Planet Mining Exploration Inc.

Condensed Interim Financial Statements

Nine Months Ended December 31, 2015 and 2014

(Unaudited – prepared by management)

PLANET MINING EXPLORATION INC.
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December 31, 2015 and 2014

NOTICE OF NO AUDITOR'S REVIEW of
CONDENSED INTERIM FINANCIAL STATEMENTS

CONDENSED INTERIM FINANCIAL STATEMENTS

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS

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

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

PLANET MINING EXPLORATION INC.
Condensed Interim Statements of Financial Position

		December 31, 2015		March 31, 2015
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**616,986**	$	1,261,696
Investments in equity instruments at fair value (Note 3 and 9)		**950,273**		888,101
Receivables (Note 4)		**26,612**		36,922
Reclamation bond (Note 6)		**-**		51,133
Prepaid expenses		**13,282**		17,098
Total current assets		**1,607,153**		2,254,950
Resource properties (Note 5)		**1**		1
Total assets	**$**	**1,607,154**	$	2,254,951
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (Note 7)	**$**	**146,353**	$	143,080
Total liabilities		**146,353**		143,080
SHAREHOLDERS' EQUITY				
Capital and reserves				
Share capital (Note 8)		**14,005,651**		14,005,651
Contributed surplus (Note 8)		**1,820,510**		1,820,510
Accumulated other comprehensive loss		**-**		-
Deficit		**(14,365,360)**		(13,714,290)
Total equity		**1,460,801**		2,111,871
Total liabilities and equity	**$**	**1,607,154**	$	2,254,951

Nature and continuance of operations (Note 1)

Approved and authorized by the Board of Directors

"Chris Cooper"
Director

"Desmond Balakrishnan"
Director

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

PLANET MINING EXPLORATION INC.
Statements of Operations and Comprehensive Loss

	Three months ended December 31, 2015	Three months ended December 31, 2014	Nine months ended December 31, 2015	Nine months ended December 31, 2014
Net investment gains				
Net realized losses (gains) on disposal of investments	**$ 60,096**	$ -	$ 156,392	$ (177,883)
Net change in unrealized losses (gains) on investments	**(186,766)**	574,193	280,814	891,340
Total net investment losses (gains)	**(126,670)**	574,193	437,206	713,457
Interest income	**(75)**	(2,549)	(984)	(15,876)
Expenses				
Commissions	**825**	-	10,085	19,014
Insurance	**1,764**	2,857	7,161	10,229
Management and directors' fees (Note 9)	**6,750**	21,000	38,000	206,149
Office, rent and consulting	**30,115**	25,223	104,320	194,000
Professional fees	**27,875**	21,437	41,596	41,916
Transfer agent and filing fees	**2,567**	2,633	13,265	14,068
Travel, promotion and shareholder information	**-**	2,136	421	10,165
Total expenses	**69,896**	75,286	214,848	495,541
Other expenses				
Other comprehensive income reclassified	**-**	-	-	5,650
Total other expenses	**-**	-	-	5,650
Net loss (gains) and comprehensive loss for the period	**$ (56,849)**	$ 646,930	$ 651,070	$ 1,198,772
Basic and diluted loss (gain) per common share	**$ (0.001)**	$ 0.015	$ 0.015	$ 0.027
Weighted average number of common shares outstanding	**44,539,190**	44,539,190	44,539,190	44,539,190

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

PLANET MINING EXPLORATION INC.
Statements of Changes in Equity

	Share Capital			*Accumulated*		
	Number of Shares	*Amount*	*Contributed Surplus*	*Other Comprehensive Loss*	*Deficit*	*Total*
Balance, March 31, 2014	44,539,190	$ 14,005,651	$ 1,820,510	$ (5,650)	$ (12,646,036)	$ 3,174,475
Other comprehensive loss reclassified	-	-	-	5,650	(5,650)	-
Net loss for the period	-	-	-	-	(1,193,122)	(1,193,122)
Change during the period	-	-	-	5,650	(1,198,772)	(1,193,122)
Balance, December 31, 2014	44,539,190	$ 14,005,651	$ 1,820,510	$ -	$ (13,844,808)	$ 1,981,353
Balance, March 31, 2015	44,539,190	$ 14,005,651	$ 1,820,510	-	$ (13,714,290)	$ 2,111,871
Net loss for the period	-	-	-	-	(651,070)	(651,070)
Change during the period	-	-	-	-	(651,070)	(651,070)
Balance, December 31, 2015	44,539,190	$ 14,005,651	$ 1,820,510	$ -	$ (14,365,360)	$ 1,460,801

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

PLANET MINING EXPLORATION INC.
Statements of Cash Flows

	Nine months ended December 31, 2015	2014
Cash flows used in operating activities		
Net loss for the period	**$ (651,070)**	$ (1,198,772)
Items not involving cash:		
Net realized (gain) loss on disposal of investments	**156,392**	(177,883)
Net change in unrealized losses on investments	**280,814**	891,340
Interest accrued	**-**	9,488
Reclassified from other comprehensive income	**-**	5,650
	(213,864)	(470,177)
Adjustments for		
Proceeds on disposal of investments	**157,985**	1,459,986
Purchase of investments	**(657,363)**	(1,179,560)
Interest received , cash	**984**	16,892
Reclamation bond	**51,133**	(380)
Receivables	**9,326**	(38,230)
Prepaid expenses	**3,816**	2,671
Accounts payable and accrued liabilities	**3,273**	(32,229)
Net cash used in operating activities	**(644,710)**	(241,027)
(Decrease) Increase in cash and cash equivalents	**$ (644,710)**	$ (241,027)
Cash and cash equivalents, beginning of period	**$ 1,261,696**	$ 345,608
Cash and cash equivalents, end of period	**$ 616,986**	$ 104,581

Supplementary cash flow information (Note 10)

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

1. NATURE OF OPERATIONS

Planet Mining Exploration Inc. ("the Company") was incorporated in Canada as Planet Exploration Inc. on January 29, 1996 under the Alberta Business Corporations Act. On April 12, 2012, the Company changed its name to Planet Mining Exploration Inc. under the British Columbia Business Corporations Act.

The Company's shares are listed on the TSX Venture Exchange (TSX.V) under the trading symbol "PXI".

From its inception up to October 2, 2014 the Company was in the business of acquiring, exploring and developing gold, copper, silver and other resource properties, both directly and through joint ventures in Canada. In October 2014 the Company changed its business from a "junior mineral exploration company" to an "investment issuer".

The condensed interim financial statements of the Company for the nine months ended December 31, 2015 (including comparatives) have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on February 25, 2016. Shortly thereafter, the condensed interim financial statements are made available to shareholders and others through filing on the System for Electronic Document Analysis and Retrieval ("SEDAR").

The Company's registered office and its principal place of business is located at Suite 302, 750 West Pender Street, Vancouver, BC Canada V6C 2T7.

2. BASIS OF PREPARATION

(a) Statement of compliance

The condensed interim financial statements for the nine months ended December 31, 2015 were prepared in accordance with the International Financial Reporting Standards ("IFRS") in effect at December 31, 2015. The condensed interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting.*

The condensed interim financial statements are presented in accordance with IAS 1 *Presentation of Financial Statements*. The Company has elected to present the 'Statement of Comprehensive Loss' as a single statement, 'Statement of Loss and Comprehensive Loss.'

The preparation of financial data is based on accounting policies and practices consistent with those used in the preparation of the Company's recent audited Financial Statements for the year ended March 31, 2015. These condensed interim Financial Statements for the nine months ended December 31, 2015 should be read in conjunction with the audited Financial Statements for the year ended March 31, 2015.

(b) Going concern basis of presentation

These condensed interim financial statements have been prepared using the historical cost convention except for some financial instruments that have been measured at fair value. All monetary references expressed in these notes are references to Canadian dollar amounts ("$"), except otherwise stated.

2. BASIS OF PREPARATION *(continued)*

(b) Going concern basis of presentation *(continued)*

Financial statements are required to be prepared on a going concern basis unless management either intends to liquidate the Company or cease trading, or has no realistic alternative but to do so. These condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will continue to operate for the foreseeable future and have the ability to realize its assets and discharge its liabilities in the normal course of business.

(c) Significant accounting judgments and estimates

The preparation of these condensed interim financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates.

These condensed interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(i) Fair value of financial derivatives:

Investments in warrants that are not traded on a recognized securities exchange do not have a readily available market value. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available, the warrants are valued at intrinsic value. Refer to Note 3(b)(iv) of the audited Financial Statements for the year ended March 31, 2015 for further details.

(ii) Stock-based compensation expense:

The Company uses the Black-Scholes option pricing model to fair value options in order to calculate stock-based compensation expense. The Black-Scholes model involves six key inputs to determine fair value of an option: risk-free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are, or could be, affected by significant factors that are out of the Company’s control.

2. BASIS OF PREPARATION *(continued)*

(c) Significant accounting judgments and estimates *(continued)*

(ii) Stock-based compensation expense *(continued)*:

The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of stock-based compensation expense. Refer to Note 8(c) for further details.

(iii) the carrying value and the recoverability of resource properties, which are included in the statements of financial position:

The recoverability of resource property is evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral interests. External sources of information considered are changes in the Company's economic, legal and regulatory environment which it does not control but affect the recoverability of its mining assets. Internal sources of information the Company considers include the manner in which mining properties are being used or are expected to be used and indications of economic performance of the assets. Refer to Note 5 for further details.

3. INVESTMENTS AT FAIR VALUE AND FINANCIAL INSTRUMENTS HIERARCHY

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level in the hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value hierarchy has the following levels:

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
(ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
(iii Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	December 31, 2015		March 31, 2015	
	Level 1	**Level 2**	**Level 1**	**Level 2**
Cash and cash equivalents	$ 616,986	$ -	$ 1,261,696	$ -
Equity investments (a)	939,353	-	754,981	-
Warrants held (b)	-	10,920	-	133,120

The methods of measuring each of these financial assets and liabilities have not changed during the past year. The Company does not have any financial assets or liabilities measured at fair value based on unobservable inputs (Level 3). The fair values of financial instruments measured at amortized cost approximate their carrying amounts.

3. INVESTMENTS AT FAIR VALUE AND FINANCIAL INSTRUMENTS HIERARCHY *(continued)*

(a) Equity investments

The Company's equity investments are valued using quoted market prices in active markets and as such are classified within Level 1 of the fair value hierarchy. The fair value of investment securities is calculated as the closing market price of the investment equity security multiplied by the quantity of shares held by the Company.

(b) Warrants held

The fair value of warrants held that are not traded on an active market is determined using a Black Scholes pricing model based on assumptions that are supported by observable current market conditions and as such are classified within Level 2 of the fair value hierarchy.

Investments at cost and fair value consist of the following:

	December 31, 2015	
	Cost	**Fair market value**
Securities – available for sale through profit or loss	$ 1,375,540	$ 939,353
Warrants – fair value through profit or loss	79,465	10,920
Total	**$ 1,455,005**	**$ 950,273**

	March 31, 2015	
	Cost	**Fair market value**
Securities – available for sale through profit or loss	$ 877,714	$ 754,981
Warrants – fair value through profit or loss	212,695	133,120
Total	**$ 1,090,409**	**$ 888,101**

During the nine months ended December 31, 2015 $nil (2014 - $5,650) of unrealized gain was recorded in other comprehensive income with no amounts being reclassified to net investment gains or losses. Realized and unrealized losses on equity securities classified at fair value through profit or loss totalled $437,206 (2014 – $713,457).

4. RECEIVABLES

The Company's receivables relate to Goods and Services Tax (GST) receivable, interest receivable and a receivable from a third party.

The receivables balance is comprised of the following:

	December 31, 2015	March 31, 2015
GST recoverable	**$ 2,508**	$ 4,638
Other receivable	**24,104**	32,284
	$ 26,612	$ 36,922

5. RESOURCE PROPERTY

Title to a resource property involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many resource properties. The Company has investigated title to its resource property and, to the best of its knowledge, title to its property is in good standing.

Red Lake, Ontario, Canada

The Company currently owns a 40% (March 31, 2015 – 40%) interest in the Red Lake, Ontario mineral property claims. The remaining 60% is held by affiliates of Goldcorp Inc.

Due to the Company changing its business from junior mining exploration to investment issuer, it is unlikely that the Company will undertake any exploration activities with regards to the Red Lake property. As such, the Company wrote off the costs capitalized to the Red Lake property as at March 31, 2013 to $1.

6. RECLAMATION BOND

The reclamation bond was a guaranteed investment certificate held in a financial institution as security for reclamation obligations pursuant to the *Mines Act* and Health, Safety and Reclamation Code for Mines in British Columbia. The investment born the variable interest rate of prime less 2.25% per annum, maturing April 27, 2016 and was restricted for general use. The reclamation bonds related to the Golden Loon resource property. In December 2015 the reclamation bond was released.

The Company designated the reclamation bond as measured at amortized cost financial asset which was measured using the effective interest method. Any changes to the carrying amount of the reclamation bond, including impairment losses, were recognized in the profit or loss.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are broken down as follows:

	December 31, 2015	March 31, 2015
Accounts payable to third parties	**$ 90,927**	$ 114,577
Accounts payable to related parties (Note 9)	**37,051**	4,003
Accrued liabilities	**18,375**	24,500
	$ 146,353	$ 143,080

8. SHARE CAPITAL

a) Common shares

The Company is authorized to issue an unlimited number of common voting shares without par value. The holder of common shares is entitled to receive any dividend declared by the Company on such shares.

No common shares were issued during the nine months ended December 31, 2015 and year ended March 31, 2015.

8. SHARE CAPITAL *(continued)*

b) Preferred shares

The Company is authorized to issue an unlimited number of first preferred shares and second preferred shares issuable in series with the issue price to be fixed by the directors. The holders of first preferred shares are entitled to preference over the common shares and the second preferred shares with respect to payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of the Company.

No preferred shares were issued during the nine months ended December 31, 2015 and year ended March 31, 2015.

c) Stock options

The Company has a stock option plan whereby the Company may grant options to its directors, officers, employees and consultants for up to 10% of the outstanding common shares from time to time with vesting rights determined at each grant date. The exercise price of each option equals the market price of the Company's stock on the date of the grant (less any permitted discount, if any) and an option's maximum term is five years.

No options were granted during the nine months ended December 31, 2015 and year ended March 31, 2015. No options were exercised during the nine months ended December 31, 2015 and year ended March 31, 2015.

	Nine months ended December 31, 2015		Year ended March 31, 2015	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	**3,280,000**	**$ 0.22**	3,880,000	$ 0.22
Expired	**(550,000)**	**$ 0.34**	-	-
Cancelled	**(2,475,000)**	**$ 0.19**	(600,000)	$ 0.23
Balance, end of period	**255,000**	**$ 0.23**	3,280,000	$ 0.22
Exercisable, end of period	**255,000**	**$ 0.23**	3,280,000	$ 0.22

As of December 31, 2015, the following stock options were outstanding and exercisable:

Number of Options Outstanding	***Exercise Price***	***Expiry Date***	***Number of Options Exercisable***
75,000	$ 0.35	March 31, 2016	75,000
105,000	$ 0.20	October 13, 2016	105,000
75,000	$ 0.15	July 25, 2017	75,000
255,000			255,000

8. SHARE CAPITAL *(continued)*

d) Share purchase warrants

As at December 31, 2015 the Company does not have any warrants outstanding.

9. RELATED PARTY TRANSACTIONS

Amounts paid and accrued to directors, former director, officers and companies in which directors and officers are shareholders or partners are as follows:

	December 31, 2015	December 31, 2014
Management and directors' fees	**$ 38,000**	$ 206,149
Professional fees	**$ 22,938**	$ -

As at December 31, 2015 $13,046 (March 31, 2015 - $4,003) is payable to a director and a former director of the Company and $24,004 is payable to a company in which a director of the Company is a partner.

During the nine months ended December 31, 2015 the Company incurred $90,000 in fees paid to a management company for provision of administrative services including services of Chief Financial Officer and, starting from October 21, 2015, a director. As at December 31, 2015 $24,104 is advanced to this company for the next month services.

During the year ended March 31, 2014 the Company subscribed for a convertible note of a company, of which former directors and officers of the Company are directors. The note had a principal amount of $50,000 and born an interest at 10% per annum maturing upon the earlier of twelve months from the date of issuance or the conversion date. The debt could be converted at any time before maturity at the option of the Company into common shares of the company at $0.05 per share. The principal amount was subject to a 10% discount. During the year ended March 31, 2015 the convertible note was converted into 947,619 common shares and recorded as investment at fair value through profit or loss. As at December 31, 2015 the shares had a fair value of $28,429 (March 31, 2015 - $37,905) resulting in an unrealized loss being recorded on this investment of $9,476 (December 31, 2014 – $10,000).

10. SUPPLEMENTAL CASH FLOW INFORMATION

Restricted cash of $nil (March 31, 2015 - $51,133) related to guaranteed investment certificates held at a Canadian financial institution as reclamation bond for Golden Loon resource property (see Note 5 and 6).

11. FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, fair value risk and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

11. FINANCIAL AND CAPITAL RISK MANAGEMENT *(continued)*

a) Capital Management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in share capital as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, the sale of assets, debt, or return of capital to shareholders. As at December 31, 2015, the Company does not have any debt, other than accounts payable and accrued liabilities, and is not subject to externally imposed capital requirements.

b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company maintains sufficient cash balances to meet current working capital requirements.

c) Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and cash equivalents and receivables.

The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and cash equivalents, and other assets with high-credit quality financial institutions.

The majority of the Company's cash and cash equivalents are held with major Canadian based financial institutions. The Company views the credit risk associated with receivables as minimal as a significant portion of the balance is GST recoverable from Government of Canada.

The Company’s functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company does not have any exposure to any highly inflationary foreign currencies.

d) Interest Rate Risk

Interest rate risk is the impact that changes in interest rates could have on the Company’s porift and losses. The Company's exposure to interest rate risk arises from the interest rate impact on its cash and cash equivalents and reclamation bond. The Company's practice has been to invest cash at floating rates of interest, in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in reclamation bond as they are generally held with large financial institutions.

11. FINANCIAL AND CAPITAL RISK MANAGEMENT *(continued)*

e) Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and commodity prices. The Company is exposed to market risk in trading its investments, and unfavourable market conditions could result in dispositions of investments at less than favourable prices.

Additionally, in accordance with IFRS 9, the Company is required to fair value its investments at the end of each reporting period. This process could result in significant write-downs of the Company's investments over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavourable effect on the Company's financial position.

f) Concentration risk in the Company's investment portfolio

Concentration risk is the risk that any single investment or group of investments will have the potential to materially affect the operating results of the Company.

Subject to board approval for investments in excess of a pre-determined threshold, there are no restrictions on the proportion of Company's funds and no limit on the amount of funds that may be allocated to any particular investment, industry or sector. Accordingly, the Company's investment activities may be highly concentrated in a limited number of investments or industry sectors and the Company's financial results may be substantially adversely affected by the unfavourable performance in those investments or industry sectors.

As at December 31, 2015, the Company's two top investments had a fair value of $802,089 in an investment and resource company, which is a publicly traded company, representing 84% of the fair value of the Company's total portfolio. As at March 31, 2015, the Company's top investment had a fair value of $691,553 in an investment and resource, which is a publicly traded company, representing 78% of the fair value of the Company's total portfolio.

12. FUTURE ACCOUNTING CHANGES

At the date of authorization of these condensed interim financial statements, the IASB and the International Financial Reporting Interpretations Committee has issued the following new and revised Standards and Interpretations that are not yet effective for the relevant reporting periods and the Company has not early adopted these standards, amendments and interpretations. However, the Company is currently assessing what impact the application of these standards or amendments will have on the condensed interim financial statements of the Company.

12. FUTURE ACCOUNTING CHANGES *(continued)*

The Company intends to adopt these standards, if applicable, when the standards become effective:

a) IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"), was issued in May 2014, which replaced IAS 11, *Construction Contracts*, IAS 18, *Revenue Recognition* , IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 provides a single, principles based five-step model that will apply to all contracts with customers with limited exceptions, including, but not limited to, leases within the scope of IAS 17; financial instruments and other contractual rights or obligations within the scope of IFRS 9, IFRS 10, *Consolidated Financial Statements* and IFRS 11, *Joint Arrangements* . In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The incremental costs of obtaining a contract must be recognized as an asset if the entity expects to recover these costs.

   The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some nonfinancial assets that are not an output of the entity's ordinary activities. IFRS 15 is required for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted. The Company is in the process of assessing the impact of IFRS 15 on its financial statements.

b) In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments* , bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 introduces a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting.

   In addition, IFRS 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value, such that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

   In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Company is in the process of evaluating the impact of adopting these amendments on the Company's financial statements.

   <u>Annual Improvements to IFRSs 2012 - 2014 Cycle</u>

   The following standards were revised to incorporate amendments issued by the IASB in September 2014:

   - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations was amended to clarify the application guidance in which an entity reclassifies an asset/disposal group from held for sale to held for distribution (or vice versa), and the circumstances in which an asset/disposal group no longer meets the criteria for held for distribution.

12. FUTURE ACCOUNTING CHANGES *(continued)*

- IFRS 7 Financial Instruments: Disclosures was amended to clarify guidance on servicing contracts and the applicability of certain amendments to IFRS 7 to interim financial statements.
- IAS 19 Employee Benefits was amended to clarify application of the discount rate for certain currencies.
- IAS 34 Interim Financial Reporting was amended to clarify the meaning of disclosure of information "elsewhere in the interim financial report".

The amendments are effective for annual periods beginning on or after January 1, 2016.

<u>Annual Improvements to IFRSs 2014 - 2016 Cycle</u>

- IFRS 1 First-time Adoption of International Financial Reporting Standards: short-term exemptions for first-time adopters.
- IAS 28 Investments in associates and Joint Ventures: clarification of measuring instees at fair value through profit or loss is an investment – by – investment choice.
- IFRS 12 Disclosure of Interests in Other Entities: clarification of the scope of the disclosure requirements in IFRS 12.

The Company has not early adopted these standards, amendments and interpretations, however the Company is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Company. These standards and interpretations will be first applied in the financial report of the Company that relates to the annual reporting period beginning on or after the effective date of each pronouncement.