Cartier Iron Corporation

Financial Statements
December 31, 2015 and 2014

Collins Barrow

Collins Barrow Toronto LLP
Collins Barrow Place
11 King Street West
Suite 700, Box 27
Toronto, Ontario
M5H 4C7 Canada

T. 416.480.0160
F. 416.480.2646

www.collinsbarrow.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Cartier Iron Corporation

We have audited the accompanying financial statements of Cartier Iron Corporation, which comprise the statements of financial position as at December 31, 2015 and December 31, 2014 and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Cartier Iron Corporation as at December 31, 2015 and December 31, 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
April 28, 2016

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Cartier Iron Corporation
Statements of Financial Position
(expressed in Canadian dollars)

	Notes	As at December 31, 2015 $	2014 $
Assets			
Current			
Cash	14	193,925	953,702
Receivables	5	135,212	703,697
Due from Eloro Resources Ltd.	6	-	238,019
Marketable securities	7	6,714	19,907
Prepaid expenses		45,275	26,824
		381,126	1,942,149
Investment in associate	6	184,549	-
Exploration and evaluation	8	-	2,945,160
		565,675	4,887,309
Liabilities			
Current			
Accounts payable and accrued liabilities	9	517,115	231,976
Due to Champion Iron Mines Limited	10	1,317,584	1,056,563
Unrenounced flow-through share premium	12	-	259,199
		1,834,699	1,547,739
Shareholders' equity			
Share capital	11	6,606,564	6,594,064
Contributed surplus	11	240,000	27,000
Warrants	11	563,000	563,000
Deficit		(8,678,588)	(3,844,494)
		(1,269,024)	3,339,570
		565,675	4,887,309
Going concern	2		
Commitments	8 and 17		

Approved by the Board:

Thomas G. Larsen
Director

Francis Sauve
Director

The accompanying notes are an integral part of these financial statements.

Cartier Iron Corporation
Statements of Loss and Comprehensive Loss
(expressed in Canadian dollars)

	Notes	Years ended December 31, 2015 $	2014 $
Expenses			
Professional fees		27,781	51,219
Consulting fees		360,000	45,000
Stock-based compensation	11	213,000	-
General and adminstrative		232,102	71,083
Investor relations		129,832	93,185
Travel		57,089	42,904
Interest		26,306	6,563
Part XII.6 tax		4,031	-
Other		-	22,124
Decrease (increase) in fair value of marketable securities	6	(49,545)	32,968
Impairment of exploration and evaluation	8	3,976,648	-
Gain on settlement of accounts payable	9	-	(114,975)
		4,977,243	250,072
Loss before share of net loss of an associate		(4,977,243)	(250,072)
Share of net loss of an associate	6	(116,051)	-
Loss before income taxes		(5,093,294)	(250,072)
Deferred income tax recovery	12	259,199	-
Loss and comprehensive loss		(4,834,094)	(250,072)
Loss per common share-basic and diluted		(0.145)	(0.012)
Weighted average number of common basic and diluted		33,372,917	21,432,626

The accompanying notes are an integral part of these financial statements.

Cartier Iron Corporation
Statements of Changes in Equity
(expressed in Canadian dollars)

	Share capital $	Contributed surplus $	Warrants $	Deficit $	Total $
Balance, December 31, 2014	6,594,064	27,000	563,000	(3,844,494)	3,339,570
Option payment	12,500	-	-	-	12,500
Stock-based compensation	-	213,000	-	-	213,000
Loss	-	-	-	(4,834,094)	(4,834,094)
Balance, December 31, 2015	6,606,564	240,000	563,000	(8,678,588)	(1,269,024)
Balance, December 31, 2013	4,906,953	27,000	-	(3,594,422)	1,339,531
Private placements of units	500,000	-	-	-	500,000
Private placements of units	50,014	-	-	-	50,014
Private placements of flow-through units	809,997	-	-	-	809,997
Unrenounced flow-through share premium	(259,199)	-	-	-	(259,199)
Fair value of warrants issued	(563,000)	-	563,000	-	-
Acquisition of exploration and evaluation	195,000	-	-	-	195,000
Conversion of amount due to Champion Iron Mines Limited	1,050,000	-	-	-	1,050,000 -
Share issue costs	(95,701)	-	-	-	(95,701)
Loss	-	-	-	(250,072)	(250,072)
Balance, December 31, 2014	6,594,064	27,000	563,000	(3,844,494)	3,339,570

The accompanying notes are an integral part of these financial statements.

Cartier Iron Corporation
Statements of Cash Flows
(expressed in Canadian dollars)

	Years ended December 31,	
	2015	2014
	$	$
Cash provided by (used in)		
Operating activities		
Loss	(4,834,094)	(250,072)
Item not affecting cash		
Interest accrued	26,306	-
Stock-based compensation	213,000	
Decrease (increase) in fair value of marketable securities	(49,545)	32,968
Impairment of exploration and evaluation	3,976,648	-
Share of net loss of an associate	116,051	-
Deferred income tax recovery	(259,199)	-
Changes in non-cash working capital		
Receivables	568,485	18,206
Prepaid expenses	(18,450)	136,134
Accounts payable and accrued liabilities	399,898	42,046
	139,098	(20,718)
Financing activities		
Advances from Champion Iron Mines Limited	-	200,514
Advances to Eloro Resources Ltd.	-	(95,000)
Issue of units	-	1,360,011
Share issue costs	-	(95,701)
	-	1,369,824
Investing activities		
Proceeds on sale of marketable securities	138	-
Exploration and evaluation	(899,013)	(522,248)
	(898,875)	(522,248)
Net increase (decrease) in cash	(759,777)	826,858
Cash, beginning of year	953,702	126,844
Cash, end of year	193,925	953,702

The accompanying notes are an integral part of these financial statements.

1. Nature of operations

Cartier Iron Corporation (the "Company") is a public company engaged in the acquisition, exploration and development of iron ore properties in Québec, Canada. The Company is incorporated under the laws of Ontario and its registered office is located at 20 Adelaide Street East, Suite 200, Toronto, Ontario, M5C 2T6.

2. Going concern

The Company is in the exploration stage and has no revenue. As at December 31, 2015, the Company had a working capital deficit of $1,453,573 (2014 - working capital of $394,410) and for the year ended December 31, 2015, the Company incurred losses of $4,834,094 (2014 - $250,072). The working capital deficit and losses limit the Company's ability to fund its operations and the acquisition, exploration and development of its iron ore properties. As a result, there is significant doubt about the Company's ability to continue as a going concern.

The continued operations of the Company is dependent upon the Company's ability to secure equity financing to meet its existing obligations and finance the acquisition, exploration and development of iron ore properties. The Company is actively seeking to raise the necessary equity financing, however, there can be no assurance that additional equity financing will be available.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

3. Basis of presentation

Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee.

The financial statements were approved and authorized for issue by the Board of Directors on April 28, 2016.

Basis of measurement

These financial statements have been prepared on the historical cost basis, except for marketable securities, which are measured at fair value.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about judgments, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are as follows:

Going concern

The Company applied judgment in assessing its ability to continue as a going concern for at least 12 months.

Determination of significant influence over investment in associate
The Company applied judgment in assessing the level of influence that it has over Eloro Resources Ltd. ("Eloro") and determined that it has significant influence over Eloro. The Company has a 28.2% interest in the voting rights of Eloro and two directors of the Company are directors of Eloro. The Company concluded that it does not control Eloro as it does not have sufficient rights to exercise control over Eloro.

Impairment of exploration and evaluation
Expenditures on exploration and evaluation are initially capitalized with the intent to establish commercially viable reserves. The Company makes estimates and applies judgment about future events and circumstances in determining whether the carrying amount of exploration and evaluation exceeds its recoverable amount, including the ability to renegotiate option agreements.

Estimates of mineral resources
The amounts used in the determination of impairment are based on estimates of mineral resources. Resource estimates are based on engineering data, estimated future prices, expected future rates of production and the timing of future capital expenditures, all of which are subject to many uncertainties and interpretations. The Company expects that, over time, its resource estimates will be revised upward or downward based on updated information such as the results of future drilling, testing and production levels, and may be affected by changes in commodity prices. See note 8.

Flow-through share premium
The Company applies estimates in the determination of flow-through share premium liability.

Share-based compensation
The Company uses the Black-Scholes option pricing model in determining share-based compensation, which requires a number of assumptions to be made, including the risk-free interest rate, expected life, forfeiture rate and expected share price volatility. Consequently, the actual share-based compensation expense may vary from the amount estimated. See note 11.

Deferred income taxes
Deferred income tax assets and liabilities are measured 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. See note 15.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

Financial instruments

Non-derivative financial assets

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

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

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

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss
A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value (i.e. quoted close price) and changes therein are recognized in profit or loss.

The Company has classified marketable securities as fair value through profit or loss.

Held-to-maturity financial assets
If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available for sale, and prevent the Company from classifying investment securities as held to maturity for the current and the following two financial years.

The Company has not classified any financial asset as held-to-maturity.

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

The Company has classified cash as loans and receivables.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

The Company has not classified any financial asset as available-for-sale.

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

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

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method, which approximates fair value.

The Company has classified accounts payable and accrued liabilities and due to Champion Iron Mines Limited as other financial liabilities.

Impairment of non-derivative financial assets
A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Financial assets carried at amortized cost
An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the financial asset is reduced by the amount of the impairment loss and the impairment loss is recognized in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets
An impairment loss in respect of a financial asset classified as available-for-sale is calculated as the difference between the acquisition cost and the current fair value, less any impairment loss recognized previously in profit or loss. The impairment loss is recognized when there is objective evidence that the impairment is other than temporary by reclassifying the loss from equity to profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss, except in the case where the decrease in impairment loss is recognized in other comprehensive income.

Investment in associate
Associates are entities over which the Company has significant influence, but not control. Significant influence is generally presumed to exist where the Company has between 20 percent and 50 percent of the voting rights of the associate. The Company accounts for its investment in associate using the equity method, under which, the investment in associate was initially recognized at fair value and the carrying amount is increased or decreased to recognize the investor’s share of profit or loss of the associate. Dilution gains and losses arising from changes in the interest in investment in associates where significant influence is retained are recognized in the statement of loss.

At each reporting date, the Company determines whether there is any objective evidence that the investment in associate is impaired. If impairment is determined to exist, the amount of the impairment is recognized in the statement of loss. The amount of impairment is calculated as the difference between the recoverable amount of the investment in associate and its carrying value.

Exploration and evaluation

Recognition and measurement
Exploration and evaluation, including the costs of acquiring licenses and directly attributable general and administrative costs, initially are capitalized as exploration and evaluation. The costs are accumulated by property pending the determination of technical feasibility and commercial viability. Pre-license costs are expensed when incurred. Pre-exploration costs are expensed unless it is considered probable that they will generate future economic benefits.

Non-repayable mining tax credits earned in respect of costs incurred in Quebec are recorded as a reduction to exploration and evaluation when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits.

The recoverability of amounts shown for exploration and evaluation is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its mineral resource properties. The amounts shown for exploration and evaluation do not necessarily represent present or future value. Changes in future conditions could require a material change in the amount recorded for exploration and evaluation.

The technical feasibility and commercial viability of extracting a mineral resource from a property is considered to be determinable when proved and/or probable reserves are determined to exist and the necessary permits have been received to commence production. A review of each property is carried out at least annually. Upon determination of technical feasibility and commercial viability, exploration and evaluation is first tested for impairment and then reclassified to property, plant and equipment and/or intangibles or expensed to the statement of loss and comprehensive loss to the extent of any impairment. As at December 31, 2015 and 2014, the Company had no property, plant and equipment.

Impairment

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

An impairment loss is recognized in the statement of loss and comprehensive loss if the carrying amount of a property exceeds its estimated recoverable amount. The recoverable amount of property used in the assessment of impairment of exploration and evaluation is the greater of its value in use ("VIU") and its fair value less costs of disposal ("FVLCTS"). VIU is determined by estimating the present value of the future net cash flows at a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the property. FVLCTS refers to the price that would be received to sell the property in an orderly transaction between market participants. For a property that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the property belongs. Impairment losses previously recognized are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount only to the extent that the property's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

Decommissioning liabilities

The Company's activities may give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of site restoration. Decommissioning obligations are measured at the present value of management's best estimate of expenditures required to settle the present obligation at the date of the statement of financial position. The fair value of the estimated obligation is recorded as a liability with a corresponding increase in the carrying amount of the related asset. The obligation is subsequently adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as accretion costs whereas increases or decreases due to changes in the estimated future cash flows or changes in the discount rate are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established. As at December 31, 2015 and 2014, the Company had no decommissioning liabilities.

Share capital

Share capital is classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects. In situations where the Company issues units, the value of the warrants is included as a separate reserve of the Company's equity.

Flow-through shares

Canadian tax legislation permits the Company to issue flow-through shares. Flow-through shares are securities whereby the deductions for tax purposes related to exploration and evaluation expenditures may be claimed by the investors rather than the Company, subject to a renouncement process. Renouncement may occur prospectively (the flow-through shares are issued, renouncement then occurs and eligible expenditures are incurred subsequently) or retrospectively (the flow-through shares are issued, eligible expenditures are then incurred and renouncement occurs subsequently).

The issue of flow-through shares is treated as an issue of shares and the sale of tax deductions. The Company uses the residual method to measure the sale of tax deductions. At the time the flow-through shares are issued, the sale of tax deductions is deferred and presented as unrenounced flow-through share premium on the statements of financial position. When the Company fulfills its obligation to pass on the tax deduction to the investors, the sale of tax deductions is recognized as a reduction of deferred tax expense in the statement of loss and comprehensive loss and a deferred tax liability is recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base.

If the renouncement is prospective, the obligation is fulfilled when eligible expenditures are incurred. If the renouncement is retrospective, the obligation is fulfilled when the paperwork to renounce is filed.

Share-based payments

The Company offers a stock option plan for its officers, directors, employees and consultants. The fair value of stock options for each vesting period is determined using the Black-Scholes option pricing model and is recorded over the vesting period as an increase to stock-based compensation or asset and contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon the exercise of stock options, the proceeds received by the Company and the related contributed surplus are recorded as an increase to share capital. In the event that vested stock options expire, previously recognized share-based compensation is not reversed. In the event that stock options are forfeited, previously recognized share-based compensation associated with the unvested portion of the stock options forfeited is reversed.

The fair value of share-based payment transactions to non-employees and other share-based payments including shares issued to acquire exploration and evaluation are based on the fair value of the goods and services received. If the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Income tax

Income tax expense comprises current and deferred taxes. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted earnings per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted.

New standards and interpretations not yet adopted

The following amendment to standards will be effective for annual periods beginning on or after January 1, 2016:

IAS 1, Presentation of Financial Statements

Amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. The amendments clarify that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

The following amendment to standards will be effective for periods beginning on or after January 1, 2018:

IFRS 9, Financial Instruments ("IFRS 9")

This standard will replace *IAS 39, Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing multiple rules In IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held for trading are measured at FVTPL and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The Company has not determined the extent of the impact of IFRS 9 on its financial statements.

5. Receivables

The Company files a Québec Corporation Income Tax Return claiming a refundable tax credit on eligible exploration expenditures incurred in Québec (“Refundable Tax Credits”) and a Québec Mining Duties Return claiming a credit on duties refundable for losses (“Credit on Duties”). It is the Company’s policy to record an estimate of amounts to be received for unassessed claims for Refundable Tax Credits and Credits on Duties as a receivable and a reduction to exploration and evaluation assets when there is reasonable assurance that the Company has complied with all conditions needed to obtain the credits. The amount of the unassessed claims are subject to audit by Revenu Québec and Ressources naturelles et Faune Québec.

	In respect of years ended December 31, 2014	2013
Refundable Tax Credits		
As filed	177,164	639,693
As assessed	177,248	613,898
Received	(177,248)	(613,898)
Included in receivables at December 31, 2015	–	–
Credit on Duties		
As filed	30,254	103,052
As assessed	–	–
Received	–	–
Included in receivables at December 31, 2015	–	–

6. Due from Eloro Resources Ltd. ("Eloro")/Investment in associate

At December 31, 2014, the amount due from Eloro of $238,000 was unsecured, non-interest bearing and payable on demand.

On January 26, 2015, the Company agreed to convert the amount due from Eloro of $238,000 into 4,760,000 Eloro common shares at a deemed value of $0.05 per share. The Company has significant influence over Eloro and accounts for its investment in Eloro as an investment in an associate using the equity method.

As at December 31, 2015, Cartier held 5,010,000 Eloro common shares, representing 28.2% of the outstanding Eloro common shares.

Two directors of the Company are also directors of Eloro.

	Number of Eloro common shares held	$
Fair value of Eloro common shares held at January 26, 2015	250,000	13,750
Deemed value of Eloro common shares received on conversion of amount due from Eloro	4,760,000	238,000
Unrealized gain on investment in Eloro at January 26, 2015	–	48,850
Fair value of investment in associate at January 26, 2015	5,010,000	300,600
Share of net loss from January 26, 2015, net of dilution gains	–	(116,051)
Balance at December 31, 2015	5,010,000	184,549

The following is a summary of Eloro's balance sheet and reconciliation to carrying amounts as at December 31, 2015:

	$
Assets	
Cash	89,229
Other current assets	101,534
	190,763
Exploration and evaluation	452,886
	643,649
Liabilities and shareholders' equity	
Current liabilities	301,782
Shareholders' equity	337,867
	643,649

Reconciliation to carrying amount:

Share percentage ownership of Eloro	28.2%
	$
Company's share of net assets of Eloro	95,278
Difference between the Company's share of net assets of Eloro and carrying value	89,271
Carrying value of investment in Eloro	184,549

The following is a summary of the statement of loss of Eloro for the period January 27, 2015 to December 31, 2015:

	$
Revenue	182,202
Expenses	
Expenses	508,277
Stock-based compensation	136,000
Writedown of exploration and evaluation	153,096
Gain on settlement of accounts payable	58,100
	855,473
Loss and comprehensive loss	673,271

7. Marketable securities

Marketable securities include the following investments in related parties:

	December 31, 2015		December 31, 2014	
	Fair value	Cost	Fair value	Cost
	$	$	$	$
Eloro Resources Ltd. (see note 6)	–	–	13,750	154,789
Champion Iron Limited	6,714	27,461	6,105	27,461
Kerr Mines Inc.	–	–	52	5,375
	6,714	27,461	19,907	187,625

One director of the Company is a director of Champion Iron Limited, the parent company of Champion.

8. Exploration and evaluation

	December 31, 2014 $	Acquisition costs $	Exploration expenditures $	Mining tax credits $	Writedowns $	December 31, 2015
Property						
Borel River	306,644	–	7,248	–	(313,892)	–
Gagnon	2,638,516	312,500	888,988	(177,248)	(3,662,756)	–
	2,945,160	312,500	896,236	(177,248)	(3,976,648)	–

	December 31, 2013 $	Acquisition costs $	Exploration expenditures $	Mining tax credits $	Writedown $	December 31, 2014
Property						
Borel River	379,885	–	2,152	(75,393)	–	306,644
Gagnon	2,415,602	345,000	553,272	(675,358)	–	2,638,516
	2,795,487	345,000	555,424	(750,751)	–	2,945,160

Borel River
On August 15, 2015, the Company abandoned Borel River, and accordingly, the Company recorded an impairment loss of $313,892 to write off Borel River.

Gagnon
The Company has an option from Champion Iron Mines Limited ("Champion"), a wholly-owned subsidiary of Champion Iron Limited, to acquire a 65% interest in Round Lake (formerly known as Penguin Lake, Black Dan and Aubrey-Ernie), Aubertin-Tougard, Jeannine Lake, Silicate-Brutus and Big Three Lakes in the Fermont Iron Ore District in the Labrador Trough in northeastern Quebec ("Gagnon"). One director of the Company is a director of Champion Iron Limited, the parent company of Champion.

During the year ended December 31, 2015, the Company abandoned 275 claims. Subsequent to the abandonments, the Company has an option to earn a 65% interest in the remaining 365 claims of Round Lake, Silicate-Brutus and Jeannine Lake.

In order to earn its interest, the Company must make option payments, issue common shares and incur exploration expenditures, as follows:

	Option payments $	Common shares Number	Common shares Fair value $	Exploration expenditures $
Option payment due upon conditional approval from a stock exchange for the listing of the shares of the Company and common shares due upon execution of agreement (paid and issued)	100,000	1,000,000	250,000	–
December 10, 2013 (paid, issued and incurred)	150,000	500,000	97,500	500,000
December 10, 2014 (issued and incurred)	–	500,000	97,500	750,000
Due on the date that the Company receives its Refundable Tax Credit for the year ended December 31, 2013 (paid)	250,000	–	–	–
December 10, 2015 (paid $50,000 and issued)	250,000	500,000	12,500	–
December 10, 2016	250,000	–	–	4,750,000
	1,000,000	2,500,000	457,500	6,000,000

The Company has the option to satisfy the Exploration Expenditures by (i) paying cash to Champion or the applicable governmental authorities on account of assessment work and/or taxes; or (ii) by issuing the number of common shares to Champion determined by dividing the amount by the 20 day average closing price of the common shares within 5 trading days prior to the date of issue.

Upon the Company earning its 65% interest, a joint venture will be formed to incur additional exploration expenditures. If a joint venture partner does not fund its proportionate interest in the joint venture, its interest will be diluted and, when its interest is reduced below 10%, its interest would be reduced solely to a 1% royalty. The other joint venture partner will have the option to reduce the royalty from 1% to 0.5% by making a payment of $3,000,000.

In the event that the Company or Champion proposes to acquire any property within 10 kilometres of the Gagnon Holdings, the acquirer must offer the property at cost to the other party for inclusion in the Gagnon properties.

The Company has paid $50,000 of the $250,000 option payment that was due on December 10, 2015. The Company is currently negotiating with Champion to obtain an extension.

As December 31, 2015, facts and circumstances suggested that the carrying amount of Gagnon may exceed its recoverable amount. As required by International Financial Reporting Standard 6, *Exploration for and Evaluation of Mineral Resources* ("IFRS 6"), the Company assessed Gagnon for impairment. The Company concluded that there were a number of indicators of impairment, and accordingly, recorded an impairment loss of $3,662,756 to write off Gagnon.

9. Settlement of accounts payable

On March 4, 2015, the Company made a payment of $42,050 to settle accounts payable of $157,025 outstanding as at December 31, 2014 to a company, of which, a director is a shareholder. Accordingly, the Company recorded a gain of $114,975 on the settlement in the 2014 financial statements.

10. Due to Champion Iron Mines Limited

At December 31, 2013, the amount due to Champion was unsecured, non-interest bearing and payable on demand.

On October 17, 2014, the Company converted $1,050,000 of the amount due to Champion into 6,176,471 units ("Conversion"). Each unit consisted of one common share and one-half warrant, with each whole warrant entitling Champion to purchase one common share of the Company for $0.22 until April 17, 2016.

The fair value of the 3,088,235 warrants was calculated using the Black-Scholes option pricing model with the following assumptions:

Exercise price	$0.22
Share price	$0.195
Risk-free interest rate	0.97%
Expected volatility based on historical volatility	124%
Expected life of warrants	1.5 years
Expected dividend yield	Nil
Fair value	$319,000
Fair value per warrant	$0.1034

After February 17, 2015, if the average closing price of the Company's common shares is greater than $0.40 for 20 consecutive business days, the warrants must be exercised within 10 calendar days (or such longer period as the Company may provide) after the Company gives notice by press release and mail to Champion, failing which, the warrants will expire.

At December 31, 2015, the amount due to Champion is a demand loan, which is unsecured, bears interest at the rate of LIBOR plus 2% and is due 6 months after Champion demands repayment (the "Demand Loan"). Champion has the right to convert the Demand Loan plus accrued but unpaid interest into common shares of the Company at a conversion price equal to the lowest subscription price per common share paid for the most recent capital raising undertaken by the Company at the time of the conversion, subject to the minimum pricing rules and stock exchange approval.

For the year ended December 31, 2015, the Company recorded interest of $26,306 (2014 - $6,563) due to Champion in respect of the Demand Loan.

Relationship with Champion
As at December 31, 2015, Champion held 11,519,971 common shares of the Company, representing 34% (2014 - 33%) of the outstanding common shares of the Company. The holdings of Champion in the Company are subject to the terms of a pre-emptive rights agreement and an agreement respecting board representation rights and standstill obligations entered into on December 10, 2012.

Until December 31, 2017, Champion shall not sell common shares without the prior written consent of the Company, and thereafter, Champion shall not sell more than 2,000,000 common shares during any 30-day period.

Until December 31, 2017, provided that Champion owns at least 10% of the outstanding common shares of the Company:

a) The Company shall take all commercially reasonable steps to have a nominee of Champion elected as a director (“Champion Nominee”) the board of directors of the Company (“Board”).
b) Champion shall not vote against any shareholder resolution recommended by the Board, except in the event that the Champion Nominee dissented when the Board approved a shareholder resolution that proposes to: (i) reduce the voting or dividend rights of the common shares; (ii) issue shares which carry a number of votes proportionately greater than the capital to be represented thereby or which carry dividend rights at a rate which would substantially impair the dividends ordinarily payable on the common shares; and (iii) approve a transaction with an arm’s length third party, which must be passed by at least two-thirds of the votes cast and in respect of which a shareholder has dissent rights.
c) Champion shall not vote in favour of the election of nominees to the Board who are not proposed by the then Board.
d) Champion shall not (i) participate in a take-over bid for any securities of the Company; (ii) solicit proxies from any shareholder or attempt to influence the voting by any shareholders other than in support of initiatives recommended by the Board or (iii) seek to influence or control the management, Board or the policies or affairs of Company; or (iv) make any public or private announcement or disclosure with respect to the foregoing.

11. Share capital

Authorized
An unlimited number of Class A preferred shares 5% voting, redeemable, convertible, non-cumulative dividend, which are redeemable at $0.10 per share and convertible on the basis of one common share for each Class A preferred share.

An unlimited number of common shares.

Issued

	Number of common shares	$
Balance, December 31, 2013	19,332,320	4,906,953
Private placements of units (a)	2,941,172	500,000
Private placements of units (b)	294,200	50,014
Private placements of flow-through units (c)	3,599,988	550,798
Conversion of amount due to Champion Iron Mines Limited (note 8)	6,176,470	1,050,000
Fair value of warrants issued	–	(563,000)
Option payments (note 9)	1,000,000	195,000
Share issue costs	–	(95,701)
Balance, December 31, 2014	33,344,150	6,594,264
Option payment (note 8)	500,000	12,500
Balance, December 31, 2015	33,844,150	6,606,564

Private placements of units

(a) On October 17, 2014, the Company completed a private placement of 2,941,172 units at a price of $0.17 per unit for gross proceeds of $500,000. Each unit consisted of one common share and one-half of one warrant, with each whole warrant entitling the holder to purchase one common share for $0.22 until April 17, 2016.

The fair value of the 1,470,586 warrants was calculated using the Black-Scholes option pricing model with the following assumptions:

Exercise price	$0.22
Share price	$0.195
Risk-free interest rate	0.97%
Expected volatility based on historical volatility	124%
Expected life of warrants	1.5 years
Expected dividend yield	Nil
Fair value	$152,000
Fair value per warrant	$0.1034

After February 17, 2015, if the average closing price of the Company's common shares is greater than $0.40 per share for 20 consecutive business days, the warrants must be exercised within 10 calendar days (or such longer period as the Company may provide) after the Company gives notice by press release and mail to each warrant holder, failing which, the warrants will expire.

(b) On December 29, 2014, the Company completed a private placement of 294,200 units at a price of $0.17 per unit for gross proceeds of $50,014. Each unit consisted of one common share and one-half of one warrant, with each whole warrant entitling the holder to purchase one common share for $0.22 until June 29, 2016. In connection with the private placement, the Company paid a finder's fee equal to 8% of the gross proceeds and issued 11,768 broker warrants entitling the holder to purchase one common share for $0.22 until June 29, 2016.

In the absence of a reliable measurement of services received, services in respect of the private placement have been measured at the fair value of the broker warrants issued. The fair value of the 147,100 warrants and 11,768 broker warrants was calculated using the Black-Scholes option pricing model with the following assumptions:

Exercise price	$0.22
Share price	$0.15
Risk-free interest rate	1.02%
Expected volatility based on historical volatility	107%
Expected life of warrants	1.5 years
Expected dividend yield	Nil
Fair value-warrants	$9,000
Fair value-broker warrants	$1,000
Fair value per warrant	$0.0589

(c) On December 29, 2014, the Company completed a private placement of 3,599,988 flow-through units at a price of $0.225 per unit for gross proceeds of $809,997. Each unit consisted of one common share issued on a flow-through basis under the *Income Tax Act* (Canada) and one-half of one warrant, with each whole warrant entitling the holder to purchase one common share for $0.35 until June 29, 2016. In connection with the private placement, the Company paid a finder's fee equal to 8% of the gross proceeds of the private placement and issued 144,000 broker warrants entitling the holder to purchase one common share for $0.35 until June 29, 2016. The gross proceeds raised was used to incur eligible Canadian Exploration Expenditures.

In the absence of a reliable measurement of services received, services in respect of the private placement have been measured at the fair value of the broker warrants issued. The fair value of the 1,799,994 warrants and 144,000 broker warrants was calculated using the Black-Scholes option pricing model with the following assumptions:

Exercise price	$0.35
Share price	$0.15
Risk-free interest rate	1.02%
Expected volatility based on historical volatility	107%
Expected life of warrants	1.5 years
Expected dividend yield	Nil
Fair value-warrants	$76,000
Fair value-broker warrants	$6,000
Fair value per warrant and broker warrant	$0.0421

Stock options

The Company may grant options to its directors, officers, employees and consultants for up to 10% of the number of common shares outstanding. Options granted vest immediately and the maximum term of each option is 5 years. The exercise price shall not be less than the closing price of the common shares on a stock exchange in Canada on the last trading day immediately preceding the date of the grant, less any discount permissible under the rules of the principal stock exchange on which the common shares are listed for trading. In the event that the common shares are not listed for trading on any stock exchange, the exercise price shall be the fair market value as determined by the Board of Directors. As at December 31, 2015, there were 3,384,415 stock options (2014 - 3,333,415) authorized to be issued under the stock option plan, of which, 3,025,000 stock options (2014 - Nil) were outstanding.

A summary of the Company's stock options is presented below:

	Weighted-average exercise price	**Number of stock options outstanding and exercisable**
Balance, December 31, 2013	0.35	50,000
Cancelled	0.35	(50,000)
Balance, December 31, 2014	–	–
Granted	0.10	3,025,000
Balance, December 31, 2015	0.10	3,025,000

Exercise price	**Expiry date**	**Number of stock options outstanding and exercisable**
$0.10	July 9, 2020	3,025,000

On July 9, 2015, the Company granted 3,025,000 stock options to directors, officers and a consultant, entitling the holder to purchase one common share for $0.10 until July 9, 2020.

The fair value of the stock options was calculated using the Black-Scholes option pricing model with the following assumptions:

Date of grant	July 9, 2015
Expiry date	July 9, 2020
Options granted	3,025,000
Exercise price	$0.100
Share price	$0.095
Risk-free interest rate	0.79%
Expected volatility based on historical volatility	101%
Expected life of stock options	5 years
Expected dividend yield	0%
Forfeiture rate	0%
Vesting	On date of grant
Fair value	$213,000
Fair value per stock option	$0.07

Warrants
A summary of the Company's warrants is presented below:

	Weighted-average exercise price	**Number of warrants**
Balance, December 31, 2013	–	–
Issued	0.26	6,661,683
Balance, December 31, 2014 and December 31, 2015	0.26	6,661,683

A summary of the Company's outstanding warrants at December 31, 2015 is presented below:

Exercise price	**Expiry date**	**Number of warrants**
$0.22 (expired subsequent to December 31, 2015)	April 17, 2016	4,558,821
$0.22	June 29, 2016	158,868
$0.35	June 29, 2016	1,943,994
		6,661,683

The weighted average remaining contractual life of outstanding warrants is 0.4 years.

12. Deferred income tax recovery
During the year ended December 31, 2014, the Company issued $809,997 of flow-through common shares pursuant to the Income Tax Act (Canada). The deductions for income tax purposes of the related expenditures were renounced to the subscribers of the flow-through shares. As the renouncement was prospective, a flow-through share premium of $259,199 representing the income tax benefits the expenditures renounced by the Company to the subscribers, was recorded in the statement of financial position as a reduction of share capital and an increase to other liabilities. During the year ended December 31, 2015, flow-through expenditures of $809,997 were incurred reducing other liabilities by $259,199 which was recorded as a deferred income tax recovery.

13. Determination of fair values
A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Cash, accounts payable and accrued liabilities, due from Eloro and due to Champion
The fair values of cash, accounts payable and accrued liabilities, due from Eloro and due to Champion are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At December 31, 2015, the fair value of these balances approximated their carrying value due to their short term to maturity.

Marketable securities
The fair value of marketable securities is estimated based on observable inputs.

Classification of fair value of financial instruments
The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:

Level 1: quoted prices in active markets for identical assets and liabilities;
Level 2: inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly;
Level 3: inputs for the asset or liability that are not based on observable market data

Marketable securities are classified as Level 1 financial assets.

14. Financial risk management

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk
Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company’s cash and due from Eloro. The Company’s limits its exposure to credit risk on its cash by holding deposits with high credit quality Canadian chartered bank.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company’s approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet is liabilities as they come due. Accounts payable and accrued liabilities are subject to normal trade terms and the amount due to Champion is payable upon demand.

Market risk
Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, and interest rates will affect the Company’s income or the value of its financial instruments.

Equity price risk
Equity price risk arises from the Company’s marketable securities. The Company’s approach to managing equity price risk is to optimize the return from its marketable securities within acceptable parameters for equity price risk. The Company estimates that if the fair value of its marketable securities as at December 31, 2015 had changed by 25%, with all other variables held constant, the net loss would have decreased or increased by $1,679.

Currency risk
Currency risk arises from the Company's financial instruments and purchases that are denominated in a currency other than the Canadian dollar, the Company's functional currency. As all of the Company's purchases are in Canadian dollars, the Company limits it exposure to currency risk by maintaining its cash in Canadian dollars.

Interest rate risk
The Company's exposure to interest rate risk is limited due to the short-term nature of its financial instruments.

Capital management
Capital of the Company consists of share capital, contributed surplus and deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As the Company is an exploration stage company and has no revenues, its principal source of capital is from the issue of common shares or advances from related parties. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

15. Income taxes

The Company's effective income tax rate differs from the amount that would be computed by applying the combined federal and provincial statutory rate of 26.5% (2014 - 26.25%) to the net loss for the year. The reasons for the difference are as follows:

Provision for income taxes

	2015 **$**	**2014** **$**
Expected income tax recovery based on statutory rate	(1,281,035)	(66,300)
Increase (decrease) resulting from:		
Non-deductible expenses	60,684	4,300
Share issue costs and other	37,400	(30,500)
Change in valuation allowance	1,182,951	92,500
	–	–

Deferred income tax balances
The Company's deferred income tax assets are as follows:

	2015 $	2014 $
Non-capital loss carryforward	926,000	782,000
Capital loss carryforward	2,654,000	2,654,000
Canadian exploration and evaluation	1,153,000	99,000
Foreign exploration and evaluation	376,000	376,000
Share issue costs	19,000	27,500
Other	15,000	22,000
	5,143,000	3,960,500
Benefit of future tax assets not recorded	(5,143,000)	(3,960,500)
	–	–

Due to losses incurred in the current year and expected future operating results, management determined that it is unlikely that the deferred income tax assets will be realized. Accordingly, the future income tax assets have not been recorded.

Losses carried forward
At December 31, 2015, the Company had non-capital loss carryforwards which expire as follows:

	$
2026	306,000
2028	304,000
2029	455,000
2030	269,000
2032	996,000
2033	257,000
2034	365,000
2035	545,000
	3,497,000

As at December 31, 2015, the Company had resource deductions of $5,771,000 which may be carried forward indefinitely to reduce taxable income in future years and capital losses of approximately $20,000,000 which may be carried forward indefinitely to be applied against capital gains in future years.

16. Related party transactions

	Years ended December 31,		Outstanding at December 31,	
	2015 $	2014 $	2015 $	2014 $
Exploration and evaluation				
Paid to a company controlled by a director	–	5,000	–	–
Paid or payable to a company, of which, a director is a shareholder	278,077	285,301	38,197	42,050

Compensation of key management personnel
The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are set out as follows:

	Years ended December 31,		Outstanding at December 31,	
	2015 $	2014 $	2015 $	2014 $
Consulting fees	360,000	45,000	303,825	45,000
Stock-based compensation	115,500	–	–	–

Rent for the Company's office premises shared with Champion was paid by Champion. Additional related party transactions are disclosed in notes 6, 7, 8, 9, 10 and 17. These transactions were in the normal course of business.

17. Commitments

Lease commitment
The Company has a joint and several commitment with Eloro for annual basic premises rent, as follows:

	$
Less than 1 year	89,716
1-5 years	460,326
More than 5 years	–
	550,041