

**FIRST MINING FINANCE CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**GENERAL**

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements of First Mining Finance Corp. (formerly Albion Petroleum Ltd. ("Albion")) (the "Company" or "First Mining") for the year ended December 31, 2015, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts included in this MD&A are expressed in Canadian dollars unless otherwise noted. All information contained in this MD&A is current as of March 29, 2016.

These documents and other information relevant to the Company's activities are available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Company's website at [www.firstminingfinance.com](http://www.firstminingfinance.com).

**COMPANY OVERVIEW AND STRATEGY**

The Company was incorporated as Albion Petroleum Ltd. pursuant to the provisions of the Business Corporations Act (Alberta) on April 4, 2005 and completed its initial public offering as a Capital Pool Company ("CPC") on September 30, 2005. As a CPC, the Company's only business had been to identify and evaluate businesses or assets with a view of completing a Qualifying Transaction under the policies of the TSX Venture Exchange ("TSXV").

On July 1, 2014, Albion and Sundance Minerals Ltd. ("Sundance") entered into an Arrangement Agreement, whereby the Company would acquire all of the issued and outstanding shares of Sundance, in exchange for shares of the resulting entity. On March 11, 2015, Sundance was renamed as KCP Minerals Inc. ("KCP") and on March 30, 2015, Albion completed the acquisition of all of the issued and outstanding shares of KCP on a one-for-one basis, constituting its Qualifying Transaction. On the same day, Albion was renamed as First Mining. Prior to completion of the transaction, Albion consolidated all of its issued and outstanding shares on a four-for-one basis.

Subsequent to completing the Qualifying Transaction, the Company's principal business activity is to acquire and hold high-quality mineral assets with a focus in the Americas. As at the date of this MD&A, the Company's portfolio of 19 mineral assets are located in Canada, Mexico and the United States. Following the successful acquisition of Coastal Gold Corp. ("Coastal Gold") on July 7, 2015, the Company now holds the Hope Brook gold deposit in Newfoundland. The Gold Canyon Resources Inc. ("Gold Canyon") and PC Gold Inc. ("PC Gold") acquisitions were completed on November 13, 2015 and November 16, 2015, respectively, and included the Springpole and Pickle Crow gold deposits in Ontario. On January 7, 2016 the Company acquired Goldrush Resources Ltd. ("Goldrush"), which holds several gold permits in Burkina Faso, West Africa.

**SIGNIFICANT COMPANY EVENTS**

2015 year-to-date highlights (together with subsequent events up to March 29, 2016) include:

**Acquisition of Pitt Gold Property from Brionor Resources Inc.**

On March 7, 2016, the Company entered into a purchase agreement to acquire the gold development property known as the "Pitt Gold Property" from Brionor Resources Inc. ("Brionor"). The aggregate purchase price is \$1,250,000, of which \$1,000,000 will be satisfied through the issuance of 2,535,293 First Mining common shares to Brionor, based on the 20-day VWAP, and the

remaining \$250,000 will be paid in cash. The First Mining common shares issued to Brionor will be subject to a four-month hold period. The Pitt Gold Property purchase will occur following completion of the Clifton acquisition.

#### **Arrangement Agreement with Clifton Star Resources Inc.**

On February 12, 2016, the Company entered into a definitive agreement (the "Agreement") pursuant to which the Company has agreed to acquire all of the issued and outstanding common shares of Clifton Star Resources Inc. ("Clifton") in exchange for one common share of the Company for each Clifton common share held. On completion of the transaction, which is expected to close in mid-April subject to regulatory approval, Clifton will become a wholly-owned subsidiary of the Company.

#### **Completion of Goldrush Resources Ltd. Acquisition**

On January 7, 2016, the Company completed an arrangement agreement (the "Arrangement Agreement") with Goldrush under which the Company acquired all of the outstanding common shares of Goldrush on the basis of 0.0714 common shares in the capital of the Company for each Goldrush share by way of a plan of arrangement under the Business Corporations Act (British Columbia) (the "Transaction"). The Transaction was conducted by way of a court-approved plan of arrangement, resulting in Goldrush becoming a wholly owned subsidiary of the Company. No replacement options or warrants were required as part of the transaction.

Transaction costs associated with the Arrangement Agreement will be included in the consideration paid to acquire the net assets of Goldrush. The Company received cash proceeds of \$3.4 million as a result of the acquisition.

#### **Option Agreement with Major Mexican Mining Company, Peñoles**

On November 20, 2015, the Company announced that it had signed an option agreement with Exploraciones Mineras Peñoles, S.A. de C.V., an indirect Mexican subsidiary of Industrias Peñoles S.A.B. de C.V. (Peñoles, BMV: PE) under which Peñoles may acquire the Company's Puertecitos and Los Tamales copper properties located within the prolific Sonora-Arizona, Copper Belt.

Under the option agreement, Peñoles may earn-in up to a 100% interest in Puertecitos and Los Tamales by paying to the Company a total of USD\$1,500,000 over five years. If Peñoles completes the acquisition of Puertecitos and Los Tamales, the Company will retain a 2% NSR royalty, of which Peñoles has the right to purchase 50% for USD\$1,000,000 and the remaining 50% may be purchased for an additional USD\$2,000,000. All mining concession taxes and assessment work for Puertecitos and Los Tamales, as required by law, will be paid by Peñoles under this agreement.

#### **Completion of Gold Canyon Resources Inc. and PC Gold Inc. Acquisitions**

The Company completed the acquisition of all the common shares of Gold Canyon Resources Inc. on November 13, 2015 and PC Gold Inc. on November 16, 2015, by way of separate court approved plans of arrangements.

#### Gold Canyon

Under the terms of the Gold Canyon Arrangement, each Gold Canyon shareholder received one common share for each common share of Gold Canyon. As part of the Gold Canyon Arrangement, Gold Canyon transferred its early stage non-gold exploration properties together with \$500,000 in cash and certain other assets to Irving Resources Inc. ("Irving Resources", formerly 1047431 B.C. Ltd.), which is an unrelated entity.

The Gold Canyon Arrangement had an overall equity value of \$65.4 million upon issuance of 161,200,447 common shares of the Company. The net assets of Gold Canyon on the acquisition date were \$66,102,809.

As part of the Gold Canyon Arrangement, the Company issued an aggregate of 11,310,000 replacement warrants (the "replacement warrants") to holders of unexercised Gold Canyon warrants and 6,012,500 replacement stock options to holders

of unexercised Gold Canyon options (the "Replacement Options"). Replacement Options expire on the earlier of the expiry date of the Gold Canyon options for which they were exchanged and the date 12 months after closing. The Replacement Warrants will expire on the original expiry date of the warrants replaced.

### PC Gold

Under the terms of the PC Gold Arrangement, each PC Gold shareholder is entitled to receive 0.2571 common shares for each common share of PC Gold. In connection with the PC Gold Arrangement, the Company also issued common shares to certain creditors of PC Gold to settle \$423,009 of outstanding debt.

The PC Gold Arrangement had an overall equity value of \$13.7 million upon issuance of 11,430,322 common shares of the Company. As at the date of acquisition, the net assets of PC Gold were \$14,812,993.

The PC Gold Arrangement also provided for the issuance by the Company of an aggregate of 4,958,431 replacement warrants (the "Replacement Warrants") to holders of unexercised PC Gold warrants and 1,786,844 replacement stock options to holders of unexercised PC Gold options (the "Replacement Options"). Replacement Options will expire on the earlier of the expiry date of the PC Gold options for which they were exchanged and the date 12 months after closing. The Replacement Warrants will expire on the original expiry date of the warrants replaced.

### **Completion of Coastal Gold Corp. Acquisition**

On July 7, 2015, the Company completed by court-approval under the Business Corporations Act (Ontario) the previously announced plan of arrangement (the "Arrangement") with Coastal Gold Corp. Under the Arrangement, the Company acquired all of the issued and outstanding common shares of Coastal Gold on the basis of 0.1625 Company shares for each common share of Coastal Gold previously held. The Arrangement had an overall equity value of \$14.3 million upon issuance of 27,499,461 common shares of the Company. As at the date of acquisition, the net assets of Coastal were \$16,563,815.

### **Reverse Takeover Transaction**

On March 30, 2015, the Company completed the acquisition of all of the issued and outstanding shares of KCP through a reverse takeover arrangement (the "RTO"), constituting its Qualifying Transaction under the applicable policies of the TSXV. Upon completion of the RTO, the shareholders of KCP obtained control of the consolidated entity.

### **Equity and Debt Financings**

Concurrent with the completion of the RTO, KCP also closed a brokered and non-brokered private placement by issuing an aggregate 12,562,412 common shares at a price of \$0.40 per share for gross aggregate proceeds of \$5,024,965. A total of 623,925 warrants were issued to the agents and certain other finders for their services in connection with the private placements.

In addition, gross proceeds of \$2,723,750 from the previous sale of subscription receipts of KCP were released from escrow to the Company.

The Company also received an additional USD \$500,000 loan (CAD \$635,550) from First Majestic Silver Corp. ("First Majestic"), bringing the total amount of promissory notes issued to First Majestic to USD \$1,000,000 plus accrued interest at 9% per annum.

## REVIEW OF MINERAL PROPERTIES

First Mining's portfolio has 100% owned property's located in Canada, Mexico and the United States with on-going exploration programs for gold, silver, lead, zinc, and copper, funded mostly through the sale of equity and joint venture partnerships.

### Canada

#### ***Hope Brook, Newfoundland***

Attained from the acquisition of Coastal Gold, the Hope Brook gold property covers 25,125 hectares with a deposit hosted by pyritic silicified zones occurring within a deformed, strike-extensive advanced argillic alteration zone. The NI 43-101 Resource covers 1.5 km of an 8 km mineralized structure. Indicated Resources of 5.5 Mt grading 4.77 g/t Au, containing 844,000 oz Au, and Inferred Resources of 836,000 t grading 4.11 g/t Au, containing 110,000 oz Au. Substantial infrastructure includes a ramp to 350 metres below surface with vent raise, power, access by sea and air, and a strong local labour force. Drill targets with potential to significantly increase resources have already been outlined. Hope Brook was a former operating gold mine that produced 752,163 oz Au from 1987 to 1997 and there is strong support from the local community and the Newfoundland Province.

The Company paid an estimated \$11 per Resource oz Au following the acquisition of Coastal for consideration of approximately \$16.6 million.

#### ***Springpole Gold Project, Ontario***

Acquired from the acquisition of Gold Canyon, the Springpole Gold Project covers 32,375 hectares and is one of Canada's largest undeveloped gold projects. The project is located in northwestern Ontario, approximately 110 kilometres northeast of Red Lake town and is situated within the Birch-Uchi Greenstone Belt. The NI 43-101 large open pit Resource boasts significant infrastructure, including a 72 man onsite camp, winter road access, logging road within 10 kilometres and nearby power lines. Indicated Resources of 128.2 Mt grading 1.07 g/t Au and 5.7 g/t Ag, containing 4,410,000 oz Au and 4,776,154 oz. Ag, and Inferred Resources of 25.7 Mt grading 0.83 g/t Au and 3.2 g/t Ag, containing 690,000 oz Au and 2,700,000 oz. Ag. Springpole is located within a pro-mining jurisdiction that is covered by the Treaty Three First Nations Agreement. The 2013 Preliminary Economic Assessment ("PEA") includes an initial capital cost of USD \$438 million, a payback period of 1.7 years and pre-tax NPV of USD \$579 million at USD \$1,300 /oz. Au.

The Company paid an estimated \$12 per Resource oz Au following the acquisition of Gold Canyon for consideration of approximately \$66.1 million.

#### ***Pickle Crow Gold Project, Ontario***

Obtained from the acquisition of PC Gold, the Pickle Crow Gold Project covers 21,690 hectares and is located in the mine-friendly jurisdiction of northwestern Ontario and is covered by the Treaty Three First Nations Agreement. The NI 43-101 Resource supports a high-grade underground and open pit operation. Inferred Resources of 10.3 M/t grading 3.9 g/t Au, containing 1,300,000 oz Au. Extensive infrastructure in place or proximal to project includes a 200 tonnes per day gravity mill on site, generators and fuel storage, paved road access to the property and within 10 kilometres of a paved airport at Pickle Lake. The Pickle Crow Project was a formerly high-grade operating mine until the 1960's.

The Company paid an estimated \$11 per Resource oz Au following the acquisition of PC Gold for consideration of approximately \$14.8 million.

## **Mexico**

### ***Miranda, Sonora***

The Miranda gold property consists of three claims; Miranda, Miranda 1 and La Arena covering 16,035 hectares in the Sonoran Desert within a structural corridor called the Sonora- Mojave megashear ("SMM trend").

The SMM trend hosts several operating gold mines and deposits, some of which exceed 10 million ounces of gold such as Herradura-Dipolos in western Sonora, Mexico, and other smaller deposits; Mesquite (7 M oz Au) and Picacho in Arizona, and Chanate, San Francisco, and La Choya in Sonora, Mexico. The Miranda property lies in the south-central part of the SMM trend, adjacent to the San Felix and El Antimonio mining districts on the south and east respectively. Miranda covers multiple prospects and gold occurrences including the inactive mines La Fortuna and El Gigio (internal claims which do not belong to the Company). Additionally, the property exhibits structures and lithologies favorable for the development of large orogenic (mesothermal) ore deposits similar to those occurring along the SMM trend. During 2015, 151 rock chip samples were taken and analyzed with values ranging between nil and 7.29 g/t Au. Additionally, 3,486 soil samples were collected and analyzed.

### ***Socorro, Sonora***

The Socorro property was reduced and separated into fractions in 2015 subject to government approval and now consists of four claims: El Socorro Frac 1, El Socorro Frac 2, El Socorro Frac 3 and Tizoc R1 covering 35,654 hectares. It is a regional gold exploration play with dozens of pits and placer deposits with excellent potential to host both bulk open-pit, heap-leachable deposits as well as high-grade gold in high-angle structures. The southern part of the concession covers the northern extension of the El Chanate mine, while the central and northern portion cover mesothermal gold veins within a regional structure over 10 km long.

Work to date on the property includes interpretation of ASTER images mapping and initial surface reconnaissance. During 2015, the Company took 53 rock chip samples on the property with values up to 41.0 g/t Au. Additionally, 7,737 soil samples were taken and analyzed.

### ***San Ricardo, Sonora***

The San Ricardo property consists of nine claims, two of which, San Ricardo and San Ricardo 2, cover 50 hectares and an existing small mine that was acquired by the Company through an option agreement in 2013. The remaining seven claims: Teocuitla, Teocuitla 2, Teocuitla 4, Angel, Tlaloc, Tlaloc 2 and Aztlan cover 37,350 hectares, and were staked by the Company between 2009 and 2011. Mineralization on the property is epithermal in nature and has not been constrained along strike or depth by drilling.

All underground workings on the San Ricardo vein system were opened up and saw sampled, and several hundred metres of trenches were excavated and sampled. Subsequently, 14 diamond drill-holes were drilled on the property to test two veins, the Santa Cruz and Mina Antigua, at shallow levels. Drill results in the Santa Cruz vein varied from minor precious metal mineralization to 2.3 m at 23.1 g/t Au, whereas the Mina Antigua vein contained 4.5 m at 100.4 g/t Ag.

During 2015, the Company took 59 reconnaissance rock samples with values up to 33.7 g/t Au and completed a 4,993 soil samples geochemical survey.

### ***Peñasco Quemado, Sonora***

The Peñasco Quemado property consists of 3,746 hectares in seven contiguous mining claims located in north-central Sonora, Mexico, 60 km south of the town of Sasabe on the USA-Mexican border. Peñasco Quemado is a volcano-sedimentary, silver-manganese deposit in Tertiary rhyolite and conglomerates. A NI 43-101 compliant resource estimate states Peñasco Quemado contains 9.6 million ounces Ag measured and indicated at a grade of 116 g/t. Additional similarly mineralized areas are known at surface to the west of the established resource and will require evaluation.

### ***La Frazada, Nayarit***

La Frazada consists of a 299 hectare concession along the west margin of the Sierra Madre Occidental and is located within the historic mining district of 'Real del Zopilote' of Nayarit, Mexico. The project is located near power and transportation infrastructure at low elevations and lies approximately 300 km northwest of Guadalajara. The primary mineralized zone consists of the La Frazada vein, which is epithermal in nature and has not been constrained at depth by drilling. A NI 43-101 compliant resource estimate states that La Frazada contains 4.69 million ounces Ag, measured and indicated, at a grade of 250 g/t Ag, and a further 3.85 million ounces inferred at a grade of 224 g/t Ag.

### ***Pluton, Durango***

The Pluton property was reduced in 2015 following a strategic review of its land packages, subject to government approval, into a 6,534 hectare property consisting of three claims known as Pluton, El Real and Las Dos Amigos. Pluton has the potential to host a large silver-rich, high-grade polymetallic (Pb, Zn, Au), carbonate replacement/skarn deposit. The property is located immediately north of the historic "Ojuela-Mapimí Mining District". The Company acquired its initial interest in the Pluton property in 2009 through an agreement with the Company's VP of Exploration, a related party, which was amended in 2012 to include the Las Dos Amigos claim. In 2010, the Company staked the El Real claim extending the property holdings to the south.

Work completed on the property to date includes extensive soil geochemistry, gravity and NSAMT ground surveys, a magnetometry and ZTEM airborne survey, and a 3,925 metre diamond drill program managed by the Company.

### ***Puertecitos, Sonora***

The Puertecitos property consists of two claims, Puertecitos and Puertecitos 2, covering 9,060 hectares staked by the Company in 2009. Located 32 km southwest of the Sasabe border crossing between the US and Mexico, Puertecitos is 40 km west of the Company's Los Tamales property and 32 km northeast of the Peñoles Los Humos deposit, a 625 Mt porphyry copper system grading 0.32% Cu. Widespread copper oxides outcrop at Puertecitos and the presence of sericite and secondary biotite in breccia fragments from dikes and pipes suggest that a porphyry system may exist under the extensive rhyolite flows on the property. In 2015, the Company entered into an option agreement with Peñoles under which the Puertecitos property may be acquired.

### ***Los Tamales, Sonora***

The Los Tamales property consists of two claims, Teocuitla 5 and Teocuitla 8, which cover 3,851 hectares staked by the Company in 2010. Los Tamales is a porphyry copper-molybdenum system located 125 km southwest of Tucson, Arizona and 28 km south of the US-Mexican border. The property was discovered by a water well sampling program during a joint United States Geological Survey and Servicio Geológico Mexicano reconnaissance effort in the 1970's, and was the subject of two USGS open-file reports 94-685 and 84-289. Five diamond drill holes tested copper and molybdenum soil geochemical anomalies in 2013 along a five kilometre strike length with all holes showing low grade chalcopyrite and molybdenite mineralization. The deposit as currently interpreted suggests it is the deep level of a large system dissected by low angle faulting. In 2015, the Company entered into an option agreement with Peñoles under which the Los Tamales property may be acquired.

### ***Las Margaritas, Durango***

The Las Margaritas property is 500 hectares consisting of two mining concessions approximately 150 kilometres from Durango City. The property was acquired through an Assignments of Rights Agreement signed July 6, 2011 and is subject to a 1% net smelter return payable to the vendor which may be purchased at any time before July 6, 2016 for USD \$500,000. The project is located in the Barrancas subprovince of the Sierra Madre Occidental. Some limited gold mining by artisanal prospectors is known to have taken place on the project in the early 20th century and the project contains a known vein with quartz, argillic alteration striking for at least 1.8 kilometres.

### ***Geranio, Oaxaca***

The Geranio property consists of six claims: La Ramita, Geranio, Violeta, Azucena, El Jilguero and La Orquidea, which combined, cover 540 hectares. Additionally, the Company has also staked a much larger block of ground to the north, east and south of the Natividad system.

The Geranio project lies adjacent and directly north of the historic Natividad Mining District, 70 km north of the city of Oaxaca in southern Mexico. Natividad is a series of five bonanza grade gold and silver veins in a black shale host rock which over the last 70 years has produced 1.5 million ounces of gold equivalent. The property covers approximately 1,200 metres of strike length of the northern extension of the Natividad vein system.

Two ASARCO exploration diamond drill holes were drilled on the Geranio property in 1992; hole N-20 intersected 0.6 m at 36 g/t Au and 315 g/t Ag, whereas hole N-24 intersected 0.7 m at 45 g/t Au and 120 g/t Ag. The Company's objective is to delineate another Natividad mineralized system with comparable precious metal contents.

### ***El Apache, Sonora***

The El Apache property contains 11,417 hectares in two claims; El Apache and Tlahuac, both staked by the Company in 2011.

El Apache is largely covered by wind-blown sand of the western Sonoran Desert and lies in a highly prospective area within the prolific Sonora-Mojave megashear gold belt. The property lies 10 km east of the largest gold-only mine in Mexico, Fresnillo's Herradura complex and 10 km south of La Choya mine.

Work to date includes partial surface reconnaissance, interpretation of the government's magnetic data and limited surface sampling in two small outcropping hills. Future work will entail ZTEM, detailed magnetometry, bleg sampling, and enzyme leach-type geochemical surveys to identify drill targets under sand cover.

### ***El Roble, Oaxaca***

The El Roble property, located in the Natividad mining district consists of two claims, El Roble and El Roble 2, which cover 21,072 hectares, and were staked by the Company. The property covers the northern extension of Natividad veins and other historic bonanza producers such as El Banco mine. Relevant exploration features include a 15 km strike length of a large magnetic high representing an intrusive body at depth believed to be associated with high-grade gold mineralization in veins. Work to date includes regional geology, airborne magnetics and reconnaissance sampling of selected areas.

### ***Batacosa, Sonora***

The Batacosa property consists of one claim covering 3,600 hectares staked by the Company in 2011. Batacosa is a porphyry copper-molybdenum system located 55 km northeast of Ciudad Obregon and 220 km southeast of Hermosillo, capital of the state. Batacosa was discovered by Cominco in the 1970's and subsequently drilled by them and other companies between 1970 and 2000. A total of 8,000 metres was drilled in 47 drill holes. The Company has delineated two untested targets within the property and is currently seeking potential joint-venture partners to further advance the project.

### ***Lachatao, Oaxaca***

The Lachatao property, located in Oaxaca Mexico, consists of three claims known as Lizi 1, Lizi 1 Fraccion 2, and Lizi 1 Fraccion 3 covering 5,126 hectares and staked by the Company. Targets in the property include high-grade gold bonanza veins in black shales as well as stockworks and disseminated gold in volcanic rocks.

### ***Montana Negra, Sonora***

The Montana Negra property consists of one claim, Montana Negra, covering 852 hectares. The property covers Proterozoic rocks that the Company believe may be favorable for gold mineralization and is located in North Central Sonora, 20 Km

southeast of Cananea. The Orogenic gold system, similar to La Choya and San Francisco mines, targets an open-pit leachable mineralization in granitic and metamorphic rocks. Additional field work is required to fully evaluate the property following preliminary surface samples up 9.5 g/t Au.

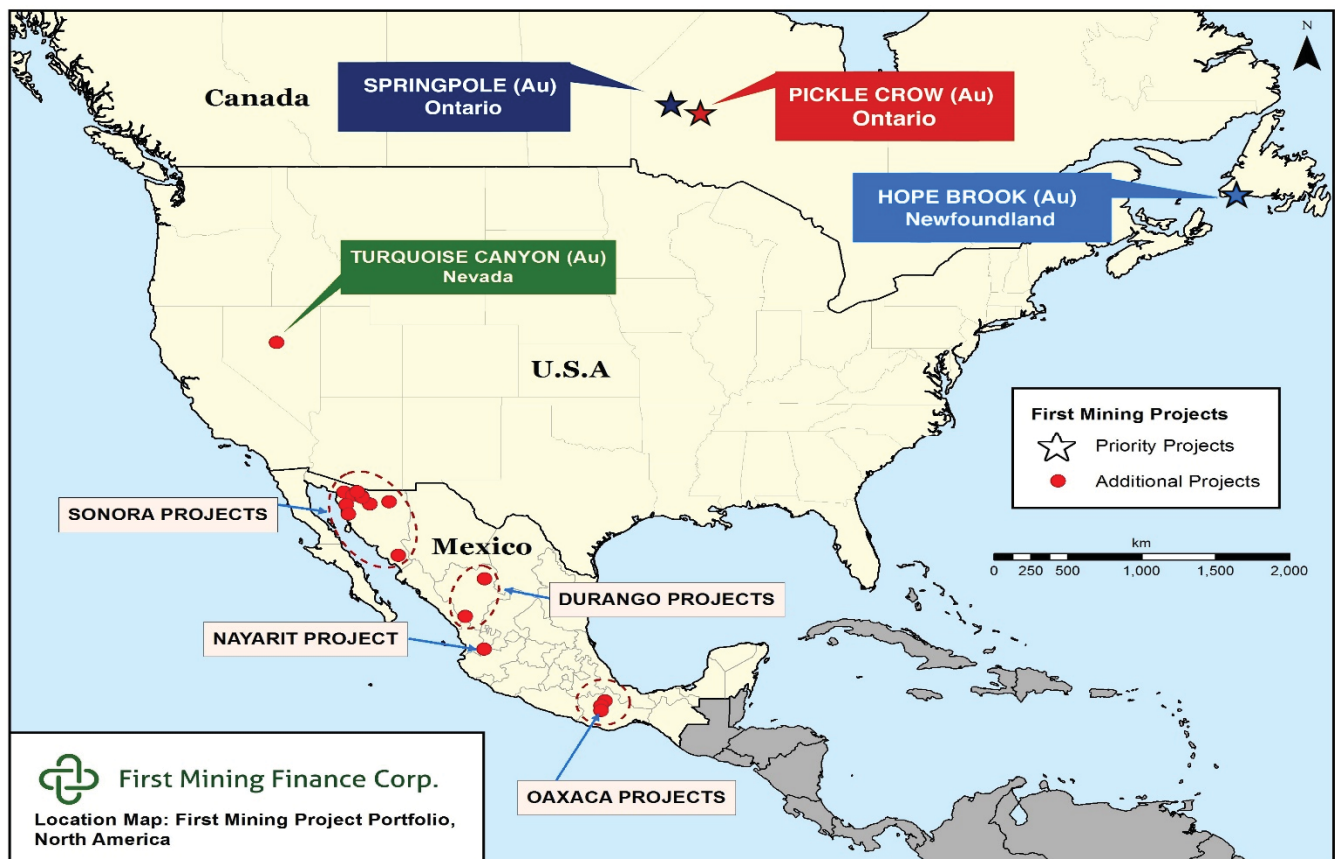
**USA**

**Turquoise Canyon, Nevada**

The Turquoise Canyon property (formerly the Bald Mountain property) located in Nevada is wholly owned by First Mining. The property consists of 188 unpatented claims totaling 3,872 acres located along the Battle Mountain-Eureka Trend, 16 km south of Barrick Gold Corp.'s Cortez Mine Complex (23 million oz Au), and nine km west of its newly discovered Gold Rush deposit (7.0 million oz Au) and 1.5 kms east of the Toiyabe Mine, a Carlin type gold deposit that produced 89,000 ounces of gold in the 1990s.

Results of an airborne ZTEM survey commissioned by the Company show an antiformal structure in the underlying Roberts Mountain Thrust which will be the focus of future exploration. A gravity high and anomalous conductive/polarizable anomalies at the southwest corner of the property are high priority drill targets. Six other potential drill targets were interpreted from two induced polarization/resistivity lines run over the property. The Company is processing and interpreting project data and looking for joint venture partners whereby the partners can earn an interest by jointly funding exploration targets generated by the Company.

**MINERAL BANK: PROJECT PORTFOLIO**





## SELECTED ANNUAL INFORMATION

The following is a summary of selected audited financial information for the last three completed fiscal years:

	Ending December 31, 2015	Ending December 31, 2014 <sup>(2)</sup>	Ending December 31, 2013 <sup>(2)</sup>
Cash	\$ 683,608	\$ 39,914	\$ 32,697
Working Capital <sup>(3)</sup>	(3,433,675)	906,107	(1,258,934)
Mineral Property Interests	107,592,331	6,563,461	1,930,858
Total Assets	109,268,514	9,548,844	2,074,575
Total Liabilities	4,708,127	1,898,170	1,306,577
Total Shareholders' Equity	104,560,387	7,650,674	767,998
Net Loss	(5,082,057)	(723,138)	(398,430)
Net Loss Per Share (basic and diluted) <sup>(1)</sup>	\$ (0.05)	\$ (0.02)	\$ (0.01)

(1) The basic and diluted loss per share calculations result in the same amount due to the anti-dilutive effect of outstanding stock options and warrants.

(2) Amounts reported in prior periods have been restated due to the change in the Company's presentation currency from US dollars to Canadian dollars. Refer to Changes in Accounting Policies on page 14.

(3) Subsequent to year end, \$3.4 million cash proceeds were received in the Goldrush acquisition and \$1.3 million from exercise of warrants and replacement options.

## RESULTS OF OPERATIONS

### *For the Years Ended December 31, 2015 and 2014*

For the year ended December 31, 2015, the Company reported a net loss of \$5,082,057 or \$0.05 per common share as compared to a net loss of \$723,138 or \$0.02 per common share for the comparative year ended December 31, 2014. Explanations for this increase in net loss are discussed below.

For the year ended December 31, 2015, total general and administrative expenses increased by \$2,907,539 to \$3,486,599 compared to \$579,060 in the year ended December 31, 2014. The increase was primarily due to a non-cash share-based payment expense of \$1,267,851 (2014 - \$nil), recognized in respect of the 5,995,000 options issued to directors, officers, employees, and consultants of the Company, as well as administrative and professional fee increases in connection with the RTO, acquisitions of Coastal Gold, Gold Canyon, and PC Gold, and the resulting investor relations and marketing, transfer agent and filing fee expenses.

- Professional fees increased \$243,716, or 105%, to \$476,427 during the year ended December 31, 2015 when compared to the same period of 2014. This was primarily due to increased legal, accounting and auditor fees in connection with the RTO and corporate matters associated with the Company's growth and increased activity.
- Administrative and office expense increased by \$127,655, to \$175,970 during the year ended December 31, 2015 compared to the year ended December 31, 2014. This increase is a result of increased corporate activity and from amounts paid to First Majestic Silver Corp. under the terms of its management services agreement.
- For the year ended December 31, 2015, salaries and consulting fees increased by \$456,744, or 282%, to \$618,892 from \$162,148 in the same period of the prior year. This was primarily due to hiring the Company's President in January 2015 and the additional employees and consultants connected with its growth.

- Investor relations and marketing expense increased from \$nil to \$568,813 during the year ended December 31, 2015, which followed the RTO and subsequent increased marketing and profile-raising activities of the listed Company.
- Travel and accommodation expense increased \$163,451, or 1,115%, to \$178,115 in the year ended December 31, 2015 from \$14,664 in the year ended December 31, 2014. This increase was in connection with investor relations and promotional road shows, and acquisition reconnaissance.

In addition, notable variances of non-general and administrative income and expense items were as follows:

- For the year ended December 31, 2015, a foreign exchange loss of \$271,659 was recorded, compared to a gain of \$41,153 for the year ended December 31, 2014. Foreign exchange gains or losses result from balances which are held in currencies other than the functional currency of the entity. The foreign exchange loss is predominantly the result of Canadian entities' accounts payable and loan payable balances that are denominated in US dollars.
- During the year ended December 31, 2015, the Company recognized a charge related to public company listing of \$655,130 (2014 - \$nil). This was related to the RTO and represented the fair value of consideration paid in excess of net assets acquired, less associated transaction costs.
- Interest and other expenses increased \$161,052, or 336%, to \$209,044 in the year ended December 31, 2015 from \$47,992 in the year ended December 31, 2014, due to the increase in the loan payable balance from USD\$500,000 to USD\$1,000,000 in the first quarter of 2015, as well as a devaluation in the Canadian dollar.
- A gain on debt settlement amounting to \$99,764 (2014 - \$nil) was recognized in the year ended December 31, 2015, representing an increase over the fair value of common shares issued to settle previous debt agreements prior to the RTO.
- During the year ended December 31, 2015, the Company decided that it would no longer continue its work on the Los Lobos and Las Tierritas properties as part of its strategic land package review and prior to its January 2016 mineral concession tax payments. The total deferred exploration costs of \$566,544 were therefore written off (2014: \$242,060).
- For the year ended December 31, 2015, a currency translation adjustment of \$1,424,729 was recorded, compared to \$417,314 in the prior year. This adjustment is primarily due to the significant balance of mineral properties that are held by foreign subsidiaries with a USD functional currency. The closing USD/CAD foreign exchange rate increased 19% from 1.1601 at the end of the prior year to 1.3840 at the end of 2015, resulting in a \$1,349,957 gain recorded to other comprehensive income from the revaluation of mineral property amounts to Canadian dollars. During the year ended December 31, 2014 a \$414,046 gain was recorded to other comprehensive income from the revaluation of mineral property amounts to Canadian dollars.

## **FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES**

### ***Net Working Capital including Cash and Cash Equivalents***

As at December 31, 2015, the Company had \$683,608 in cash and cash equivalents and a working capital deficit of \$3,433,675, compared to cash and cash equivalents of \$39,914 and working capital of \$906,107 at December 31, 2014. The decrease in working capital of \$4,339,782 was primarily due to the \$1,762,641 increase in accounts payable as a result of the Coastal Gold, Gold Canyon, and PC Gold acquisitions and a \$933,983 increase in the First Majestic Silver Corp. loan payable balance. Subsequent to year end, and following the Goldrush acquisition, which saw a cash inflow of \$3.4 million, the majority of the accounts payable relating to the 2015 acquisitions have been settled.

## Operating Activities

Cash used in operating activities for the year ended December 31, 2015 was \$2,241,065 compared to cash used of \$210,101 in the year ended December 31, 2014. These cash flows were primarily incurred as a result of the increased salaries and consultants, professional, investor relations and marketing expenditures in connection with the Company's increased activity.

## Investing Activities

Cash used in investing activities for the year ended December 31, 2015 was \$5,314,031 compared to cash used of \$692,839 in the year ended December 31, 2014. The cash used in investing activities included \$1,567,255 for mineral concessions and option payments, geological consulting fees and related exploration and evaluation capitalized items (2014 - \$693,439). This was offset by option payments and expenditures recovered of \$131,817 (2014 - \$nil). Additionally, net transaction costs in the Coastal Gold, Gold Canyon, and PC Gold acquisitions were \$2,204,608, \$521,449, and \$1,102,946 respectively.

## Financing Activities

Cash provided by financing activities during the year ended December 31, 2015 was \$8,225,594 compared to \$911,675 in the year ended December 31, 2014. The cash provided by financing activities during the 2015 period was mainly due to the completion of private placements, which raised net cash proceeds of \$4,478,580. Additionally, the outstanding KCP subscription receipts were converted into shares and proceeds of \$2,723,750 were released from escrow. During the year ended December 31, 2015 the Company also received a further loan from First Majestic amounting to \$635,550 (USD \$500,000) (2014 – \$386,925 (USD \$350,000)), which brought the total loan principal to USD \$1,000,000.

## SUMMARY OF QUARTERLY RESULTS

Fiscal Quarter Ended	2015-Q4	2015-Q3	2015-Q2 <sup>(1)</sup>	2015-Q1 <sup>(1)</sup>	2014-Q4 <sup>(1)</sup>	2014-Q3 <sup>(1)</sup>	2014-Q2 <sup>(1)</sup>	2014-Q1 <sup>(1)</sup>
<u>Statements of Financial Position</u>								
Capitalized exploration and evaluation expenditures	\$ (264,522)	\$ (713,076)	\$ (120,061)	\$ (496,250)	\$ (22,629)	\$ (413,012)	\$ (17,642)	\$ (153,731)
Non-cash assets acquired	(81,133,033)	(17,659,163)	-	-	-	(3,900,000)	-	-
Option payments and expenditures recovered	131,817	-	-	8,830	-	-	-	46,397
Impact of change in presentation currency	-	-	(1,349,957)	-	(414,046)	-	-	-
Write-down of mineral properties	566,544	-	-	-	242,060	-	-	-
<u>Statements of Comprehensive Loss</u>								
Fair value gain on derivative liability	-	-	-	-	19,213	18,820	36,060	30,728
Share-based payments	(268,633)	(301,090)	(698,128)	-	-	-	-	-
Charge related to public company listing	-	-	(655,130)	-	-	-	-	-
Net loss for the period	(1,878,657)	(1,101,148)	(659,040)	(1,443,212)	(99,483)	(399,525)	(141,647)	(82,483)
Basic and diluted loss per share	\$ (0.04)	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.00)

(1) Amounts reported in prior periods have been restated due to the change in the Company's presentation currency from US dollars to Canadian dollars. Refer to Changes in Accounting Policies on page 14.

## Fourth Quarter

During the fourth quarter ended December 31, 2015, the Company reported a net loss of \$1,878,657 or \$0.01 per common share as compared to a net loss of \$99,486 or \$nil per common share for the comparative quarter ended December 31, 2014. Explanations for this increase in net loss are discussed below.

For the three months ended December 31, 2015, total general and administrative expenses increased by \$902,889, or 707%, to \$1,030,649 compared to \$127,760 in the fourth quarter ended December 31, 2014. The increase was due to a non-cash share-based payment expense of \$268,633 (2014 - \$nil), recognized in respect of the 2,465,000 options issued to directors, officers, employees, and consultants of the Company, as well as investor relations and marketing expenditures and professional fee increases in connection with the acquisitions of Gold Canyon and PC Gold.

- Investor relations and marketing expense increased from \$nil to \$241,350 during the quarter ended December 31, 2015, which followed increased attendance at investor conferences and further marketing campaigns.
- Professional fees increased \$172,914, or 282%, to \$234,245 during the three months ended December 31, 2015 when compared to the same period of 2014. This was primarily due to legal, accounting and auditor expenses associated with the Company's growth and increased activity.
- For the fourth quarter ended December 31, 2015, salaries and consulting fees increased by \$115,392, or 286%, to \$155,763 from \$40,371 in the same period of the prior year. This was primarily due an increase in employees and consultants' expenses when compared to the fourth quarter of 2014.

In addition, notable variances of non-general and administrative income and expense items were as follows:

- For the three months ended December 31, 2015, a foreign exchange loss of \$178,998 was recorded compared to the fourth quarter of 2014 of \$8,570. Foreign exchange gains or losses result from balances which are held in currencies other than the functional currency of the entity. For the fourth quarter of 2015, the foreign exchange loss is predominantly the result of Canadian entities' accounts payable and loan payable balances that are denominated in US dollars, when compared to the prior year fourth quarter.
- During the quarter ended December 31, 2015, the Company decided that it would no longer continue its work on the Los Lobos and Las Tierritas properties as part of its strategic land package review and prior to its January 2016 concession tax payments. The total deferred exploration costs of \$566,544 were therefore written off.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at December 31, 2015, the Company has a working capital deficit of \$3,433,675. However, subsequent to the year ended December 31, 2015, the Company received cash proceeds of \$3.4 million through the acquisition of Goldrush Resources, and \$1.3 million through the exercise of replacement options and warrants. Nevertheless, the Company may not necessarily have sufficient capital resources to continue with its corporate activities, or retention and exploration activities on its mineral property portfolio and to meet its other working capital requirements for the next twelve months.

The Company is not in commercial production on any of its mineral properties and, accordingly, it does not generate cash from operations. The Company is dependent on either acquiring companies with surplus cash and/or raising additional financing to retain and explore its existing property portfolio, to fund additional acquisitions or asset purchases and for general corporate costs. The only sources of future funds presently available to the Company are the sale of additional equity capital, selling or leasing the Company's interest in a property, entering into joint venture arrangements or other strategic alliances in which the funding sources could become entitled to an interest in the properties or projects. The Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's properties or projects in relation to these markets, and its ability to compete for investor support of its corporate strategy.

## RELATED PARTY TRANSACTIONS

The Company's related parties consist of the Company's Directors and Officers, and any companies associated with them. The Company incurred the following expenditures during the years ended December 31, 2015 and 2014:

Service or Item	Year ended December 31,	
	2015	2014 <sup>(1)</sup>
Administration and office expenses	\$ 102,302	\$ 38,363
Consulting fees	-	148,984
<b>Total</b>	<b>\$ 102,302</b>	<b>\$ 187,347</b>

(1) Amounts reported in prior periods have been restated due to the change in the Company's presentation currency from US dollars to Canadian dollars. Refer to Changes in Accounting Policies on page 14.

Administration and office expenses include amounts paid to First Majestic Silver Corp. ("First Majestic"), a company with three Directors in common, which provides management services, a Chief Financial Officer ("CFO"), Corporate Secretary and office space to the Company.

Prior to July 1, 2014, Seabord Services Corp. ("Seabord") was a management services company which provided a CFO, a Corporate Secretary, accounting and administration staff and office space to the Company. Under this arrangement, the CFO and Corporate Secretary were employees of Seabord and were not paid directly by the Company. Seabord ceased to be a related party on July 1, 2014 after termination of their agreement.

Consulting fees include amounts paid to the Chief Executive Officer and the VP Exploration prior to signing employment agreements with the Company.

As at December 31, 2015, included in accounts payable is an amount of \$40,492 (December 31, 2014 - \$423,250) due to the Chief Executive Officer and the VP Exploration who were consultants prior to the RTO. Included in current liabilities is an amount of \$1,560,073 (December 31, 2014 - \$626,090) due to First Majestic relating to the promissory notes, as well as \$15,000 due to First Majestic for administration and office expenses.

### Key Management Compensation

Key management includes the Officers and Directors of the Company. The compensation paid or payable to key management for services during the years ended December 31, 2015 and 2014 is as follows:

Service or Item	Year ended December 31,	
	2015	2014 <sup>(1)</sup>
Directors' fees	\$ -	\$ 13,164
Salaries and consultants' fees	380,464	148,984
Share-based payments	949,408	-
<b>Total</b>	<b>\$ 1,329,872</b>	<b>\$ 162,148</b>

(1) Amounts reported in prior periods have been restated due to the change in the Company's presentation currency from US dollars to Canadian dollars. Refer to Changes in Accounting Policies on page 14.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

## CHANGES IN ACCOUNTING POLICIES

The annual consolidated financial statements for the year ended December 31, 2015 were prepared using accounting policies consistent with those used in the annual consolidated financial statements of KCP for the year ended December 31, 2014, except as described below.

### Change in Presentation and Functional Currency

The Company's annual consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company's parent as well as the Company's Canadian subsidiaries. The functional currency of the Company's foreign subsidiaries is US dollars.

The Company changed the functional currency of both the parent company and the Canadian subsidiaries from US to Canadian dollars effective July 1, 2015. This change reflects the Company's financing, and development activities which are now primarily in Canadian dollars and following the announced acquisition of Coastal, which closed on July 7, 2015. On July 1, 2015, all assets and liabilities of the foreign subsidiaries were translated into Canadian dollars at the July 1, 2015 rate of 1.2490 CAD per 1.00 USD. All share capital and other components of equity were translated at the historical rates. This change has been accounted for prospectively.

Concurrent with the change in functional currency, on July 1, 2015, the Company changed its presentation currency from US dollars to Canadian dollars. The change in presentation currency is to better reflect the Company's business activities. In making this change to the Canadian dollar presentation currency, the Company followed the guidance in IAS 21 '*The Effects of Changes in Foreign Exchange Rates*' ("IAS 21") and has applied the change retrospectively as if the new presentation currency had always been the Company's presentation currency.

In accordance with IAS 21, the financial statements for all periods presented have been translated to the new Canadian dollar presentation currency. For the 2014 comparative balances, assets and liabilities have been translated into the presentation currency at the rate of exchange prevailing at the reporting date. The statements of comprehensive loss were translated at the average exchange rates for the reporting period. Exchange differences arising on translation have been recognized in other comprehensive income and accumulated as a separate component of equity. The Company has presented a statement of financial position as at January 1, 2014 without the related notes except for the disclosure requirements outlined in IAS 8 '*Accounting Policies, Changes in Accounting Estimates and Errors*'.

## ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

The following are accounting standards anticipated to be effective January 1, 2016 or later:

### *IFRS 7 Financial Instruments: Disclosure*

Amended to require additional disclosures on transition from IAS 39 to IFRS 9. Effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018. The Company is currently evaluating the impact this standard is expected to have on its consolidated financial statements.

### *IFRS 9 Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 '*Financial Instruments*' ("IFRS 9") which reflects all phases of the financial instruments project and replaces IAS 39 '*Financial Instruments: Recognition and Measurement*' and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company is currently evaluating the impact this standard is expected to have on its consolidated financial statements.

### *IFRS 10 Consolidated Financial Statements*

The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is held in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if the assets are held in a subsidiary. Upon adoption, the amendments may impact the Company

in respect of future sale or contribution of assets with its associates or joint ventures. The amendments are effective for transactions occurring in annual periods beginning on or after January 1, 2016. The Company is currently evaluating the impact this standard is expected to have on its consolidated financial statements.

#### *IFRS 15 Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15 'Revenue from Contracts with Customers' ("IFRS 15"). The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on January 1, 2018. Currently, no impact on the Company's consolidated financial statements is expected.

#### *IFRS 16 Leases*

The new standard will replace IAS 17 'Leases' ("IAS 17") and eliminates the classification of leases as either operating or finance leases by the lessee. The treatment of leases by the lessee will require capitalization of all leases resulting accounting treatment similar to finance leases under IAS 17. Exemptions for leases of very low value or short-term leases will be applicable. The new standard will result in an increase in lease assets and liabilities for the lessee. Under the new standard the treatment of all lease expense is aligned in the statement of earnings with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17. IFRS 16 'Leases' will be applied prospectively for annual periods beginning on January 1, 2019. The Company is currently evaluating the impact this standard is expected to have on its consolidated financial statements.

#### *Amendments to IAS 1 Presentation of Financial Statements*

On December 18, 2014 amendments were made to IAS 1 as part of a major initiative to improve disclosure requirements in IFRS financial statements. The amendments clarify the application of materiality to note disclosure and the presentation of line items in the primary statements provide options on the ordering of financial statements and additional guidance on the presentation of other comprehensive income related to equity accounted investments. The effective date for these amendments is January 1, 2016. The Company is currently evaluating the impact this standard is expected to have on its consolidated financial statements.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact.

### **INITIAL ADOPTION OF ACCOUNTING STANDARDS**

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning before or on January 1, 2015. The following new standards, amendments and interpretations that have been adopted for the Company's current fiscal year have not had a material impact on the Company:

The amendments to IFRS 2 *Share-based payment* clarify vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition. The Company has evaluated the impact of the amendments to IFRS 2 and has determined that it has no material impact on its financial statements.

The amendments to IFRS 8 *Operating Segments* require additional disclosures regarding management judgments when operating segments have been aggregated in determining reportable segments. The Company has evaluated the impact of the amendments to IFRS 8 and has determined that it has no material impact on its financial statements.

The amendments to IFRS 13 *Fair Value Measurement* clarify that short-term receivables and payables with no stated interest rate can still be measured at the invoice amount without discounting, if the effect of discounting is immaterial. It also defines the scope of an exemption that permits an entity to measure the fair value of a group of financial assets and financial liabilities

on a net basis. The Company has evaluated the impact of the amendments to IFRS 13 and has determined that it has no material impact on its financial statements.

The amendments to IAS 24 *Related Party Disclosures* clarify the increase in disclosure required for entities that have related party management services provided by a company rather than individuals. The Company has evaluated the impact of the amendments to IAS 24 and has determined that it has no material impact on its financial statements.

## **CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The accounting estimates and judgments considered to be significant to the Company include the carrying values of mineral properties, the valuation of share-based payments and warrants, the determination of functional currency and deferred income taxes. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The Company did not identify any areas, other than functional currency discussed below, where revisions to estimates and assumptions have resulted in material changes to the results or financial position of the Company.

Management reviews the carrying values of its mineral properties on at least an annual basis, or when an impairment indicator exists, to determine whether an impairment should be recognized. In addition, capitalized costs related to relinquished property rights are written off in the period of relinquishment. Capitalized costs in respect of the Company's mineral properties amounted to \$107,592,331 as at December 31, 2015. These costs may not be recoverable and there is a risk that these costs may be written down in future periods. During the year ended December 31, 2015, the Company wrote off in full its capitalized costs of \$566,544 related to the Los Lobos and Las Tierritas properties, and during the year ended December 31, 2014 wrote off \$242,060 related to the La Sorpresa property.

The Company uses the fair-value method of accounting for share-based payments related to incentive share options and compensation warrants modified or settled. Under this method, compensation cost attributable to options and warrants granted is measured at fair value at the grant date and expensed over the vesting period. In determining the fair value, the Company makes estimates of the expected volatility of the stock as well as an estimated risk-free interest rate and the expected life using the Black-Scholes model. Changes to these estimates could result in the fair value of the share-based payments expense being less than or greater than the amount recorded. During the year ended December 31, 2015, the Company granted stock options to directors, officers, employees and consultants, the estimated fair values of which amounted to \$1,267,851 recognized as share-based payments expense (2014 - \$nil). In addition, \$105,946 was recorded as a share issuance cost equity item, relating to broker warrants as part of the private placement, and \$6,268,548 was recorded as consideration in the acquisitions of Coastal Gold, Gold Canyon, and PC Gold relating to the replacement options and warrants.

The Company applied judgment in determining its functional currency and the functional currency of its subsidiaries. Functional currency was determined based on commercial factors, and the currency of the entities' expenditures and exploration activities. The functional currency of the Company's Canadian entities is the Canadian dollar, and the functional currency of the Company's foreign subsidiaries is the US dollar.

The Company has to determine whether each acquisition should be accounted for as a business combination or an asset acquisition. As dictated by IFRS 3 Business Combinations ("IFRS 3"), the components of a business must include inputs, processes and outputs. Management has assessed its acquisitions and has concluded that each did not include all the necessary components of a business. As such, they have been recorded as asset acquisitions, being the purchase of mineral properties and/or working capital.

The Company must use judgment to determine whether it is the acquirer in each acquisition transaction. Under IFRS 3, the acquirer is the entity that obtains control of the acquiree in the acquisition. If it is not clear which company is the acquirer, additional information must be considered, such as the combined entity's relative voting rights, existence of a large minority voting interest, composition of the governing body and senior management, and the terms behind the exchange of equity interests.



The Company measures deferred income tax assets and liabilities using enacted or substantively enacted tax rates at the reporting date in effect for the period in which the temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized as part of the provision for income taxes in the period that includes the enactment date. The recognition of deferred income tax assets is based on the assumption that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

The Company must determine if estimates of the future costs to complete rehabilitation work is required to comply with existing laws, regulations and agreements in place at each exploration site. Actual costs incurred may differ from those amounts estimated. Future changes to environmental laws and regulations could increase the extent of rehabilitation work required by the Company. Management determined at the balance sheet date that no material rehabilitation provisions were required under IAS 37.

Management determined that the consolidated financial statements should be prepared on a going concern basis and therefore concluded that the Company will be able to meet its obligations and continue its operations for the next twelve months.

## FINANCIAL INSTRUMENTS

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include foreign currency risk, interest rate risk, credit risk, liquidity risk, and price risk. Where material, these risks are reviewed and monitored by the Board of Directors.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

### a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk includes foreign currency risk and interest rate risk.

#### *Foreign Currency Risk*

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada, the United States, and Mexico and a portion of the Company's expenses are incurred in Canadian dollars ("CAD"), US dollars ("USD"), and Mexican Pesos ("MXN"). A significant change in the currency exchange rates between the Canadian, US and Mexican currencies, could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

As at December 31, 2015, the Company is exposed to currency risk on the following assets and liabilities denominated in USD and MXN. The sensitivity of the Company's net earnings due to changes in the exchange rate between the USD and MXN against the Canadian dollar is included in the table below in Canadian dollar equivalents:

	USD Amount	MXN Amount	Total
Cash and cash equivalents	\$ 202,263	\$ 166,777	\$ 369,040
Receivables and prepaid expenditures	62,878	32,423	95,301
Value added tax receivable	-	138,166	138,166
Accounts payable and accrued liabilities	(89,310)	(178,453)	(267,763)
<b>Net exposure</b>	<b>\$ 175,831</b>	<b>\$ 158,913</b>	<b>\$ 334,744</b>
<b>Effect of +/- 10% change in currency</b>	<b>\$ 17,583</b>	<b>\$ 15,891</b>	<b>\$ 33,474</b>

### *Interest Rate Risk*

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings that are subject to fluctuations in market interest rate. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

### b) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents. The Company considers credit risk with respect to its cash and cash equivalents to be immaterial as cash and cash equivalents are mainly held through large Canadian financial institutions.

### c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. As at December 31, 2015, the Company has outstanding trade payables and accrued liabilities of \$2,840,492, which are generally payable within 12 months, and loans payable of \$1,560,073 which are repayable on demand by the lender.

Typically, the Company ensures that it has sufficient cash on hand to meet expected operational expenses for at least the next 12 months. The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable, which are generally due within 90 days or less.

## **RISKS AND UNCERTAINTIES**

### ***Financing Risks***

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of one or more of the Company's projects may be dependent upon the Company's ability to obtain financing through equity or debt financing or other means. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration and development of its projects which could result in the loss of one or more of its properties.

### ***Exploration and Development***

Resource exploration is a speculative business and involves a high degree of risk. There is no known body of commercial ore on the Company's mineral properties and there is no certainty that the expenditures made by the Company in the exploration of its mineral properties or otherwise will result in discoveries of commercially recoverable quantities of minerals. The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Although the discovery of an ore body may result in substantial rewards, few properties explored are ultimately developed into producing mines. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation.

There is no assurance that the Company's mineral properties possess commercially mineable bodies of ore. The Company's mineral properties are in the exploration stage as opposed to the development stage and has no known body of economic mineralization. The known mineralization of the properties has not been determined to be economic ore and there can be no assurance that a commercially mineable ore body exists on the properties. Such assurance will require completion of final comprehensive feasibility studies and, possibly, further associated exploration and other work that concludes a potential mine

is likely to be economic. In order to carry out exploration and development programs of any economic ore body and place it into commercial production, the Company may be required to raise substantial additional funding.

Significant capital investment is required to discover commercial ore and to commercialize production from successful exploration efforts and maintain mineral concessions through payment of applicable taxes. The commercial viability of a mineral deposit is dependent upon a number of factors. These include: (i) deposit attributes such as size, grade and proximity to infrastructure, (ii) current and future metal prices (which can be cyclical), and (iii) government regulations, including those relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and necessary supplies and environmental protection. The complete effect of these factors, either alone or in combination, cannot be entirely predicted, and their impact may result in the Company not receiving an adequate return on invested capital.

Market fluctuations and the prices of metals may render resources uneconomic. Moreover, short-term operating factors relating to the mineral deposits, such as the need for orderly development of the deposits or the processing of new or different grades of ore, may cause a mining operation to be unprofitable in any particular accounting period.

### ***Title***

There is no assurance that the Company's title to its properties will not be challenged. The acquisition of title to mineral exploration properties is a very detailed and time-consuming process. Title to and the area of mineral properties may be disputed. While the Company has diligently investigated title to its properties, it may be subject to prior unregistered agreements or transfers or indigenous land claims and title may be affected by undetected defects. Consequently, the boundaries may be disputed.

### ***Surface Rights***

The Company does not own the surface land associated with its mineral claims in Mexico and therefore does not own the surface rights to its mineral claims. Mexican law allows equal right of property access to the owner of the surface rights and the owner of the mining rights. However, when the explorer/miner is not the owner of the surface rights, the owner of the surface rights and the owner of the mineral rights must agree on the terms by which the concession holder may access the property. If an agreement cannot be reached, then the concession holder is required to gain access to the surface through other means including expropriation, temporal occupation or right of way on necessary land. Written surface access agreements are required for and at the time of application for environmental permits and for exploration with drilling or trenching. As such the Company has agreements and permits for surface access for the Pluton and Los Tamales properties, but not for its other properties.

### ***Permits and Licenses***

There is no assurance that the Company will obtain required permits and licenses. The Company's operations may sometimes require licenses and permits from various governmental authorities. The Company believes that it will be able to obtain in the future all necessary licenses and permits to carry on the activities which it intends to conduct, and intends to comply in all material respects with the terms of such licenses and permits. There can be no guarantee, however, that the Company will be able to obtain and maintain, at all times, all necessary licenses and permits required to undertake the proposed exploration and development or to place its properties into commercial production and to operate mining facilities thereon. In the event of commercial production, the cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or preclude the economic development of a particular property.

### ***Competitive Nature of the Mining Industry***

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will be competing with other mining companies, many of which have greater financial resources than the Company does, for the acquisition of mineral claims, leases and other mineral interests, as well as for the recruitment and retention of qualified employees and other personnel. There can be no assurance that the necessary funds can be raised or that any projected work will be completed.

### ***Joint Venture Funding Risk***

The Company's strategy is to seek partners through joint ventures to fund exploration and project development. The main risk of this strategy is that funding partners may not be able to raise sufficient capital in order to satisfy exploration and other expenditure terms in a particular joint venture agreement. As a result, exploration and development of one or more of the Company's property interests may be delayed depending on whether the Company can find another partner or has enough capital resources to fund the exploration and development on its own.

### ***Environmental, Health and Safety Regulation of Resource Industry***

The operations of the Company require permits from various levels of government. Such operations are subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. The Company believes it is in substantial compliance with all material laws and regulations that currently apply to its activities. There can be no assurance, however, that all permits which the Company may require for construction of mining facilities and conduct of mining operations, particularly environmental permits, will be obtainable on reasonable terms or that compliance with such laws and regulations would not have an adverse effect on the profitability of any mining project that the Company might undertake.

All phases of the Company's operations are subject to environmental regulations in various jurisdictions. If the Company's properties are proven to host economic reserves of metals, mining operations will be subject to federal, state and local laws relating to the protection of the environment, including laws regulating removal of natural resources from the ground and the discharge of materials into the environment. Mining operations will be subject to federal, state and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of mining methods and equipment. Various permits from government bodies are required for mining operations to be conducted; no assurance can be given that such permits will be received. No assurance can be given that environmental standards imposed by federal, state or local authorities will not be changed or that any such changes would not have material adverse effects on the Company's activities. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on the Company. Additionally, the Company may be subject to liability for pollution or other environmental damage, which it may not be able to insure against.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

### ***Availability of Drilling Equipment and Access Restrictions***

Mining exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities.

### ***Stress in the Global Economy***

Reduction in credit, combined with reduced economic activity and the fluctuations in the United States dollar, may adversely affect businesses and industries that purchase commodities, affecting commodity prices in more significant and unpredictable ways than the normal risks associated with commodity prices. The availability of services such as drilling contractors and

geological service companies and/or the terms on which these services are provided may be adversely affected by the economic impact on the service providers. The adverse effects on the capital markets generally make the raising of capital by equity or debt financing much more difficult and the Company is dependent upon the capital markets to raise financing. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on the Company's business, operating results, and financial condition.

### ***Current Global Financial Condition***

Current global financial conditions have been subject to increased volatility. As such, the Company is subject to counterparty risk and liquidity risk. The Company is exposed to various counterparty risks including, but not limited to financial institutions that hold the Company's cash, and through companies that have payables to the Company. The Company is also exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the shares could be adversely affected.

### ***Unknown Environmental Risks for Past Activities***

Exploration and mining operations involve a potential risk of releases to soil, surface water and groundwater of metals, chemicals, fuels, liquids having acidic properties and other contaminants. In recent years, regulatory requirements and improved technology have significantly reduced those risks. However, those risks have not been eliminated and the risk of environmental contamination from present and past exploration or mining activities exists for mining companies. Companies may be liable for environmental contamination and natural resource damages relating to properties that they currently own or operate or at which environmental contamination occurred while or before they owned or operated the properties. However, no assurance can be given that potential liabilities for such contamination or damages caused by past activities at these properties do not exist.

### ***Political Regulatory Risks***

Any changes in government policy may result in changes to laws affecting ownership of assets, mining policies, monetary policies, taxation, rates of exchange, environmental regulations, labour relations, repatriation of income and return of capital. This may affect both the Company's ability to undertake exploration and development activities in respect of present and future properties in the manner currently contemplated, as well as its ability to continue to explore, develop and operate those properties in which it has an interest or in respect of which it has obtained exploration and development rights to date. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

### ***Fluctuating Mineral Prices***

The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of precious and base minerals and metals. Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have historically fluctuated widely. Consequently, the economic viability of any of the Company's exploration projects cannot be accurately predicted and may be adversely affected by fluctuations in mineral prices.

### ***Currency Risk***

Currency fluctuations may affect the cash flow which the Company may realize from its operations, since most mineral commodities are sold in a world market in U.S. dollars. The Company's costs are incurred primarily in Canadian dollars, U.S. dollars, and Mexican Pesos.

### **Drug Related Violence and Cartels**

Mexico has experienced periods of violence over the past few decades primarily from drug related activities. Although the government has committed itself to combating such activities, drug-related violence propagated by rival drug cartels continues.

The Company is aware of reports of recent drug related violence in Mexico, but these have not affected the Company's activities, nor have Company personnel been threatened. The Company has routine safety precautions in place for its personnel, including travelling in pairs of vehicles accompanied by local personnel, prohibiting travel at night, working with locals as scouts in the area and generally maintaining a low profile in the area. In addition, all Company personnel on site are Spanish speaking.

### **COMMITMENTS**

The Company has commitments in respect of office rent, equipment leases, and transaction costs incurred through its acquisitions as follows:

	Expected payments due by period as at December 31, 2015			
	1 year	2 – 3 years	4 – 5 years	
Office premises (PC Gold acquisition)	\$ 77,684	\$ 129,426	\$ -	-
Equipment leases (Gold Canyon acquisition)	69,081	9,215	-	-
Accounts payable	1,702,484	-	-	-
Loans payable	1,560,073	-	-	-
Contractual payments from acquisitions:				
Coastal Gold	364,184	-	-	-
PC Gold	621,383	-	-	-
Gold Canyon	334,500	-	-	-
<b>Total</b>	<b>\$ 4,729,389</b>	<b>\$ 138,641</b>	<b>\$ -</b>	<b>-</b>

### **CONTINGENCY**

In 2014, Gold Canyon, a wholly owned subsidiary of the Company since November 2015, was charged under the Occupational Health and Safety Act for a workplace accident relating to the operation of certain equipment at Springpole that resulted in a worker being injured. The Company has engaged legal counsel and will attend a court hearing on May 19, 2016 for the incident which occurred prior to the acquisition. At this time, the Company cannot definitively predict the outcome of this proceeding or the amount of any damages or other penalties, which may be charged, however, it is not expected to be material.

### **QUALIFIED PERSONS**

Dr. Christopher Osterman, P.Geo, CEO of First Mining, is a Qualified Person as defined by National Instrument 43-101 Standards of Disclosure for Mineral Projects, and is responsible for the review and verification of the technical information in the MD&A.

## OUTLOOK

The Company's principal business activity is to acquire and hold high-quality mineral assets with a focus in the Americas, effectively building a mineral bank at a time when market values are significantly lower than in the immediately preceding years. The Company currently holds a high-quality portfolio of 19 mineral assets in Canada, Mexico, and the United States. This was following the acquisition of Coastal Gold in July 2015, which included the Hope Brook Project, a 1.0 million Au ounce deposit. Similarly, the combined acquisitions of Gold Canyon and PC Gold in November 2015 have provided a further 4.4 million Au ounces of indicated and 2.0 million Au ounces of inferred resource at the Springpole Gold Project and Pickle Crow Project. Ultimately, the Company's goal is to grow its mineral bank by increasing its portfolio to 40-50 mineral assets, which will primarily be comprised of gold, silver, copper, lead, zinc and nickel.

As the Company incurs additional retention and exploration expenditures, or undertakes further acquisitions, the Company will likely need to access additional capital. On January 7, 2016, the Company completed an arrangement agreement with Goldrush Resources, which provided \$3.4 million in cash to treasury, and on February 12, 2016 the Company entered into a definitive agreement with Clifton Star Resources Inc, which is anticipated to provide at least \$11.0 million in cash, net of transaction costs. In 2016, the Company expects to maintain its rapid growth through further acquisitions of companies and/or purchase of mineral assets that meet its investment criteria.

The Company intends to add shareholder value by ultimately entering into earn-in agreements with third-parties who would move the assets forward whilst the Company retains a residual interest, which could be in the form of a royalty, metal stream, minority interest, and/or equity positions in the third parties.

## SECURITIES OUTSTANDING

Authorized share capital: The Company can issue an unlimited number of common shares with no par value and an unlimited number of preferred shares with no par value. No preferred shares have been issued as at March 29, 2016.

All share information is reported as of March 29, 2016 in the following table.

<b>Issued and Outstanding Common Shares</b>				<b>312,627,182</b>
	<u>Expiry Date</u>	<u>Weighted average Exercise Price</u>	<u>Number</u>	
Options	November 13, 2016 – December 30, 2020	\$0.41	11,917,365	
Warrants	September 30, 2016 – April 2, 2019	\$0.19	11,169,070	
				23,086,435
<b>Fully Diluted</b>				<b>335,713,617</b>

There were a total of 7,332,273 common shares of the Company held in escrow under the Escrow Value Security Agreement dated March 30, 2015, on the completion of the RTO. Under this agreement, 10% of the shares were released immediately and 15% will be released every six months thereafter with the final release being on March 30, 2018. As at December 31, 2015, there were 5,499,206 common shares of the Company in escrow (December 31, 2014 – nil).

There were a total of 1,369,500 common shares of the Company held in escrow under the CPC Escrow Agreement dated August 2, 2005. At completion of the RTO, 10% of the common shares were released and 15% will be released every six months thereafter with the final release being March 30, 2018. As at December 31, 2015 there were 1,027,124 common shares of the Company in escrow (December 31, 2014 – 1,369,500 based on 4:1 rollback).

## **DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING**

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109") the Chief Executive Officer and Chief Financial Officer have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the annual consolidated financial statements for the year ended December 31, 2015 and this accompanying MD&A (together the "Annual Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company on SEDAR at [www.sedar.com](http://www.sedar.com).

## **FORWARD LOOKING INFORMATION**

This MD&A may contain "forward looking statements" that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause the Company's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and factors may include, but are not limited to: unavailability of financing, failure to identify commercially viable mineral reserves, fluctuations in the market valuation for commodities, difficulties in obtaining required approvals for the development of a mineral project and other factors.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



**ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE – MINERAL PROPERTY EXPENDITURES**

During the years ended December 31, 2015 and December 31, 2014, the Company incurred the following acquisition, exploration and evaluation expenditures on its 100% owned mineral properties:

	Canada				Mexico								USA		Total
	Hope Brook	Springpole	Pickle Crow	Canada Total	Miranda	Socorro	San Ricardo	Peñasco Quemado	La Frazada	Pluton	Los Lobos	Others <sup>(1)</sup>	Mexico Total	Turquoise Canyon	
<b>Balance December 31, 2013, RESTATED (Note 23)</b>	\$ -	\$ -	\$ -	\$ -	\$ 335,781	\$ 194,896	\$ 268,134	\$ -	\$ -	\$ 525,805	\$ -	\$ 153,158	\$ 1,477,774	\$ 453,084	\$ 1,930,858
Acquisition	-	-	-	-	-	-	-	1,834,140	1,493,651	-	295,242	276,967	3,900,000	-	3,900,000
Mineral concessions and option payments	-	-	-	-	23,833	87,184	76,042	105,930	948	90,807	45,592	98,431	528,767	37,791	566,558
Geological consulting and lab	-	-	-	-	4,418	1,111	1,111	-	-	1,802	-	1,111	9,553	-	9,553
Field supplies and other	-	-	-	-	794	-	-	-	-	-	-	-	794	-	794
Travel and administration	-	-	-	-	3,420	2,638	5,952	1,820	328	4,923	1,131	9,897	30,109	-	30,109
<b>Total expenditures</b>	-	-	-	-	32,465	90,933	83,105	1,941,890	1,494,927	97,532	341,965	386,406	4,469,223	37,791	4,507,014
Option payments and expenditures recovered	-	-	-	-	-	-	(40,247)	-	-	-	-	(6,150)	(46,397)	-	(46,397)
Impact of change in presentation currency	-	-	-	-	32,093	22,249	26,478	110,989	86,042	52,600	19,341	21,252	371,044	43,002	414,046
Write-down of mineral properties	-	-	-	-	-	-	-	-	-	-	-	(242,060)	(242,060)	-	(242,060)
<b>Balance December 31, 2014, RESTATED (Note 23)</b>	-	-	-	-	400,339	308,078	337,470	2,052,879	1,580,969	675,937	361,306	312,606	6,029,584	533,877	6,563,461
Acquisition	17,466,287	66,170,491	15,155,418	98,792,196	-	-	-	-	-	-	-	-	-	-	98,792,196
Mineral concessions	11,844	-	-	11,844	45,863	103,614	113,640	305,359	1,979	107,256	95,208	208,588	981,507	40,730	1,034,081
Wages and salaries	-	34,350	1,263	35,613	20,443	9,787	12,273	1,340	2,203	894	-	21,899	68,839	-	104,452
Surveying, geological consulting and lab	20,323	7,611	19,454	47,388	78,376	38,904	39,068	-	-	53	-	388	156,789	982	205,159
Field supplies and other	32,621	16,858	491	49,970	19,086	33,770	49,681	-	29	990	-	1,859	105,415	-	155,385
Travel and administration	12,291	20,185	-	32,476	20,690	18,009	19,202	330	1,075	122	-	2,665	62,093	262	94,831
<b>Total expenditures</b>	17,543,366	66,249,495	15,176,626	98,969,487	184,458	204,084	233,864	307,029	5,286	109,315	95,208	235,399	1,374,643	41,974	100,386,104
Option payments and expenditures recovered	-	-	-	-	-	-	(8,830)	-	-	-	-	(131,817)	(140,647)	-	(140,647)
Impact of change in presentation currency	-	-	-	-	94,918	75,727	72,404	423,474	305,444	119,040	78,232	75,709	1,244,948	105,009	1,349,957
Write-down of mineral properties	-	-	-	-	-	-	-	-	-	-	(534,746)	(31,798)	(566,544)	-	(566,544)
<b>Balance December 31, 2015</b>	\$17,543,366	\$66,249,495	\$15,176,626	\$98,969,487	\$ 679,715	\$ 587,889	\$ 634,908	\$ 2,783,382	\$ 1,891,699	\$ 904,292	\$ -	\$ 460,099	\$ 7,941,984	\$ 680,860	\$ 107,592,331

Note that amounts reported in prior periods have been restated due to the change in the Company's presentation currency from US dollars to Canadian dollars. Refer to Changes in Accounting Policies on page 13.

(1) Other mineral properties as at December 31, 2015 include Puertecitos, Los Tamales, Margaritas, Geranio, El Apache, El Roble, Batacosa, Lachatao and Montana Negra.