

PRIME MERIDIAN RESOURCES CORP.

Condensed Consolidated Financial Statements

Three and Six months ended June 30, 2016 and 2015

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

PRIME MERIDIAN RESOURCES CORP.

Consolidated Statements of Financial Position

As at June 30, 2016 and December 31, 2015

Expressed in Canadian Dollars

	Notes	June 30, 2016	December 31, 2015
ASSETS			
Current Assets			
Cash		\$ 251	\$ 8
Marketable Securities	4	2,000	1,500
GST receivable		6,175	35,501
		8,426	37,009
Exploration and evaluation assets			
	5	-	-
Total ASSETS		\$ 8,426	\$ 37,009
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current Liabilities			
Accounts payable and accrued liabilities	6	\$ 659,214	\$ 527,900
Payable to Primrose Drilling	6	606,119	699,975
		1,265,333	1,227,875
Shareholder's deficiency			
Share capital	7	7,109,908	7,109,908
Share subscriptions received	7	88,500	70,000
Contributed surplus		2,061,425	2,062,425
Accumulated other comprehensive loss		(364,371)	(458,727)
Deficit		(10,152,369)	(9,973,472)
		(1,256,907)	(1,190,866)
		\$ 8,426	\$ 37,009

Exploration and evaluation assets Note 5

Contingent liabilities Note 11

"Brian Leeners"

Director

"Gregory Pearson"

Director

PRIME MERIDIAN RESOURCES CORP.

Consolidated Statements of Comprehensive Loss

For the Three and Six Months Ended June 30, 2016 and 2015

	Notes	For the three months ended June 30,		For the six months ended June 30,	
		2016	2015	2016	2015
Expenses					
Consulting and management fees	6	\$ 63,000	\$ 90,000	\$ 129,000	\$ 180,000
Insurance		2,264	4,015	2,264	4,015
Office and miscellaneous		(72)	1,108	(33)	6,157
Rent and administrative services	6	30,571	33,000	60,571	66,000
Professional fees		(588)	(4,851)	-	(4,851)
Transfer agent and filing fees		6,070	5,280	12,095	11,247
Operating expenses		101,245	128,552	203,897	262,568
Loss before other items		(101,245)	(128,552)	(203,897)	(262,568)
Other income (expense)					
Loss on disposal of exploration and evaluation assets		-	-	-	(10,448)
Recovery of exploration and evaluation expenditures		25,000	-	25,000	-
Impairment of exploration and evaluation assets		-	-	-	(15,226)
		25,000	-	25,000	(25,674)
Loss of the period		(76,245)	(128,552)	(178,897)	(288,242)
Change in value of marketable securities		250	-	500	-
Translation of subsidiary to presentation currency		39,978	10,604	93,856	(40,983)
Comprehensive loss for the period		\$ (36,017)	\$ (117,948)	\$ (84,541)	\$ (329,225)
Basic and diluted comprehensive loss per share		\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding		20,590,422	20,590,422	20,590,422	20,590,422

PRIME MERIDIAN RESOURCES CORP.

Consolidated Statements of Cash Flows

For the Three and Six Months Ended June 30, 2016 and 2015

	For the three months ended June 30,		For the six months ended June 30,	
	2016	2015	2016	2015
Cash provided by (used in):				
Operating activities				
Net loss for the period	\$ (76,245)	\$ (128,550)	\$ (178,897)	\$ (288,242)
Items not affecting cash:				
Foreign exchange	-	(2)	-	(17)
Impairment of exploration and evaluation of assets	-	-	-	10,448
Changes in non-cash working capital items:				
Accounts payable	37,540	85,249	131,314	112,039
GST receivable	34,729	(6,004)	29,326	(9,667)
Net cash provided by (used in) operating activities	(3,976)	(49,307)	(18,257)	(175,439)
Investing activities				
Exploration and evaluation expenditures	-	-	-	(10,448)
Net cash provided by (used in) investing activities	-	-	-	(10,448)
Financing activities				
Private placement funds received	-	30,000	18,500	78,819
Net cash provided by (used in) financing activities	-	30,000	18,500	78,819
Net increase (decrease) in cash	(3,976)	(19,307)	243	(107,068)
Cash, beginning of the period	4,227	19,576	8	107,337
Cash, end of the period	\$ 251	\$ 269	\$ 251	\$ 269

PRIME MERIDIAN RESOURCES CORP.

Consolidated Statements of Changes in Shareholders' Equity
 For the Six Months Ended June 30, 2016 and 2015
 Expressed in Canadian Dollars

	Number of common shares outstanding	Share capital	Subscriptions received	Contributed surplus	Accumulated other comprehensive income	Deficit	Total Shareholders' Equity (deficit)
Balance, December 31, 2015	20,590,422	\$ 7,109,908	\$ 70,000	\$ 2,061,425	\$ (458,727)	\$ (9,973,472)	\$ (1,190,866)
Subscription funds received	-	-	18,500	-	-	-	18,500
Fair value of marketable securities	-	-	-	-	500	-	500
Translation of subsidiary to presentation	-	-	-	-	93,856	-	93,856
Loss for the period	-	-	-	-	-	(178,897)	(178,897)
Balance, June 30, 2016	20,590,422	\$ 7,109,908	\$ 88,500	\$ 2,061,425	\$ (364,371)	\$ (10,152,369)	\$ (1,256,907)
Balance, December 31, 2014	20,590,422	\$ 7,061,088	\$ -	\$ 2,061,425	\$ (352,700)	\$ (9,492,563)	\$ (722,750)
Subscription funds received	-	48,819	30,000	-	-	-	78,819
Translation of subsidiary to presentation	-	-	-	-	(40,983)	-	(40,983)
Loss for the period	-	-	-	-	-	(288,242)	(288,242)
Balance, June 30, 2015	20,590,422	\$ 7,109,907	\$ 30,000	\$ 2,061,425	\$ (393,683)	\$ (9,780,805)	\$ (973,156)

PRIME MERIDIAN RESOURCES CORP.

Notes to the Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2016 and 2015

Expressed in Canadian Dollars

1. Nature of operations and going concern

Prime Meridian Resources Corp. ("the Company") was federally incorporated on February 22, 2007 and is a public company listed on the TSX Venture Exchange ("TSX-V"). The principal business activity of the Company is the exploration and evaluation of mineral property interests in North America. The corporate head office of the Company is located at 14th Floor, 1040 West Georgia Street, Vancouver, B.C., V6E 4H8.

The Company's assets are in the exploration and evaluation stage and the Company has not yet determined whether the properties contain ore reserves that are economically recoverable. The ability of the Company to complete the acquisition, exploration and development of its properties will be affected principally by its ability to raise adequate amounts of capital through equity financings, debt financings, joint-venturing of projects and or other means.

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to a going concern which contemplates that the Company will be able to realize its assets and settle its liabilities in the normal course as they come due for the foreseeable future. As at June 30, 2016, the Company had no source of operating cash flows and reported comprehensive loss for the period of \$178,897 (2015 – loss of \$288,242), working capital deficit of \$1,256,907 (December 31, 2015 - \$1,177,013), has an accumulated deficit of \$10,152,369 (December 31, 2015 - \$9,973,472) and expects to incur further losses in the development of its properties. These factors indicate a material uncertainty that may cast substantial doubt about the Company's ability to continue as a going concern. Management has determined that the Company will require additional financing to meet its obligations for the next fiscal year. Continued operations are dependent on the Company's ability to complete equity financings and secure project debt financing. It is not possible to predict whether financing efforts will be successful.

These consolidated financial statements do not include adjustments or disclosures that may result should the Company not be able to continue as a going concern.

2. Basis of preparation

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IFRS, as issued by International Accounting Standards Board ("IASB") and Interpretations of the international Financial Reporting Interpretations Committee ("IFRIC") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2015, which have been prepared in accordance with IFRS and as issued by the IASB.

The Board of Directors approved these consolidated financial statements on August 26, 2016.

b) Functional and presentation currency

These condensed consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company. The functional currency of the subsidiary is the United States dollar.

c) New accounting standards, amendments and interpretations

New accounting standards adopted:

The following standards, amendments and interpretations have been adopted by the Company as of January 1, 2015. There was no material impact on the financial statements as a result of the adoption of these standards, amendments and interpretations:

IFRS 7 Financial Instruments: Disclosures (Amendment): Standard amended to clarify requirements for mandatory effective dates and transition disclosures, effective for annual periods beginning on or after January 1, 2015; and

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Issued but not yet effective:

The IASB issued the following standards, which are not yet effective and have not been applied in the preparation of these financial statements. The Company is in the process of determining the extent of the impact on its financial statements.

On May 6, 2014 the IASB issued Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11). The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The impact of adoption of the amendment has not yet been determined.

On July 24, 2014 the IASB issued the complete IFRS 9. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight. The impact of adoption of the amendment has not yet been determined.

On May 12, 2014 the IASB issued amendments to IAS 16 Property, Plant and Equipment. The amendments made to IAS 16 explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset. The Company intends to adopt the amendments to IAS 16 in its financial statements for the annual period beginning on November 1, 2016. The impact of adoption of the amendment has not yet been determined.

In May 2014, the IASB issued IFRS 15, "Revenue from Contracts with Customers". IFRS 15 replaces IAS 18, "Revenue", IAS 11, "Construction Contracts", and some revenue related Interpretations. IFRS 15 establishes a new control-based revenue recognition model and provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. The new standard is effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively. IFRS 15 allows for early adoption, but the Company does not intend to do so at this time.

In December 2014, the IASB amended IAS 1, "Presentation of Financial Statements", providing guidance on the application of judgment in the preparation of financial statements and disclosures. The amendments are effective for annual periods beginning on or after November 1, 2016 with early adoption permitted, but the Company does not intend to do so at this time.

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 financial statements.

3. Capital management

The Company classifies its share capital and contributed surplus as capital, which at June 30, 2016 totalled \$9,171,333 (December 31, 2015 - \$9,171,333). When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish qualitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financing to fund its activities. In order to carry out exploration activity and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

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4. Marketable securities

In September 2014, the Company received 50,000 units of Bitterroot Resources Ltd., (“Bitterroot”) with a fair value of \$10,000 as partial proceeds on the sale of certain mineral property interests in Baraga Basin, Michigan. Each unit consists of one Bitterroot common share and one warrant, exercisable for two years at \$0.10 per share. As at June 30, 2016, the fair value of the shares had decreased to \$2,000 (December 31, 2015 - \$1,500). No value has been attributed to the warrants.

5. Exploration and evaluation assets

A reconciliation of exploration and evaluation assets is as follows:

Balance, December 31, 2014	\$	-
Peace River Frac Sands, Alberta		
Acquisition costs		15,226
Impairment		(15,226)
Balance, December 31, 2015 and June 30, 2016	\$	-

i) Alberta, Canada

In November 2014, the Company announced that it has entered into a binding letter of intent with Phoenix Metals Inc. to option a 60% interest in four metallic and industrial mineral permits in northwestern Alberta, collectively known as the Peace River Frac Sand Project (note 7). The agreement requires a one-time cash payment of \$50,000 (\$25,000 paid) and cumulative work expenditures of \$500,000 over 24 months. In the year ended December 31, 2015, the Company decided to abandon this project. An impairment was recognized in the statement of comprehensive loss in the amount of \$25,000 during the year ended December 31, 2014, and \$15,226 during the year ended December 31, 2015.

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6. Related party transactions

Compensation paid to key management is \$189,000 for the six-month period ended June 30, 2016 (2015 - \$195,000).

The Company entered into transactions, including compensation of key management, with the following related parties:

Name	Relationship	Nature of Transaction	Fees incurred period ended June 30, 2016	Fees incurred period ended June 30, 2015	Balance payable at June 30, 2016	Balance payable at December 31, 2015
Nexvu Services Inc.	Owned by Nexvu Capital, of which Brian Leeners is a shareholder	Rent and corporate services	\$ 60,000	\$ 60,000	\$ 131,600	\$ 84,000
Brian Leeners	Chief executive officer and director	Management services	60,000	60,000	163,400	144,400
ISG Professional Services Inc.	Annie Storey, former chief financial officer, who is a shareholder	Accounting services	10,000	30,000	84,788	82,688
KnowHowe Media	Brian Leeners is a shareholder	Advertising and promotion	-	-	8,400	8,400
Global Link Capital	Greg Pearson, director of the Company, is a shareholder	Investor relations	45,000	-	116,975	109,725
Avanti Management & Consulting Ltd.	Michael Dehn is a shareholder	Rent and management services	-	45,000	27,825	27,825
Primrose Drilling Ventures Ltd. (Primrose)	Alice D. Gardner, former director, is a 25% shareholder of 1280417 Alberta Ltd., which is 100% shareholder of Primrose		-	-	606,119	686,123
AE Financial Management Ltd.	Edward Low, chief financial officer, is a shareholder	Accounting services	14,000	-	14,700	-
			\$ 189,000	\$ 195,000	\$ 1,095,269	\$ 1,143,161

Balances owing are unsecured, non-interest bearing and have no specified terms of repayment.

In November 2014, the Company entered into a binding letter of intent with Phoenix Metals Inc., a company with directors and officers in common, to option a 60% interest in four metallic and industrial mineral permits in northwestern Alberta, collectively known as the Peace River Frac Sand Project. The agreement requires a one-time cash payment of \$50,000 (\$25,000 paid) and cumulative work expenditures of \$500,000 over 24 months. During the year ended December 31, 2015, the Company decided to abandon this project.

In October 2013, the Company entered into an agreement with Nexvu Capital Corp. ("Nexvu"), a company which was a non-related party on signing of the agreement but now shares a common director and officer. The terms of the agreement, as subsequently amended on April 30, 2014, are as follows:

- Primrose, previously a 70.9% shareholder in the Company, will transfer 10,000,000 pre-consolidated (2,500,000 post-consolidated) common shares of the Company to Nexvu (completed);
- Nexvu will endeavour to sell these common shares, with proceeds to be used for working capital;
- The share capital of the Company will be consolidated on a four-for-one basis (completed);

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- d) Primrose will assign to Nexvu \$500,000 of the amount payable to Primrose and will write off the remaining \$83,084 (completed);
- e) The Company will pay Primrose the \$555,978 of residual debt, with a minimum annual payment of US\$50,000 commencing October 31, 2014, with the payments accelerated to US\$100,000 per annum if the Company has sufficient surplus funds;
- f) Nexvu will have an option to purchase 12,686,296 pre-consolidated (3,171,574 post-consolidated) common shares held by Primrose at an exercise price of \$0.025 per pre-consolidated share (\$0.10 per share post consolidated), and 6,343,148 shares at an exercise price of \$0.0375 per pre-consolidated share (\$0.15 per share post consolidated) for a period of 36 months; and
- g) Alice Gardner will submit her resignation from the board of directors (completed in 2014).

In August 2014, as noted in d) above, the Company assigned \$500,000 to Nexvu Capital Corp, which further assigned a portion of the note to officers and directors. The amounts were subsequently repaid by the Company.

7. Share capital

Authorized: unlimited common voting shares, without par value.

During the year ended December 31, 2014, the issued and outstanding common shares of the Company were consolidated on a four-to-one basis. All number of shares and per share amounts have been retroactively adjusted.

During the year ended December 31, 2014, the Company closed a private placement consisting of 5,115,000 (post-consolidated) units at a price of \$0.10 per unit for gross proceeds of \$511,500, and 3,000,000 common shares at a price of \$0.10 per share. The units each consist of one common share and one warrant, with each warrant entitling the holder to acquire one additional common share at a price of \$0.50 per share for one year from closing. The warrants are subject to the right of the Company to accelerate the exercise period if the common shares of the Company trade above \$0.60 for a period of 10 consecutive trading days.

No common shares were issued during the year ended December 31, 2015 and for the three month period ended March 31, 2016.

During the year ended December 31, 2015, the Company received subscription funds in advance in the amount of \$70,000 pursuant to a non-brokered private placement announced subsequent to year end, whereby the Company will issue up to five million units at a price of \$0.10 per unit to raise proceeds of up to \$500,000. Each unit consists of one common share and one common share purchase warrant with each unit warrant entitling the holder to acquire one additional common share at a price of \$0.25 cents per share for six months from closing, and then for a price of \$0.50 cents per share from six months to twelve months from closing. An additional \$18,500 of subscription funds was received during the six-month period ended June 30, 2016.

8. Options and warrants

a) Stock options

No stock options were issued by the Company during the six-month period ended March 31, 2016 or 2015, and no stock options were outstanding as at June 30, 2016 or 2015.

b) Warrants

No warrants were issued by the Company during the six-month period ended June 30, 2016 or 2015, and no warrants were outstanding as at June 30, 2016 (2015 – 5,115,000).

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Expressed in Canadian Dollars

9. Financial instruments

Financial assets and financial liabilities as at June 30, 2016 and December 31, 2015 were as follows:

As at June 30, 2016	Assets/liabilities at fair value through profit and loss	Other liabilities	Total
Cash	\$ 251	\$ -	\$ 251
Marketable securities	2,000	-	2,000
Accounts payable and accrued liabilities	-	659,214	659,214
Payable to related party	-	606,119	606,119

As at December 31, 2015	Assets/liabilities at fair value Through profit and loss	Other liabilities	Total
Cash	\$ 8	\$ -	\$ 8
Marketable securities	1,500	-	1,500
Accounts payable and accrued liabilities	-	527,900	527,900
Payable to related party	-	686,123	686,123

10. Segmented information

The Company has one reportable operating segment, being the acquisition and exploration and future development of mineral properties.

11. Contingent liabilities

The Company's exploration and evaluation assets are affected by the laws and regulations concerning environmental protection that exist in the various jurisdictions. It is not possible to estimate the future impact on operating results, if any, as a result of, future changes in regulations or developments.

12. Subsequent events

- On July 5, 2016, the Company closed a non-brokerage private placement, previously announced on January 27, 2016. The Company issued 885,000 units at a price of 10 cents per unit for total gross proceeds of \$88,5000. Each unit consists of one common share and one common share purchase warrant, with each unit warrant entitling the holder to acquire one additional common share at a price of 25 cents per share for six months from closing and then for a price of 50 cents per share from six months to 12 months from closing. The shares and warrants will have a four month and one day hold period expiring from date of issuance. The proceeds of the private placement will be allocated toward working capital and business development expenditures.