

KAIYUE INTERNATIONAL INC.

Condensed Interim Financial Statements

(Expressed in Canadian Dollars)

(Unaudited)

For the Three Months Ended March 31, 2016 and 2015

Kaiyue International Inc.
Condensed Interim Financial Statements
For the Three Months Ended March 31, 2016

Contents

Notice of No Review of Condensed Interim Financial Statements	3
Condensed Interim Statements of Financial Position	4
Condensed Interim Statements of Comprehensive Loss	5
Condensed Interim Statements of Changes in Equity	6
Condensed Interim Statements of Cash Flows	7
Notes to the Condensed Interim Financial Statements	8

Notice of No Review of Condensed Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim financial statements; they must be accompanied by a notice indicating that the 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 auditors have not performed a review of these interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Kaiyue International Inc.
Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars)

	Notes	March 31, 2016 (Unaudited) \$	December 31, 2015 (Audited) \$
Assets			
Current Assets			
Cash and cash equivalents		256,146	316,093
GST receivables		7,440	6,805
Prepaid expenses		2,333	4,083
		265,919	326,981
Total Assets		265,919	326,981
Liabilities and Equity			
Current Liabilities			
Trade payables and accrued liabilities		7,150	10,330
Due to related parties	6	21,346	15,164
		28,496	25,494
Equity			
Share capital	9	1,881,741	1,881,741
Contributed surplus		24,632	23,806
Deficit		(1,668,950)	(1,604,060)
		237,423	301,487
Total Liabilities and Equity		265,919	326,981

Approved on behalf of the Board of Directors:

"Hilda Sung", Director "Alex Ku", Director

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

Kaiyue International Inc.
Condensed Interim Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited)

	Notes	For the three months ended	
		March 31,	
		2016	2015
		\$	\$
Expenses			
Bank charges		247	180
Consulting fees	6	22,500	22,500
Director fees	6	2,200	2,738
Filing fees		5,200	5,200
Insurance		1,750	1,650
General admin expenses		4,350	4,220
Professional fees		-	4,904
Rent		16,500	16,500
Salaries and wages		4,105	3,480
Share-based payment		826	1,892
Travel expense		7,212	6,967
		64,890	70,231
Net loss and comprehensive loss for the period		64,890	70,231
(Loss) per ordinary share:			
Basic and Diluted		\$ (0.00)	\$ (0.00)
Weighted average number of ordinary shares outstanding:			
Basic and diluted	10	15,274,230	15,174,230

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

Kaiyue International Inc.
Condensed Interim Statements of Changes in Equity
(Expressed in Canadian dollars)
(Unaudited)

	Shares	Share capital \$	Contributed Surplus \$	Deficit \$	Total \$
Balance at December 31, 2014	15,174,230	1,880,741	19,423	(1,083,304)	816,860
Share-based payment	-	-	1,892	-	1,892
Net loss for the period	-	-	-	(70,231)	(70,231)
Balance at March 31, 2015	15,174,230	1,880,741	21,315	(1,153,535)	748,521
Balance at December 31, 2015	15,274,230	1,881,741	23,806	(1,604,060)	301,487
Share-based payment	-	-	826	-	826
Net loss for the period	-	-	-	(64,890)	(64,890)
Balance at March 31, 2016	15,274,230	1,880,741	24,632	(1,668,950)	237,423

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

Kaiyue International Inc.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)

	Notes	For the three months ended	
		March 31,	
		2016	2015
		\$	\$
Operating activities			
Net loss for the period		(64,890)	(70,231)
Item not involving cash			
Share-based payment		826	1,892
Changes in non-cash working capital balances:			
GST receivables		(635)	(879)
Prepaid expenses		1,750	1,650
Trade payables and accrued liabilities		(3,180)	24,124
Net cash used in operating activities		(66,129)	(43,444)
Financing activity			
Due to related parties	6	6,182	8,164
Net cash generated by financing activity		6,182	8,164
Net decrease in cash and cash equivalents during the period		(59,947)	(35,280)
Cash and cash equivalents at beginning of period		316,093	583,748
Cash and cash equivalents at end of period		256,146	548,468

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

Kaiyue International Inc.
Notes to the Condensed Interim Financial Statements
(Expressed in Canadian dollars)
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

1. NATURE OF OPERATIONS AND GOING CONCERN

Kaiyue International Inc. ("Kaiyue" or the "Company") was incorporated under the Business Corporation Act of Alberta on November 23, 2009. The Company trades under the symbol KYU.V on the TSX Venture (the "Exchange"). The principal address and registered and records office of the Company is located at 3500, 855 – 2 Street SW, Calgary, Alberta, Canada.

The Company is an exploration stage public company whose principal business activities are the acquisition and exploration of mineral properties. Its shares are listed on the TSX Venture Exchange under the symbol KYU.

These condensed interim financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a "going concern", which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Management is of the opinion that the funds available at the end of the period will allow the Company to meet its current ongoing obligations and future contractual commitments for at least the next twelve months. As at March 31, 2016, the Company had working capital of \$237,423 (December 31, 2015 - \$301,487). The Company did not generate revenue nor cash flows from its operations to date and has a cumulated deficit of \$1,668,950 (December 31, 2015 - \$1,604,060). Beyond the twelve month period, the Company will require additional financing or other sources of funding, which if not raised, would result in the curtailment of activities. As a result, there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and accordingly use accounting principles applicable to a going concern.

To date, the Company has raised funds principally through the issuance of shares. In the foreseeable future, the Company will likely remain dependent on the issuance of shares, obtaining additional financing from shareholders, receiving continued financial support from related parties and creditors, or generating profitable operations. The Company continues to minimize uncommitted capital expenditures and exploration expenditures in order to preserve the Company's financial resources.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The condensed interim financial statements have been prepared in accordance with International Financial Reporting standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting ("IAS 34") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC" and "SIC") adopted by the International Accounting Standards Board ("IASB").

The condensed interim financial statements of the Company for the three months ended March 31, 2016 were reviewed by the Audit Committee and approved and authorized for issuance by the Board of Directors on May 24, 2016.

b) Basis of preparation

The preparation of these interim financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4. Actual results may differ from these estimates.

The interim financial statements are presented in Canadian dollars, which is the Company's functional currency. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At periods end, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the statement of financial position date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at periods end exchange rates are recognized in profit and loss.

Kaiyue International Inc.
Notes to the Condensed Interim Financial Statements
(Expressed in Canadian dollars)
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

c) Change in accounting policies

The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's financial statements for the year ended December 31, 2015. In addition, the Company adopted the following accounting policies effective January 1, 2016:

Amendments to IAS 1, Presentation of Financial Statements ("IAS 1")

On December 18, 2014, the IASB issued amendments to IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016 with early adoption permitted. The adoption of this IFRS did not impact the Company's financial statements.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material.

- IFRS 9 Financial Instruments

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

4. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the condensed interim financial statements in conformity with IFRS, requires 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 period in which the estimates are revised and in any future periods affected.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Deferred taxes

The Company recognizes the deferred tax benefit related to deferred tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods from deferred tax assets.

Kaiyue International Inc.
Notes to the Condensed Interim Financial Statements
(Expressed in Canadian dollars)
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

4. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS - CONTINUED

Share-based payment transactions

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grants. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share options, volatility and dividend yield and making assumptions about them.

Critical judgments in applying the Company's accounting policies

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed below:

Going concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its condensed interim financial statements for the three months ended March 31, 2016 and 2015. Management prepares the condensed interim financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. As a result of the assessment, management concluded the going concern basis of accounting is appropriate based on the Company has sufficient cash resources to meet its obligation for at least twelve months from the end of the reporting period.

Recovery of exploration and evaluation assets

The Company's ability to realize the carrying values of these assets is contingent upon discovery of economically recoverable mineral reserves, the on-going mining right to explore the resource property, the ability to finance future exploration and of the property and to realize profitable production or proceeds from the property. The Company will consider whether impairment is necessary in accordance with the accounting policy on impairment and if indications of impairment exist, an assessment is made of the recoverable amount.

5. EXPLORATION AND EVALUATION ASSETS

Toe Property – Yukon Territory

On July 25, 2012, the Company entered into a letter agreement (the "Letter Agreement") with BCGold Corp. ("BCGold") pursuant to which BCGold has agreed to grant the Company an option to acquire up to 70% of its 100% interest in and to 76 mineral claims known as the Toe Property ("Toe Property") located in Yukon (the "Transaction").

In order to acquire a 60% interest of the 70% interest in the Toe Property, the Company will be required to make the following payments, incur the following exploration expenditure and share issuance to BCGold:

Kaiyue International Inc.
Notes to the Condensed Interim Financial Statements
(Expressed in Canadian dollars)
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

5. EXPLORATION AND EVALUATION ASSETS - continued

	Cash	Exploration Expenditure	Shares
upon signing of the Letter Agreement (paid)	\$ 25,000	\$ -	-
upon receipt of the Final Approval (issued)	-	-	100,000
on or before from November 12, 2013 (unpaid)	25,000	-	-
on or before from November 12, 2013 (\$100,000 incurred)	-	200,000	-
on or before from November 12, 2013 (issued)	-	-	100,000
on or before from November 12, 2014 (unpaid, un-incurred and unissued)	55,000	400,000	200,000
on or before from November 12, 2015 (unpaid, un-incurred)	50,000	650,000	-
on or before from November 12, 2016	100,000	650,000	-
	\$ 255,000	\$ 1,900,000	400,000

On November 8, 2012, the Company also entered into the Finder's Fee Agreement (the "Agreement") with Canaccord Genuity Corp. ("Canaccord Genuity"). As compensation for its role in assisting the Company to purchase certain minerals claims from BCGold, the Agreement required the Company to make the following payment and shares issuance:

	Cash	Shares
upon signing of the Agreement (paid)	\$ 25,000	-
upon closing of the Transactions (issued on November 12, 2012)	-	25,000
on or before from November 12, 2013 (unissued)	-	25,000
on or before from November 12, 2014 (unissued)	-	25,000
on or before from November 12, 2015 (unissued)	-	25,000
	\$ 25,000	100,000

Due to the current market situation, the Company has not completed all of its obligations under the original Letter Agreement due on November 12, 2013, 2014 and 2015 as of March 31, 2016, resulting the Company being in default of the option agreement. Accordingly, the Company has recognized an impairment in the amount of \$180,000 as of March 31, 2016 on Toe Property to reduce the carrying amount of interest in Toe Property to \$Nil. If there is an indication in the future that the impairment loss recognized no longer exists or has decreased, the recoverable amount will be estimated and the carrying value of the property will be increased to its recoverable amount.

Shizipo project and Jianlingcun Project

On March 10, 2014, the Company entered into an option agreement (the "Option Agreement") with Rich Links Parties, defined as Rich Links Venture Limited ("Rich Links"), XingYuan Investment Mining Limited ("XingYuan"), a Hong Kong Corporation wholly owned by Rich Links, and Mr. Pui Kei Kwok, a person who owns 100% of the issued and outstanding share capital of Rich Links. Pursuant to the Option Agreement, the Company received an option to acquire up to 51% interest in and to the Shizipo project in Qiongzong county and Jianlingcun project in Din'an county, both located in the Hainan province in People's Republic of China. By way of consideration, the Company will make cash payments totaling \$120,000 and will issue 500,000 shares to the Vendor at a deemed price of \$0.055 per share.

On April 25, 2014, TSX Venture Exchange has accepted for filing the Option agreement dated March 10, 2014 between the Company and Rich Links Venture Limited (Pui Kei Kwok) (the "Vendor") and Xing Yuan Investment Mining Limited.

Kaiyue International Inc.
Notes to the Condensed Interim Financial Statements
(Expressed in Canadian dollars)
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

5. EXPLORATION AND EVALUATION ASSETS - continued

In order to acquire up to 51% interest in the Shizipo project and Jianlingcun Project, the Company will be required to pay Mr. Pui Kei Kwok (the “Vendor”) the following payments, incur the following exploration expenditure and shares issuance from March 10, 2014 (the “Effective Date”):

	Cash	Exploration Expenditure	Shares
To acquire an initial 6% interest in the Projects			
upon signing of the Option Agreement (paid)	\$ 10,000	\$ -	-
on or before March 10, 2015 (paid)	10,000	-	-
on or before March 10, 2015 (issued on August 24, 2015)	-	-	100,000
on or before March 10, 2015 (incurred)	-	50,000	-
To acquire an additional 5% interest in the Projects			
on or before March 10, 2016 (unpaid, un-incurred and unissued)	10,000	50,000	100,000
To acquire an additional 10% interest in the Projects			
on or before March 10, 2017	20,000	250,000	100,000
To acquire an additional 10% interest in the Projects			
on or before March 10, 2018	20,000	250,000	100,000
To acquire an additional 20% interest in the Projects			
on or before March 10, 2019	50,000	150,000	100,000
	<u>\$ 120,000</u>	<u>\$ 750,000</u>	<u>500,000</u>

Due to the current market situations, management decided not to incur \$50,000 exploration expenditures, make the \$10,000 cash payment and issue 100,000 shares due on March 10, 2016, resulting the Company being in default of the option agreement. The Company has recognized an impairment in the amount of \$71,000 as of March 31, 2016 on Shizipo project and Jianlingcun Project to reduce the carrying amount of interest to \$Nil. If there is an indication in the future that the impairment loss recognized no longer exists or has decreased, the recoverable amount will be estimated and the carrying value of the property will be increased to its recoverable amount.

Expenditure related to the property can be summarized as follows:

	Toe Property	Shizipo project	Total
Beginning balance - January 1, 2015	\$ 180,000	\$ 70,000	\$ 250,000
Issuance of shares	-	1,000	1,000
Write-down of property	(180,000)	(71,000)	(251,000)
Ending balance - December 31, 2015 and March 31, 2016	\$ -	\$ -	\$ -

Kaiyue International Inc.
Notes to the Condensed Interim Financial Statements
(Expressed in Canadian dollars)
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

6. RELATED PARTIES TRANSACTION

Amounts due from (to) related parties

	March 31, 2016	December 31, 2015
	\$	\$
Amounts owing to CEO of the Company (a)	12,396	6,214
Amounts owing to CFO of the Company (b)	2,625	2,625
Amounts owing to Director of the Company (c)	825	825
Zhongyi Financial Investment Consultants (Shenzhen) Ltd. (c)	5,500	5,500
	<u>21,346</u>	<u>15,164</u>

- (a). Balance consists of consulting fees and expenses reimbursement due to the current CEO.
- (b) Balance is related to payable to current CFO for her consulting services.
- (c) Balance is related to payable to current Director for his directorship services.
- (d) Balance consists of rental fees due to Zhongyi Financial Investment Consultants (Shenzhen) Ltd. (“Zhongyi”) which the CEO of the Company is also part of the senior management team of. In September 2014, the Company entered into an office rental agreement with Zhongyi for \$5,500 per month.

The amount owing to CEO, CFO, Director and Zhongyi is unsecured, non-interest bearing and without fixed repayment terms.

Related party transactions

Compensation of key management personnel

The Company has identified its directors and key officers, including the Chief Executive Officer and Chief Financial Officer, as its key management personnel. No post-employment benefits, other long-term benefits and termination benefits were made during the three months ended March 31, 2016 and 2015.

The remuneration of directors and officers comprising key management personnel during the three months ended March 31, 2016 and 2015 was as follows:

	March 31, 2016	March 31, 2015
	\$	\$
Consulting fees incurred to officers	22,500	22,500
Director fees	2,200	2,738
Share-based payments	826	1,892
	<u>25,526</u>	<u>27,130</u>

In September 2014, the Company entered into an office rental agreement with Zhongyi for \$5,500 per month. For the three months ended March 31, 2016, there was \$16,500 rental expense under the agreement incurred (March 31, 2015 – \$16,500).

The above transactions were entered into in the ordinary course of business and recorded at their exchange amounts being the amounts agreed upon by the related parties.

Kaiyue International Inc.
Notes to the Condensed Interim Financial Statements
(Expressed in Canadian dollars)
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

7. CAPITAL MANAGEMENT

The primary objective of managing the Company's capital is to ensure there is sufficient available capital to support the Company's ongoing operation and ensure the Company remains in a sound financial position. As of March 31, 2016, the Company's capital structure consists of share capital of \$1,881,741 (December 31, 2015 - \$1,881,741). As of March 31, 2016, the Company had a deficit of \$1,668,950 (December 31, 2015 - \$1,604,060).

The directors of the Company review the capital structure from time to time. As part of this review, the directors considered the cost of capital and the risks associate with the capital structure. The Company is not subject to any externally imposed capital requirements.

8. FINANCIAL INSTRUMENTS

Fair value

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between willing parties.

The fair values of cash and cash equivalents, trade payables and accrued liabilities, and due to related parties approximates their carrying value due to their short term maturities.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

The fair value of cash and cash equivalents is based on level 1 inputs of the fair value hierarchy.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) Credit Risk

Financial instruments that potentially subject the Company to credit risk consist primarily of cash held with banks. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The credit risk on cash is limited because the Company banks with a large international bank with solid credit ratings.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages all liquidity risk through maintaining sufficient working capital through daily monitoring of controls, cash and cash equivalents balance and operating results. The financial liabilities consisting of trades payables and accrued liabilities are expected to be settled within three months.

Kaiyue International Inc.
Notes to the Condensed Interim Financial Statements
(Expressed in Canadian dollars)
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

9. SHARE CAPITAL

Capital stock

The Company's common shares have no par value and the authorized share capital is composed of 77,000,000 of common shares. Share capital outstanding at March 31, 2016 was 15,274,230 common shares (December 31, 2015 - 15,274,230)

Escrow shares

As at March 31, 2016, the Company has nil of its shares held in escrow (December 31, 2015 - nil).

Stock options

The Company has adopted an incentive stock option plan which provides that the directors of the Company may from time to time, in their discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, nontransferable options to purchase common shares, provided that the number of common shares reserved for issue will not exceed 10% of the number of the outstanding common shares.

Such options will be exercisable for a period of up to five years after the date of grant thereof. The number of common shares reserved for issue to any individual director or officer will not exceed 5% of the number of then outstanding common shares and the number of common shares reserved for issue to all technical consultants will not exceed 2% of the number of then outstanding common shares. Options may be exercised the greater of 12 months after completion of the Qualifying Transaction and 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

(a) Directors' and officers' options

As at March 31, 2016, the Company has stock options outstanding to directors and officers to acquire an aggregate of 400,000 common shares summarized as follows:

	Number of Options	Exercise Price	Expiry Date
Outstanding, December 31, 2014	400,000	\$0.12	
Cancelled on April 12, 2015	(50,000)	0.13	May 24, 2018
Cancelled on April 12, 2015	(50,000)	0.10	August 6, 2015
Expired on August 6, 2015	(100,000)	0.10	August 6, 2015
Outstanding, December 31, 2015 and March 31, 2016	200,000	\$0.13	May 24, 2018

On May 24, 2013, the Company granted an aggregate of 250,000 options to directors and officers of the Company at an exercise price of \$0.13 per share for a period of 60 months. All of the options were vested equally over a four year period (25% on each of the 1st to 4th anniversary dates of grant) and are exercisable in accordance with the terms of the Company's Stock Option Plan.

The fair value of the options at the time of grant using the Black-Scholes Option Pricing Model was \$0.11 per option assuming a volatility of 132%, a risk free interest rate of 1.37%, an expected life of 5 years and an expected dividend rate of 0%. The expected volatility assumptions have been developed taking into consideration of historical and implied volatility of the company. For the three months ended March 31, 2016, the Company recognized share-based payment of \$826 related to these options (March 31, 2015 - \$1,892).

The options outstanding at March 31, 2016 have an exercise price \$0.13 (December 31, 2015 - \$0.13) and a weighted average remaining contractual life of 2.15 years (December 31, 2015-2.40 years). There are 112,500 options exercisable at March 31, 2016 (December 31, 2015 - 100,000).