g) Financial instruments (continued)

(ii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities, and loans payable.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(iii) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(h) Foreign Currency Translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the statement of operations.

(i) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

EMPIRE ROCK MINERALS INC.

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Notes to the consolidated financial statements

December 31, 2015

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(i) Income Taxes (continued)

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(j) Flow-through Shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the deferred income tax liability associated with the renounced tax deductions is recognized in the statement of operations with a pro-rata portion of the deferred premium.

(k) Comprehensive Loss

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of operations.

(l) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at December 31, 2015, the Company had 9,663,637 (2014 – 5,708,081) potentially dilutive shares outstanding.

(m) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

EMPIRE ROCK MINERALS INC.

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December 31, 2015

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(m) Share-based Payments (continued)

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled, share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

The fair value of the options is measured at the grant date using the Black-Scholes option pricing model. The fair value is recognized as an expense over the vesting period, which is the period over which all of the specified vesting conditions are satisfied with a corresponding increase in equity. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period. Non-market vesting conditions are considered in making assumptions about the number of awards that are expected to vest. When the options are exercised, any proceeds received are credited to share capital along with the amount reflected in share-based payment reserve.

(n) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2015, and have not been applied in preparing these consolidated financial statements.

New standard IFRS 9, "Financial Instruments"

Amended standard IAS 1, "Presentation of Financial Statements"

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. Marketable Securities

	2014 Fair value \$	Additions \$	Disposals \$	Unrealized gain \$	2015 Fair value \$
Marketable securities	25,569	—	—	17,569	43,138

	2013 Fair value \$	Additions \$	Disposals \$	Unrealized loss \$	2014 Fair value \$
Marketable securities	36,137	—	—	(10,568)	25,569

As at December 31, 2015, the Company held 728,444 shares of Leeta Gold Corp. ("Leeta") with a fair value of \$29,138 (2014 - \$14,569). Leeta is a public company with two common directors.

EMPIRE ROCK MINERALS INC.

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December 31, 2015

(Expressed in Canadian dollars)

4. Exploration and Evaluation Assets

	Anne Mark/ Plata North \$	Buck Lake \$	Gwyn Lake \$	Horka \$	Graphite West \$	NAP and Jordain \$	Total \$
<i>Acquisition costs</i>							
Balance, December 31, 2014	286,305	442,235	153,350	50,836	—	—	932,726
Additions	—	—	—	—	47,000	28,050	75,050
Impairment	(286,305)	—	—	(50,836)	—	—	(337,141)
Balance, December 31, 2015	—	442,235	153,350	—	47,000	28,050	670,635
<i>Exploration costs</i>							
Balance, December 31, 2014	44,599	952,345	821,974	313,350	—	—	2,132,268
Assays (Note 7)	—	4,797	1,520	—	—	—	6,317
Claims maintenance	—	—	1,600	—	—	—	1,600
Equipment rental	—	—	—	—	—	—	—
Geological consulting (Note 7)	—	128,000	47,122	—	—	—	175,122
Travel and accommodations (Note 7)	—	—	6,778	—	—	—	6,778
Impairment	(44,599)	—	—	(313,350)	—	—	(357,949)
Balance, December 31, 2015	—	1,085,142	878,994	—	—	—	1,964,136
Net carrying value, December 31, 2015	—	1,527,377	1,032,344	—	47,000	28,050	2,634,771

	Anne Mark/ Plata North \$	Buck Lake \$	Gwyn Lake \$	Horka \$	Total \$
<i>Acquisition costs</i>					
Balance, December 31, 2013	258,115	148,235	153,350	50,836	610,536
Additions	28,190	294,000	—	—	322,190
Balance, December 31, 2014	286,305	442,235	153,350	50,836	932,726
<i>Exploration costs</i>					
Balance, December 31, 2013	44,599	874,287	787,619	310,850	2,017,355
Assays (Note 7)	—	5,280	1,520	—	6,800
Claims maintenance	—	—	400	—	400
Equipment rental (Note 7)	—	2,950	5,115	—	8,065
Geological consulting (Note 7)	—	65,929	26,186	2,500	94,615
Travel and accommodations (Note 7)	—	3,899	1,134	—	5,033
Balance, December 31, 2014	44,599	952,345	821,974	313,350	2,132,268
Net carrying value, December 31, 2014	330,904	1,394,580	975,324	364,186	3,064,994

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4. Exploration and Evaluation Assets (continued)

Anne Mark and Plata North Claims - Yukon Territory, Canada

The Company has been granted an option by Bluenose Gold Corp. ("Bluenose") to acquire an 80% interest in the Anne Mark and Plata North claims located in the Mayo Mining Division of Yukon Territory in consideration for cash payments totalling \$500,000, and the issuance of 1,000,000 common shares of the Company over five years as follows:

Shares to be issued:

- 333,333 shares to be issued upon TSX approval of the option agreement (issued November 18, 2009);
- 333,333 shares to be issued on or before November 1, 2010 (issued October 26, 2010); and
- 333,334 shares to be issued on or before November 1, 2014 (extended).

Cash to be paid:

- \$25,000 upon TSX approval of the option agreement (paid November 13, 2009);
- \$25,000 on or before February 28, 2010 (paid January 29, 2010);
- \$50,000 on or before February 28, 2011 (paid February 28, 2011);
- \$100,000 on or before February 28, 2012 (extended);
- \$100,000 on or before February 28, 2013 (extended); and
- \$200,000 on or before February 28, 2014 (extended).

The properties are subject to a 2% net smelter royalty. The Company will be responsible for incurring \$1,200,000 in exploration expenditures on the properties prior to Bluenose contributing exploration financing to maintain its interest.

On November 4, 2015, the Company terminated this option agreement and recognized an impairment of \$330,904.

Buck Lake Property

The Company had a 100% interest, subject to a 2.5% net smelter royalty, in the Buck Lake Project located in the Thunder Bay Mining Division, Ontario. The Company entered into a property option agreement (the "Agreement") with Goldbank Mining Corporation ("Goldbank"), a public company having directors in common, for Goldbank to acquire up to 90% of the Company's interest. To earn a 51% interest, Goldbank issued 1,000,000 common shares to the Company (issued in 2011). Goldbank can acquire an additional 24% interest by issuing to the Company an additional 500,000 common shares by January 31, 2012. The final 15% can be acquired by issuing, to the Company, a further 500,000 common shares at any time on or before January 31, 2013.

On July 24, 2014, the Company entered into a purchase agreement with Goldbank for the Company to acquire Goldbank's 51% interest in the Buck Lake Property. Pursuant to the agreement, the Company issued 733,333 common shares to Goldbank and issued a promissory note in the amount of \$250,000 to Goldbank. The promissory note is payable in full on or before June 1, 2016. Refer to Note 6.

The property is subject to a 2.5% net smelter royalty in favour of the original vendors of the property, up to half of which may be bought back at any time by paying \$500,000.

Gwyn Lake Claims - Ontario, Canada

The Company holds a 100% interest in the Gwyn Lake claims located in the Thunder Bay Mining District of Ontario. The claims are subject to a 1% net smelter return royalty which the Company may purchase at any time for \$500,000.

The Company also holds a 100% interest in certain additional mineral claims contiguous to the Gwyn Lake Claims. These claims are also subject to a 1% net smelter royalty return.

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4. Exploration and Evaluation Assets (continued)

Gwyn Lake Claims - Ontario, Canada (continued)

On January 12, 2010, the Company entered into an option agreement to grant Leeta the option to acquire a 70% interest in the Beardmore Gold Property, which comprises a portion of Gwyn Lake claims. As consideration, Leeta is to pay \$180,000 over four years as follows:

Cash to be paid:

- \$10,000 on or before June 1, 2010 (settled with 74,074 shares);
- \$20,000 on or before June 28, 2011 (settled with 37,037 shares);
- \$50,000 on or before June 28, 2012 (\$25,000 paid in 2013); and
- \$100,000 on or before December 31, 2013 (extended).

A \$10,000 payment due on June 1, 2010 and a \$20,000 payment due on June 28, 2011 were not settled in cash. On February 16, 2012, the Company accepted 111,111 Leeta Gold shares as settlement of these payments totalling \$30,000.

Under the agreement, Leeta must also incur exploration and development expenditures on the property of \$500,000 on or before September 30, 2013 (extended).

Kalnica-Selec and Horka-Vahom Claims - Slovakia

In an agreement dated June 28, 2005 with the Slovakian government, the Company was granted the right to carry out exploration activities in an area referred to as the Kalnica-Selec property located in Western Slovakia. The Company established a subsidiary, Beckov Minerals, s.r.o. in Western Slovakia on May 22, 2007 to hold the claims. The claims were valid for a period of four years. The Company paid four annual fees of €2,889 every September 22 of each year for a total of €11,556 to maintain its exploration rights.

During the year ended December 31, 2007, the Company also obtained additional licences on property areas to the south and southwest of the Kalnica-Selec area, called Horka and Vahom from the Ministry of Environment of the Slovak Republic. Annual fees of €1,295 were paid on September 4 of each year for a total of €5,180 to maintain annual exploration rights:

In an agreement dated July 15, 2009 with the Slovakian government, the Company obtained an extension of the exploration rights on the Kalnica-Selec property area for an additional four years until July 19, 2013. The Company paid four annual fees of €4,382 every October 15 of each year for a total of €17,528 to maintain its exploration rights.

In an agreement dated June 22, 2011 with the Slovakian government, the Company obtained an extension of the exploration rights on the Horka and Vahom property area for an additional four years until June 26, 2015. The Company must pay €1,992 on each September 22 anniversary to 2014 to maintain its exploration rights.

During the year ended December 31, 2013, the Company was refused an exploration permit to renew the Kalnica-Selec property claims, as a result of government legislation allowing local communities the right to refuse exploration work in their region. As a result, the Company recognized an impairment of \$361,686.

During the year ended December 31, 2015, the Company was refused the remainder of its exploration permits to renew the Horka and Vahom property claims as a result of government legislation allowing local communities the right to refuse exploration work in their region. As a result, the Company recognized an impairment of \$364,186.

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4. Exploration and Evaluation Assets (continued)

Graphite West Claims – Ontario, Canada

On November 4, 2015, the Company entered into an option agreement to acquire an 80% interest in 16 mineral claim units referred to as the Graphite West Project located in the Porcupine Mining Division, Ontario, Canada.

Under the terms of the option agreement, the Company can acquire an 80% interest in the Graphite West Project, subject to a 1% net smelter returns royalty, by paying \$20,000 (paid) and issuing a total of 1,800,000 common shares to Bluenose over three years as follows:

- 600,000 shares to be issued within five days of TSX Venture Exchange acceptance of the option agreement (issued December 15, 2015);
- 300,000 shares to be issued on or before February 15, 2016 (issued February 12, 2016); and
- 900,000 shares to be issued on or before December 31, 2017.

The Company will be responsible for incurring exploration and related business development expenditures totalling \$400,000 over four years.

NAP and Jordain Claims – Ontario, Canada

On October 14, 2015, the Company entered into an option agreement to acquire a 100% interest in two groups of mineral claims totaling 77 units known as the NAP Claims and Jordain Claims. The NAP Claims and Jordain Claims are adjacent to, or in the vicinity of, the Company's Buck Lake Platinum, Palladium and Nickel property where the Company is exploring for platinum, palladium and nickel mineralization in a mafic/ultramafic intrusive body.

Under the terms of the option agreement, the Company can acquire a 100% interest in the NAP Claims and Jordain Claims, subject to a 1% net smelter royalty, by making payments totalling \$74,000 and issuing a total of 80,000 common shares as follows:

Cash to be paid:

- \$24,000 upon TSX Venture Exchange acceptance of the option agreement (paid December 18, 2015);
- \$30,000 on or before October 15, 2016; and
- \$20,000 on or before October 15, 2017.

Shares to be issued:

- 45,000 shares within ten days of TSX Venture Exchange acceptance of the option agreement (issued November 13, 2015); and
- 35,000 shares to be issued on or before October 15, 2016.

5. Accounts Payable and Accrued Liabilities

	2015 \$	2014 \$
		(Restated - Note 15)
Trade payables	36,810	89,358
Related party payables (Note 7)	1,039,338	714,844
Accrued liabilities	52,678	9,000
	1,128,826	813,202

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6. Loans Payable

- (a) As at December 31, 2015, the total amount of \$191,908 (2014 - \$191,908) is owed to various unrelated parties. The amounts due are non-interest bearing, unsecured, and due on demand.
- (b) As at December 31, 2015, the amount of \$20,000 (2014 - \$20,000) is owed to the Chief Financial Officer of the Company which is non-interest bearing, unsecured, and due on demand.
- (c) As at December 31, 2015, the amount of \$28,000 (2014 - \$28,000) was owed to a company controlled by the Corporate Secretary of the Company which is non-interest bearing, unsecured, and due on demand.
- (d) As at December 31, 2015, the total amount of \$111,161 (2014 - \$24,534) is owed to a significant shareholder of the Company and companies controlled by the significant shareholder, who ceased to be a significant shareholder of the Company on November 13, 2015. Refer to Note 7. The amounts due are non-interest bearing, unsecured, and due on demand.
- (e) As at December 31, 2015, the amount of \$250,000 (2014 - \$250,000) is owed to Goldbank which is non-interest bearing, unsecured, and due June 1, 2016. If the amount remains unpaid after June 1, 2016, the unpaid amount will bear interest at 12% per annum, compounded quarterly. Refer to Note 4.

7. Related Party Transactions

- (a) As at December 31, 2015, the amount of \$9,010 (2014 - \$9,010) was owed from Leeta, a public company with two common directors. The amount due is non-interest bearing, unsecured, and due on demand.
- (b) As at December 31, 2015, the amount of \$3,450 (2014 - \$nil) was owed to a company with common directors, which was recorded in accounts payable and accrued liabilities. The amount is non-interest bearing, unsecured, and due on demand.
- (c) As at December 31, 2015, the amount of \$1,035,888 (2014 - \$714,844) was owed to a significant shareholder of the Company and companies controlled by the significant shareholder, which was recorded in accounts payable and accrued liabilities. This significant shareholder ceased to be a significant shareholder of the Company on November 13, 2015. Of this amount, \$911,419 (2014 - \$614,768) bears interest at 2% per month, is unsecured, and due on demand. The remainder of the balance is non-interest bearing, unsecured, and due on demand.
- (d) During the year ended December 31, 2015, the Company incurred the following expenditures to a significant shareholder of the Company and companies controlled by the significant shareholder of the Company, who ceased to be a significant shareholder of the Company on November 13, 2015:
 - Interest expense of \$171,825 (2014 - \$88,358);
 - Management fees of \$30,000 (2014 - \$30,000);
 - Corporate administration costs of \$56,600 (2014 - \$7,226) included in office and miscellaneous;
 - Professional fees of \$79,550 (2014 - \$82,050);
 - Rent of \$33,600 (2014 - \$33,600);
 - Assays of \$1,520 (2014 - \$5,446);
 - Equipment rental of \$nil (2014 - \$8,065);
 - Geological consulting of \$175,122 (2014 - \$88,965); and
 - Travel and accommodations of \$6,778 (2014 - \$5,033).

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8. Share Capital

Authorized: unlimited common shares without par value

Share transactions for the year ended December 31, 2015:

- (a) On October 22, 2015, the Company effected a share consolidation on the basis of one new share for three old shares. All share and per share numbers have been retroactively restated for all periods presented.
- (b) On November 13, 2015, the Company issued 45,000 common shares with a fair value of \$4,050 pursuant to an option agreement to acquire a 100% interest in two groups of mineral claims totaling 77 units known as the NAP Claims and Jordain Claims. Refer to Note 4.
- (c) On December 15, 2015, the Company issued 600,000 common shares with a fair value of \$27,000 pursuant to an option agreement to acquire an 80% interest in the Graphite West Project. Refer to Note 4.
- (d) On December 29, 2015, the Company issued 1,000,000 non-flow-through units at \$0.05 per unit for total proceeds of \$50,000. Included in this issuance were 200,000 units for proceeds of \$10,000 issued to a company controlled by the Corporate Secretary of the Company. Each unit consisted of one common share and one transferrable share purchase warrant to purchase an additional common share at a price of \$0.05 per share for a period of five years.
- (e) On December 29, 2015, the Company issued 3,000,000 flow-through units at \$0.05 per unit for total proceeds of \$150,000. Included in this issuance were 160,000 units for proceeds of \$8,000 issued to the President of the Company and 710,000 units for proceeds of \$35,500 issued to a significant shareholder of the Company and relatives of this significant shareholder. This significant shareholder ceased to be a significant shareholder of the Company on November 13, 2015. Each unit consisted of one flow-through common share and one transferrable share purchase warrant to purchase an additional flow-through common share at a price of \$0.05 per share for a period of five years.

Share transactions for the year ended December 31, 2014:

- (f) On November 5, 2014, the Company issued 733,333 common shares with a fair value of \$44,000 pursuant to a purchase agreement to acquire the 51% interest in the Buck Lake property. Refer to Note 4.
- (g) On December 31, 2014, the Company issued 666,666 non flow-through units at \$0.15 per unit for total proceeds of \$100,000. Each non flow-through unit consisted of one common share and one transferrable share purchase warrant to purchase an additional non flow-through common share at a price of \$0.15 per unit for a period of five years.
- (h) On December 31, 2014, the Company issued 1,000,000 flow-through units at \$0.15 per unit for total proceeds of \$150,000. Included in this issuance were 833,333 flow-through units for proceeds of \$125,000, of which \$75,000 remained receivable as at December 31, 2014, issued to an individual who became a significant shareholder of the Company as a result of the transaction. Each unit consisted of one flow-through common share and one transferrable share purchase warrant to purchase an additional flow-through common share at a price of \$0.15 per share for a period of five years.

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9. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, December 31, 2013	3,996,970	0.51
Issued	1,666,667	0.15
Balance, December 31, 2014	5,663,637	0.51
Issued	4,000,000	0.05
Balance, December 31, 2015	9,663,637	0.25

As at December 31, 2015, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date	
2,666,667	0.30	February 19, 2016*	
808,080	0.90	March 9, 2016	
407,408	0.90	May 13, 2016	
114,815	0.90	December 29, 2016	
1,666,667	0.15	December 31, 2019	(1,000,000 exercisable into flow-through shares)
4,000,000	0.05	December 29, 2020	(3,000,000 exercisable into flow-through shares)
9,663,637			

* If the closing price of the shares is equal or greater than \$0.25 per share for 10 consecutive trading days then the exercise price can be reduced to 25 business days from date notice is provided by the Company to the warrant holders.

10. Stock Options

On July 15, 2014, the Company adopted a new stock option pursuant to which options may be granted to directors, officers, employees and consultants of the Company. The exercise price is determined by the Board of Directors, subject to the Discounted Market Price policies of the TSX Venture Exchange. The aggregate number of shares issuable pursuant to stock options granted under the plan is limited to 10% of the issued and outstanding shares at the time of grant. Options are granted for a maximum term of 10 years and are fully vested when granted unless otherwise stated.

The following table summarizes the continuity of the Company's stock options:

	Number of stock options	Weighted average exercise price \$
Outstanding, December 31, 2013	54,444	0.90
Expired	(10,000)	0.90
Outstanding, December 31, 2014	44,444	0.90
Expired	(44,444)	0.90
Outstanding, December 31, 2015	—	—

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11. Financial Instruments and Risks

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at December 31, 2015 as follows:

	Fair Value Measurements Using			Balance, December 31, 2015 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	860	—	—	860
Marketable securities	43,138	—	—	43,138
Total assets measured at fair value	43,998	—	—	43,998

The fair values of other financial instruments, which include amounts receivable, amount due from a related party, accounts payable and accrued liabilities, and loans payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Amounts receivable consist of GST refunds due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company's functional and reporting currency is the Canadian dollar. The Company may be exposed to the financial risk related to the fluctuation of foreign exchange rates. As at December 31, 2015, the Company is not exposed to any significant foreign exchange rate risk.

(d) Interest Rate Risk

The Company is not exposed to any significant interest rate risk.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

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12. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2014.

13. Segmented Information

The Company operates in one reportable segment, being the acquisition, exploration and development of mineral properties. The Company holds exploration and evaluation assets in Canada and Slovakia. Geographical information is as follows:

December 31, 2015	Canada \$	Slovakia \$	Total \$
Exploration and evaluation assets	2,634,771	—	2,634,771
December 31, 2014	Canada \$	Slovakia \$	Total \$
Exploration and evaluation assets	2,700,808	364,186	3,064,994

14. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2015 \$	2014 \$
Canadian statutory income tax rate	26%	26%
Income tax recovery at statutory rate	(291,170)	(93,363)
Tax effect of:		
Permanent differences and other	2,108	1,856
Change in enacted tax rates	—	(2,584)
Valuation allowance true-up	—	6,198
Expiry of non-capital loss	81,707	94,130
Tax rate difference for foreign jurisdiction	2,573	—
Change in unrecognized deferred income tax assets	204,782	(6,237)
Income tax provision	—	—

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14. Income Taxes (continued)

The significant components of deferred income tax assets and liabilities are as follows:

	2015 \$	2014 \$
Deferred income tax assets		
Non-capital losses carried forward	1,708,707	1,676,435
Capital losses	4,208	4,208
Marketable securities	38,387	42,955
Property and equipment	6,266	6,266
Resource pools	658,590	481,230
Share issuance costs	—	282
Total gross deferred income tax assets	2,416,158	2,211,376
Unrecognized deferred income tax assets	(2,416,158)	(2,211,376)
Net deferred income tax asset	—	—

As at December 31, 2015, the Company has Canadian non-capital losses carried forward of \$6,533,803, which are available to offset future years' taxable income. These losses expire as follows:

	\$
2026	457,348
2027	1,342,059
2028	1,248,781
2029	1,195,560
2030	414,905
2031	409,968
2032	341,447
2033	343,313
2034	342,462
2035	437,960
	6,533,803

As at December 31, 2015, the Company has estimated non-capital losses in Slovakia of \$45,080 that may be carried forward to offset future years' taxable income.

The Company also has available mineral resource related expenditure pools totalling \$5,187,138, which may be deducted against future taxable income on a discretionary basis.

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15. Restatement

The Company has restated its consolidated financial statements as at December 31, 2014 and for the year then ended to reflect office expenses that were previously not recorded due to late receipt of the invoices. The restatement resulted in an increase to net loss of \$22,364 with no change in net loss per share.

The impact of the restatement as at December 31, 2014 and for the year then ended is summarized below:

Statement of Financial Position

	As at December 31, 2014		
	As reported	Adjustments	As restated
	\$	\$	\$
Current liabilities			
Accounts payable and accrued liabilities	790,838	22,364	813,202
Total current liabilities	1,055,280	22,364	1,077,644
Total liabilities	1,305,280	22,364	1,327,644
Stockholders' deficit			
Deficit	(15,124,650)	(22,364)	(15,147,014)
Total stockholders' deficit	1,808,645	(22,364)	1,786,281

Statement of Operations and Comprehensive Loss

	Year ended December 31, 2014		
	As reported	Adjustment	As restated
	\$	\$	\$
Expenses			
Office and miscellaneous	32,069	22,364	54,433
Total expenses	326,153	22,364	348,517
Loss before other expense	(326,153)	(22,364)	(348,517)
Net loss and comprehensive loss for the year	(336,721)	(22,364)	(359,085)

Statement of Changes in Equity

	As at December 31, 2014		
	As previously reported	Adjustments	As restated
	\$	\$	\$
Deficit	(15,124,650)	(22,364)	(15,147,014)
Total	1,808,645	(22,364)	1,786,281

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15. Restatement (continued)Statement of Cash Flows

	Year ended December 31, 2014		
	As Reported \$	Adjustment \$	As Restated \$
Operating activities			
Net loss	(336,721)	(22,364)	(359,085)
Changes in non-cash operating working capital:			
Accounts payable and accrued liabilities	195,863	22,364	218,227

16. Subsequent Events

- (a) Subsequent to year end, the Company received loan proceeds of \$19,000 from companies controlled by a significant shareholder of the Company, who ceased to be a significant shareholder of the Company on November 13, 2015. The amounts are non-interest bearing, unsecured, and due on demand.
- (b) On February 12, 2016, the Company issued 300,000 common shares to Bluenose pursuant to the Graphite West option agreement. Refer to Note 4.
- (c) On February 16, 2016, the Company entered into a loan agreement with Blizzard Finance Corp. ("Blizzard"), a company controlled by a significant shareholder of the Company, who ceased to be a significant shareholder of the Company on November 13, 2015, for proceeds of \$200,000. The loan is unsecured, bears interest at a rate of 20% per annum, compounded quarterly, and is due one year from the date of the agreement. In consideration for making the loan, the Company will issue 500,000 common shares to Blizzard. On March 15, 2016, the Company issued 500,000 common shares to Blizzard pursuant to the loan agreement.
- (d) On April 11, 2016, the Company entered into an agreement to acquire a 70% interest in certain metallic and industrial mineral permits which are primarily located in the Fox Creek area in the province of Alberta, Canada together with a 100% ownership of two newly incorporated private Alberta companies for consideration of \$100,000 and the issuance of 1,200,000 common shares of the Company. Upon acquisition of a 70%, the Company shall incur the first \$2,000,000 in development, production, and all other expenses with respect to the permits. The permits are subject to a 2.2% royalty in favour of the original vendors of the permits.

In connection with the agreement, the Company agreed to a private placement comprised of 4,000,000 units at \$0.08 per unit for proceeds of \$320,000 of which \$95,000 in share subscription proceeds has been received.