TELFERSCOT RESOURCES INC.

Financial Statements

Years Ended December 31, 2015 and 2014

(Stated in $CAD)

Independent Auditors' Report

To the Shareholders of Telferscot Resources Inc.

We have audited the accompanying financial statements of Telferscot Resources Inc., which comprise the statements of financial position as at December 31, 2015 and 2014, and the statements of income (loss) and comprehensive income (loss), changes in shareholders' 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation 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 audits 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 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 Telferscot Resources Inc. as at December 31, 2015 and 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 modifying our opinion, we draw attention to Note 1(b) to the financial statements which highlights the existence of a material uncertainty relating to conditions that cast significant doubt on Telferscot Resources Inc.'s ability to continue as a going concern.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
April 29, 2016

MNP LLP

TELFERSCOT RESOURCES INC.

Statements of Financial Position

As at December 31, 2015 and 2014

(Stated in $CAD)

		2015		2014
ASSETS				
Current:				
Cash	$	**110,693**	$	17,368
Accounts receivable (Note 5)		**47,960**		4,956
Prepaid expenses		**1,500**		1,800
Investment in private company (Note 6)		**1,182,905**		-
		1,343,058		24,124
Long term:				
Investment in private company (Note 6)		**-**		258,018
	$	**1,343,058**	$	282,142
LIABILITIES				
Current:				
Accounts payable and accrued liabilities (Note 7)	$	**202,002**	$	242,961
Refundable proceeds on cancellation of private placement (Note 4(b)(ii))		**200,828**		-
		402,830		242,961
SHAREHOLDERS' EQUITY				
Share capital (Note 8)		**3,590,655**		3,440,655
Reserve for warrants (Note 9)		**-**		12,000
Contributed surplus (Note 9)		**39,749**		27,749
Reserve for share based payments (Note 10)		**148,055**		148,055
Accumulated deficit		**(3,763,118)**		(3,589,278)
Accumulated other comprehensive income		**924,887**		-
		940,228		39,181
	$	**1,343,058**	$	282,142

Going concern (Note 1(b))

Commitment (Note 14)

Subsequent events (Note 18)

The accompanying notes form an integral part of these financial statements

Approved on behalf of the Board:

"Bruce Reid" Director   *"Stephen Coates"* Director

TELFERSCOT RESOURCES INC.
Statements of Income (Loss) and Comprehensive Income (Loss)
Years Ended December 31, 2015 and 2014
(Stated in $CAD)

	2015	2014
Expenses		
Office and administration (Note 17)	$ **119,694**	$ 132,539
Professional fees	**35,354**	22,868
Shareholder communication and reporting issuer costs	**14,497**	14,047
Insurance	**4,295**	6,650
Share based payments	**-**	2,664
Foreign exchange gain	**-**	(236)
Net loss	$ **(173,840)**	$ (178,532)
Basic and diluted loss per share (Note 11)	$ **(0.004)**	$ (0.006)
Net loss	$ **(173,840)**	$ **(178,532)**
Item that may be reclassified subsequently to net income (loss)		
Gain on change in fair value of KCC investment (Note 6)	**924,887**	-
Net comprehensive income (loss)	$ **751,047**	$ **(178,532)**

The accompanying notes form an integral part of these financial statements

TELFERSCOT RESOURCES INC.
Statements of Changes in Shareholders' Equity
Period from January 1, 2014 to December 31, 2015
(Stated in $CAD)

	Share capital Shares (Note 8)	Share capital Amount	Reserve for warrants Number (Note 9)	Reserve for warrants Amount	Contributed surplus	Reserve for share based payments (Note 10)	Accumulated deficit	Accumulated other comprehensive income	Total
As at January 1, 2014	**30,275,000**	**$ 3,440,655**	**6,000,000**	**$ 12,000**	**$ 27,749**	**$ 145,391**	**$ (3,410,746)**	**$ -**	**$ 215,049**
Share based payments	-	-	-	-	-	2,664	-	-	2,664
Net loss for year	-	-	-	-	-	-	(178,532)	-	(178,532)
As at December 31, 2014	30,275,000	3,440,655	6,000,000	12,000	27,749	148,055	(3,589,278)	-	39,181
Expiry of warrants	-	-	(6,000,000)	(12,000)	12,000	-	-	-	-
Proceeds from private placement (Note 4(b)(i))	30,000,000	150,000	-	-	-	-	-	-	150,000
Net loss for year	-	-	-	-	-	-	(173,840)	-	(173,840)
Gain on change in fair value of KCC investment (Note 6)	-	-	-	-	-	-	-	924,887	924,887
As at December 31, 2015	**60,275,000**	**$ 3,590,655**	**-**	**$ -**	**$ 39,749**	**$ 148,055**	**$ (3,763,118)**	**$ 924,887**	**$ 940,228**

The accompanying notes form an integral part of these financial statements

TELFERSCOT RESOURCES INC.
Statements of Cash Flows
Years Ended December 31, 2015 and 2014
(Stated in $CAD)

	2015	2014
Operating activities		
Net loss for year	$ **(173,840)**	$ (178,532)
Add (deduct) item not affecting cash:		
Share based payments	**-**	2,664
	(173,840)	(175,868)
Change in non-cash working capital items		
Accounts receivable	**(43,004)**	28,192
Prepaid expenses	**300**	1,452
Accounts payable and accrued liabilities	**(40,959)**	116,083
	(257,503)	(30,141)
Financing activities		
Proceeds from issuance of share capital	**150,000**	-
Refundable proceeds on cancellation of private placement	**200,828**	-
	350,828	-
Increase (decrease) in cash	**93,325**	(30,141)
Cash, beginning of year	**17,368**	47,509
Cash, end of year	$ **110,693**	$ 17,368

The accompanying notes form an integral part of these financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

(a) Nature of operations

Telferscot Resources Inc. ("the Company" or "Telferscot") was incorporated under the Canada Business Corporations Act on May 31, 2010 and was engaged in the acquisition and exploration of resource properties in the Democratic Republic of Congo ("DRC"). It has registered offices at 401 Bay Street, Suite 2702, Toronto, Ontario, Canada, M5H 2Y4, is a reporting issuer in the provinces of Ontario, British Columbia, Alberta and Manitoba, and trades under the symbol "TFS" on the Canadian Securities Exchange ("CSE").

Over the course of the year, the Company entered into a series of inter-related agreements and resulting transactions as part of a corporate re-organization and re-capitalization, as follows:

(i) As announced on May 13, 2015, a proposed transaction with Resideo Properties Inc. *(see note 4(a))*
(ii) A private equity placement was completed in June, 2015 for $150,000 *(see note 4(b)(i))*
(iii) A second round of financing in October, ultimately cancelled in November, 2015 and the funds were returned to investors in January, 2016 *(see note 4(b)(ii))*
(iv) On November 11, 2015, the Company announced it had entered into a letter of intent to sell its entire 7.4% interest in KCC for gross proceeds of $1,182,905 (USD $854,700) *(see notes 6 and 18(a))*.
(v) Cancellation of the Resideo transaction in January, 2016 *(see notes 4(a)* and *18(c))*.
(vi) On March 24, 2016, as approved at the Annual General Meeting held on February 25, 2016, the Company announced a distribution of capital of CAD $0.0145 per share, distributable in cash, common shares or combination thereof *(see note 18(d))*.

(b) Going concern

The accompanying financial statements have been prepared using International Financial Reporting Standards applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern. It would, in this situation, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material.

As at December 31, 2015, the Company has no source of operating cash flow and had an accumulated deficit of $3,763,118 (December 31, 2014 - $3,589,278). Working capital as at December 31, 2015 was $940,228 compared with a deficiency of $218,837 as at December 31, 2014. Net comprehensive income (loss) for the year ended December 31, 2015 was $751,047 (2014 $(178,532)). Operations since inception have been funded solely from the issuance of share capital and exercise of warrants and the Company has ongoing operating requirements as a public company.

1. NATURE OF OPERATIONS AND GOING CONCERN, CONTINUED

Subsequent to the closing of the sale of the Company's 7.4% interest in KCC on March 3, 2016 and the completion of the cash distributions to shareholders on April 8, 2016 *(see note 18(d))*, the Company anticipates it will have sufficient cash on hand to service its liabilities and fund public company operating costs for the foreseeable future. However, under current market conditions, there is uncertainty as to how long these funds will last, and whether they will be sufficient to execute on a new transaction for the public shell. The ability of the Company to arrange any future financing will largely depend upon prevailing capital market conditions and the continued support of its shareholder base. These factors create material uncertainties that cast significant doubt as to the propriety of the use of the going concern assumption upon which these financial statements have been prepared.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and were authorized for issuance by the Board of Directors on April 29, 2016.

(b) Basis of presentation

The financial statements have been prepared on the historical cost basis as modified by the measurement at fair value of financial assets classified as fair value through profit and loss ("FVTPL").

(c) Functional currency and foreign currency translation

Functional and presentation currency

The financial statements are presented in Canadian dollars, which is also the functional currency of the corporate offices located in Canada.

Foreign currency translation

Foreign currency transactions are initially recorded into the functional currency at the transaction date exchange rate. Monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the exchange rate at the end of the reporting period with all foreign currency adjustments being expensed.

(d) Cash

Cash consists of deposits held with banks.

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(e) Accumulated other comprehensive income

Net comprehensive income (loss) is comprised of net loss and other comprehensive income (loss). Certain gains and losses arising from changes in fair value are temporarily recorded outside the statements of loss in accumulated comprehensive income ("AOCI") as a separate component of shareholders' equity. Other comprehensive income (loss) includes any unrealized gains and losses on available-for-sale securities.

(f) Provisions

A provision is recognized on the statements of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, 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, where appropriate, the risks specific to the liability.

(g) Income taxes

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that the taxable profits will be available against which those deductible temporary differences can be utilized.

Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interest are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

(h) **Share based payments**

The Company offers a share option plan for its directors, officers, employees and consultants. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured using the Black-Scholes option pricing model based upon the number of awards expected to vest. Compensation expense is recognized upon vesting over the tranche's vesting period by increasing the reserve for share based payments. Any consideration paid on exercise of share options is credited to share capital.

For other equity settled transactions, the Company measures goods or services received at their fair value, unless that fair value cannot be estimated reliably, in which case the Company measures their value by reference to the fair value of the equity instruments granted.

(i) **Loss per share**

Basic loss per share amounts are calculated by dividing net loss for the reporting period attributable to common shareholders by the weighted average number of common shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net earnings attributable to common shareholders by the weighted average number of shares outstanding during the reporting period plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential ordinary shares into common shares. Diluted loss per share amounts are not presented if anti-dilutive.

(j) **Critical accounting estimates and judgements**

The preparation of these financial statements requires management to make estimates and judgements about the future that affect the amounts recorded in the financial statements. These estimates and judgements are based on the Company's experience and management's expectations about future events that are believed to be reasonable under the circumstances, and they are continually being evaluated based on new facts and experience. Actual results may differ from these estimates and judgements.

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(k) Financial instruments

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity investments ("HTM"), or available-for-sale financial assets ("AFS"), as appropriate at initial recognition and, except in very limited circumstances, the classification is not changed subsequent to initial recognition. The classification is determined at initial recognition and depends on the nature and purpose of the financial asset. A financial asset is derecognized when its contractual rights to the asset's cash flows expire or if substantially all the risks and rewards of the asset are transferred.

Financial assets at FVTPL

A financial asset is classified as FVTPL when the financial asset is held for trading or it is designated upon initial recognition as FVTPL. A financial asset is classified as FVTPL if (1) it has been acquired principally for the purpose of selling or repurchasing in the near term; (2) it is part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short term profit taking; or (3) it is a derivative that is not designated and effective as a hedging instrument. Financial assets at FVTPL are carried in the statements of financial position at fair value with changes in fair value recognized in profit or loss. Transaction costs are expensed as incurred. The Company has classified cash as FVTPL.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost less losses for impairment. The impairment loss of receivables is based on a review of all outstanding amounts at the end of the reporting period. Bad debts are written off during the period in which they are identified. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the depreciation process. The Company has classified accounts receivable as loans and receivables.

AFS financial assets

Non derivative financial assets not included in the above categories are classified as AFS financial assets. They are carried at fair value with changes in fair value generally recognized in other comprehensive loss and accumulated in the AFS reserve. Impairment losses are recognized in profit or loss. Purchases and sales of AFS financial assets are recognized on settlement date with any change in fair value between trade date and settlement date being recognized in the AFS reserve. On sale, the cumulative gain or loss recognized in other comprehensive income is reclassified from accumulated other comprehensive income to profit or loss. The Company has designated its investment in a private company as AFS.

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(k) Financial instruments, continued

Impairment of financial assets

The Company assesses at each reporting date whether a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the asset's original effective rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. Associated allowances are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

A provision for impairment is made in relation to accounts receivable, and an impairment loss is recognized in profit or loss when there is objective evidence that the Company will not be able to collect all of the amounts due under the original terms. With the exception of AFS equity instruments, if, in a subsequent period, the amount of impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had the impairment not been recognized.

Financial liabilities

Financial liabilities are classified as FVTPL, or other financial liabilities, as appropriate upon initial recognition. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. Subsequent to the initial recognition, other financial liabilities are measured at amortized cost using the effective interest method. The Company's other financial liabilities include accounts payables and accrued liabilities and refundable proceeds on cancellation of private placement.

Financial liabilities are classified as FVTPL if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments (including separated embedded derivatives) unless they are designated as effective hedging instruments. Gains or losses on liabilities classified as FVTPL are recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(k) **Financial instruments, continued**

Financial hierarchy

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3. ACCOUNTING STANDARD ISSUED BUT NOT YET EFFECTIVE

As at the date of authorization of these financial statements, the IASB has issued the following revised standard which is not yet effective:

(a) **IFRS 9: "Financial Instruments"** was issued in its final form in July 2014 and will replace IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. 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. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

The Company has not early adopted this standard, but management is currently assessing the impact of its application in the financial statements. Management has assessed the other standards not yet effective and determined they are unlikely to have a material impact on the financial statements.

4. RESIDEO PROPERTIES INC.

(a) **Resideo Properties Inc.**

On May 13, 2015, the Company announced that it had entered into a letter of intent with Resideo Properties Inc. ("Resideo") to acquire the business of Resideo following the completion of due diligence and a formal purchase agreement (the "Acquisition"). Resideo is a privately held Canadian company originally set up to acquire a portfolio of single-family and multi-tenant residential properties in the Detroit, Michigan area. Due to changing market conditions, the proposed transaction with Resideo was cancelled on January 11, 2016.

(b) The proposed Acquisition necessitated Telferscot to complete several corporate actions including a refinancing *(see note 4(b)(ii))*, and a consolidation of the Company's shares. The details of the inter-related transactions that were completed are as follows:

(i) On June 22, 2015, the Company closed the first tranche of the previously announced financing through the issuance of 30,000,000 common shares at $0.005 for total proceeds of $150,000.

(ii) The Company received an additional $220,000 in subscriptions for a private placement of convertible notes (the "Subscriptions"). However, as a result of the sale of the Company's interest in KCC (the "Sale"), as described in note 18(a), and the cancellation of the Acquisition with Resideo, the private placement was cancelled and the Company agreed with the holders that the Subscriptions would be returned. Of the $220,000 received, $19,172 was repaid by December 31, 2015 with the remaining $200,828 being recorded as refundable proceeds on cancellation of private placement on the statement of financial position. The Subscriptions were repaid in full after yearend *(see note 18(e))*.

5. ACCOUNTS RECEIVABLE

		2015		2014
Refundable HST ITC's	**$**	**47,960**	$	4,956

6. INVESTMENT IN PRIVATE COMPANY

As at December 31, 2015 and December 31, 2014, the Company held a 7.4% interest in Kolwezi Copper Corp. ("KCC"). On November 11, 2015, the Company announced it had entered into a letter of intent to sell its entire interest in KCC for proceeds of $1,182,905 (USD $854,700)) *(see note 18(a))*. The sale closed in two separate tranches in January, 2016 and March, 2016. The carrying value of the investment has been written up by $924,887 to reflect its fair value as at December 31, 2015. As of the reporting date, the nature of the investment and the related historical accounting are detailed below:

		2015		2014
Balance, beginning of year	**$**	**258,018**	$	258,018
Gain on change in fair value of KCC investment		**924,887**		-
Balance, end of year	**$**	**1,182,905**	$	258,018

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		2015		2014
Trade accounts payable (Note 17(a))	**$**	**150,002**	$	27,191
Accrued director fees (Note 17(b))		**39,000**		27,000
Other		**13,000**		16,270
Accrued management fees (Note 17(a))		**-**		172,500
	$	**202,002**	$	242,961

Accrued management fees as at December 31, 2014 were all reversed in the current year upon actual billing, and the remaining balance is now included in trade accounts payable as at December 31, 2015

8. SHARE CAPITAL

Continuity schedules for the Company's share capital and other equity instruments are disclosed in the statements of changes in shareholders' equity for the period from January 1, 2014 to December 31, 2015. There were no equity transactions during the years ended December 31, 2015 and 2014, other than described in notes 4(b)(i) and 9.

9. WARRANTS

	Warrants		Exercise price		Attributed value
Balance - January 1, 2014	**6,000,000**	$	0.05	$	12,000
Change in year	**-**		-		-
Balance - December 31, 2014	**6,000,000**		0.05		12,000
Expired unexercised	**(6,000,000)**		0.05		(12,000)
Balance - December 31, 2015	**-**	$	-	$	-

The remaining 6,000,000 warrants outstanding as at December 31, 2014 expired unexercised on January 15, 2015. The attributed value of $12,000 was credited to contributed surplus on expiry.

10. STOCK OPTIONS AND SHARE BASED PAYMENTS

The Company's shareholders have approved a stock option plan, the purposes of which are to (i) encourage common share ownership in the Company for directors, officers, consultants and employees, (ii) provide additional incentive for superior performance by such individuals, and (iii) enable the Company to attract and retain valued directors, officers and employees.

10. STOCK OPTIONS AND SHARE BASED PAYMENTS, CONTINUED

Stock option activity during the years ended December 31, 2015 and 2014 was as follows:

	Year ended December 31, 2015			Year ended December 31, 2014		
	Options		**Weighted average exercise price**	Options		Weighted average exercise price
Outstanding, beginning of year	**2,383,333**	**$**	**0.15**	2,383,333	$	0.15
Change in period	**-**		**-**	-		-
Outstanding, end of year	**2,383,333**	**$**	**0.15**	2,383,333	$	0.15

As at December 31, 2015, the issued and outstanding options to acquire common shares of the Company were as follows:

	Number of options				
Grant date	**Granted**	**Exercisable**	**Exercise price ($)**	**Remaining life**	**Expiry date**
July 27, 2011	1,100,000	1,100,000	0.15	0.57	July 27, 2016
November 27, 2012	1,283,333	1,283,333	0.15	1.91	November 27, 2017
	2,383,333	2,383,333	0.15	0.15	

11. LOSS PER SHARE

Basic and diluted loss per share is computed using the weighted average number of common shares outstanding. The weighted average number of common shares outstanding for the year ended December 31, 2015 was 46,055,822 (2014 - 30,275,000).

Diluted loss per share and the weighted average number of common shares exclude all potentially dilutive equity instruments since their effect is anti-dilutive. As at December 31, 2015, the following potentially dilutive equity instruments were outstanding: (1) Nil warrants (December 31, 2014 - 6,000,000), and (2) 2,383,333 options (December 31, 2014 - 2,383,333).

12. INCOME TAXES

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2015	2014
	$	$
Investment in private company	**648,440**	1,580,080
Mineral properties	**106,130**	381,060
Canadian non-capital losses carried forward	**1,199,420**	1,171,470

Canadian non-capital losses expire as noted below. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of deductible temporary differences of $2,878,870 that may be used to offset the company's taxable income in each future tax period. The non-capital losses of $1,199,420 (2014 - $1,171,470) may be carried forward 20 years.

The Company's Canadian non-capital losses expire as follows:

2030	$	54,890
2031		79,130
2032		204,380
2032		284,830
2033		183,830
2033		55,580
2034		163,250
2035		173,530
	$	1,199,420

13. FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and currency risk. Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

(a) **Credit risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable, which consist of refundable HST ITC's.

As at December 31, 2015, cash of $110,693 (December 31, 2014 - $17,368) was held with reputable financial institutions from which management believes the risk of loss to be minimal. Management believes that its credit risk is negligible.

13. FINANCIAL RISK FACTORS, CONTINUED

(b) Liquidity risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost *(see note 1(b))*. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2015, the Company had working capital of $940,228 (December 31, 2014 - deficiency of $218,837). Any liquidity risk has been effectively eliminated with completion of the sale of the KCC shares in March, 2016 for total proceeds of $1,182,905 (USD $854,700) *(see note 18(a))*. All of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms.

(c) Sensitivity analysis

The Company operates in Canada and has a presentation and functional currency of CAD dollars. As at December 31, 2015, the Company has a USD denominated bank account that it is subject to foreign exchange fluctuations against the CAD dollar. Sensitivity to a plus or minus 10% change in the foreign exchange rate would affect net comprehensive loss by approximately $4,250.

(d) Fair value hierarchy

The following summarizes the methods and assumptions used in estimating the fair value of the Company's financial instruments where measurement is required. The fair value of short-term financial instruments, financial instruments classified as loans and receivables and other financial liabilities approximate their carrying amounts due to their short term maturities. Fair value amounts represent point in time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the statement of financial position, have been prioritized into three levels as per their fair value hierarchy.

The fair value of the Company's financial instruments where financial measurement is required are as follows:

	December 31 2015	December 31 2014
	$	$
Level one		
Cash	**110,693**	17,368

14. COMMITMENT

The Company has a contract for management and administrative services *(see note 17(a))*. It is billed on a monthly basis with a six-month notice period. Effective October 1, 2015, the monthly rate was decreased from $10,000 to $5,000.

15. CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain adequate levels of funding to maintain head office corporate and administrative functions. The Company considers its capital to be its shareholders' equity. The Company manages its capital structure in an effort to provide sufficient funding for its development projects. Funds are primarily secured through equity capital raised by way of private placements and exercise of warrants.

There can be no assurances that the Company will be able to continue raising equity capital in this manner. The Company's Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes in the Company's approach to capital management since the year-end. The Company is not subject to externally imposed capital requirements.

16. SEGMENTED INFORMATION

The Company conducts its business in a single operating segment as consisting of a passive investment in a private company.

17. RELATED PARTY TRANSACTIONS (INCLUDING KEY MANAGEMENT COMPENSATION)

(a) Telferscot was billed a monthly fee of $10,000 from January, 2015 to September, 2015 and $5,000 per month thereafter for the remainder of the year by a Company controlled by one of the directors. The monthly fee was for management and administrative services, including monthly compensation for the CFO of $2,500, corporate secretary, office rent and regular administrative functions. During the year ended December 31, 2015, the Company incurred total fees of $105,000 (2014 - $120,000).

Fees totalling $172,500 (before applicable HST) were paid out of the proceeds of the various financings described in note 4(b)(i). Accordingly, as at December 31, 2015, accounts payable and accrued liabilities includes $120,518 (December 31, 2014 - $172,500) in respect of such fees *(see also note 7*), all of which was paid after year-end.

(b) Each independent director receives a quarterly honorarium of $1,500. Fees recorded for the year ended December 31, 2015 were $12,000 (2014 - $12,000 respectively). To date, no payments have been made against these honorariums such that as at December 31, 2015, accounts payable and accrued liabilities includes $39,000 (December 31, 2014 - $27,000) in respect of such fees.

18. SUBSEQUENT EVENTS

(a) On November 11, 2015, the Company announced that it had entered into a Letter of Intent (the "LOI") to sell its 2,775 common shares (or 7.4% interest) in Kolwezi Copper Corp. ("KCC") for $1,182,905 (USD $854,700) (the "Sale") *(see note 6)*. A definitive agreement was entered into on January 11, 2016. The Sale closed in two tranches, as follows: (i) the sale of the first tranche of 575 KCC shares closed coincident with the execution of the definitive agreement, whereupon the Company received sales proceeds in cash of $245,106 (USD $177,100); (ii) the sale of the second tranche of 2,200 KCC shares closed on March 2, 2016, whereupon the Company received sales proceeds in cash of $937,798 (USD $677,600).

(b) On January 12, 2016, the Company entered into a currency hedge to lock in the CAD equivalent of the USD sales proceeds due on the sale of the second tranche of 2.200 KCC shares *(see note 18(a))*. Under a "Call CAD/Put USD" currency option, the Company, as buyer, has the option to call for the purchase of CAD $958,500 for a price of USD $675,000, an effective strike price of CAD $1.42|USD $1.00. The option premium was USD $9,301 and the option was set to expire on March 1, 2016. The Company exercised on its option prior to expiry, resulting in a net gain of $48,262.

(c) On January 28, 2016, the Company announced that the proposed Resideo acquisition, as announced on May 13, 2015, had been terminated following notice from Resideo that as a result of USD exchange rate fluctuations and general adverse capital markets conditions it is unable to complete the transaction as contemplated.

(d) On March 24, 2016, the Company announced a distribution to shareholders of record on March 10, 2016 ("Shareholders") of $0.0145 per share ("Distribution") as and by way of a reduction in the stated capital of the Company. Shareholders had the option, at their election, to receive the Distribution in the form of common shares issued from treasury (default), cash or a combination thereof. The Company will be returning cash of $651,077 and issuing 44,581,961 common shares (valued at $0.005 per share) in satisfaction of elections received from shareholders with respect to the Distribution.

(e) The refundable proceeds on cancellation of private placement *(see note 4(b)(ii))* were fully repaid by March 3, 2016.