Abacus Mining & Exploration Corporation
(an exploration stage company)

Condensed Interim Financial Statements
March 31, 2016

(Unaudited)

(Expressed in Canadian dollars)

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NOTICE TO READER

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the management of Abacus Mining & Exploration Corporation.

Abacus Mining & Exploration Corporation's independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)

Condensed interim statements of financial position

Unaudited - expressed in Canadian dollars

	March 31, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents (Note 4)	$ 1,510,381	$ 1,626,237
Amounts receivable	4,814	6,841
Prepaid expenses	9,956	15,066
Loan receivable (Note 5)	285,000	280,000
	1,810,151	1,928,144
Non-current assets:		
Equipment	18,052	19,330
Restricted cash (Note 7)	26,032	47,252
Investment in KGHM Ajax Mining Inc. (Note 6)	48,189,174	46,759,876
	48,233,258	46,826,458
	$ 50,043,409	**$ 48,754,602**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 52,507	$ 50,049
Long-term liabilities:		
Loan payable to KGHM (Note 6)	9,646,507	7,940,250
	9,699,014	7,990,299
Shareholders' equity: (Note 8)		
Capital stock	84,408,367	84,408,367
Share-based payments reserve	4,946,623	4,931,912
Deficit	(49,010,595)	(48,575,976)
	40,344,395	40,764,303
	$ 50,043,409	**$ 48,754,602**

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

Subsequent Event (Note 11)

Approved on behalf of the Board by:

"Michael McInnis"
Chief Executive Officer

"Kerry Spong"
Director

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)

Condensed interim statements of comprehensive income (loss)

Unaudited - expressed in Canadian dollars

		Three months ended March 31, 2016		Three months ended March 31, 2015
General and administrative expenses:				
Accounting and audit	$	11,500	$	9,938
Amortization		1,278		1,764
Consulting and directors' fees		16,875		40,002
Insurance		5,111		7,573
Interest Expense		190,751		61,391
Investor relations		7,800		2,600
Legal		7,179		-
Office		2,101		2,507
Rent		6,086		6,481
Salaries and contract wages		53,407		34,958
Share-based payments (Note 8)		14,711		28,572
Transfer agent and regulatory fees		7,665		7,111
Travel and promotion		10,642		9,618
		(335,106)		(212,515)
Other items:				
Interest income		11,188		26,836
Income (loss) on equity investment in KGHM Ajax Mining Inc. (Note 6)		(110,701)		(25,747)
Foreign exchange gain (Note 7)		-		130,854
			-	
Net loss and comprehensive loss for the period	**$**	**(434,619)**	**$**	**(80,572)**
Loss per share, basic and diluted	$	(0.00)	$	(0.00)
Weighted average number of common shares outstanding		214,157,611		214,157,611

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

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)

Statements of changes in shareholders' equity

Expressed in Canadian dollars

	Number of shares	Capital stock	Share-based payments reserve	Deficit	Total shareholders' equity
Balance December 31, 2014	**214,157,611**	**$ 84,408,367**	**$ 4,625,293**	**$ (44,703,527)**	**$ 44,330,133**
Share-based payments (Note 8(c))	-	-	28,572	-	28,572
Net profit for the three month period	-	-	-	(80,572)	(80,572)
Balance, March 31, 2015	**214,157,611**	**$ 84,408,367**	**$ 4,653,865**	**$ (44,784,099)**	**$ 44,278,133**
Share-based payments (Note 8(c))	-	-	278,047	-	278,048
Net profit for the nine month period	-	-		(3,791,877)	(3,791,877)
Balance December 31, 2015	**214,157,611**	**$ 84,408,367**	**$ 4,931,912**	**$ (48,575,976)**	**$ 40,764,303**
Share-based payments (Note 8(c))	-	-	14,711	-	14,711
Net profit for the three month period	-	-	-	(434,619)	(434,619)
Balance, March 31, 2016	**214,157,611**	**$ 84,408,367**	**$ 4,946,623**	**$ (49,010,595)**	**$ 40,344,395**

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

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)

Condensed interim statements of cash flows

Unaudited - expressed in Canadian dollars

		Three months ended March 31, 2016		Three months ended March 31, 2015
Operating activities:				
Net loss for the period	$	(434,619)	$	(80,572)
Items not involving cash:				
Share of (income) loss in equity investment (Note 6)		110,701		25,747
Share-based payments (Note 8)		14,711		28,572
Amortization		1,278		1,763
Interest expense		190,751		60,000
Foreign exchange gain on restricted cash (Note 7)		-		(130,854)
Changes in working capital related to operating activities:				
Prepaid expenses		5,109		7,574
Amounts receivable		2,029		5,177
Accounts payable and accrued liabilities		2,458		(7,332)
Loan receivable		(5,000)		(5,000)
Due from KGHM Ajax Mining Inc.		-		116,314
Cash used for operating activities		**(112,582)**		**21,389**
Investing activities:				
Restricted cash (Note 7)		21,220		3,310,047
Loan payable to KGHM (Note 6)		1,515,506		
Cash contributions to equity investment (Note 6)		(1,540,000)		(3,300,000) -
Cash provided by (used for) investing activities		**(3,274)**		**10,047**
Decrease in cash and cash equivalents during the period		(115,856)		31,436
Cash and cash equivalents, beginning of the period		1,626,237		2,084,219
Cash and cash equivalents, end of period	**$**	**1,510,381**	**$**	**2,115,655**

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

1. NATURE OF OPERATIONS

Abacus Mining & Exploration Corporation (the "Company" or "Abacus"), incorporated under the *Company Act* (British Columbia), is an exploration stage company engaged principally in the acquisition, exploration and development of mineral properties in Canada. The address of the Company's office is Suite 615 – 800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6.

On June 28, 2010, KGHM Ajax Mining Inc. ("KGHM Ajax") was incorporated. KGHM Ajax is currently focused in the exploration and development of the Ajax copper-gold project located near Kamloops, British Columbia (the "Ajax Project").

On June 29, 2010, pursuant to an investment agreement dated May 4, 2010 between Abacus and KGHM Polska Miedz S.A. ("KGHM"), Abacus transferred all of its mineral interests in the Ajax Project, with a fair value of $37,429,581 (US$35,549,020), to KGHM Ajax in exchange for 4,900 common shares of KGHM Ajax.

On October 12, 2010, Abacus, KGHM and KGHM Ajax entered into the Definitive Joint Venture Shareholders' Agreement (the "Joint Venture Agreement"). Pursuant to the Joint Venture Agreement, KGHM subscribed for 5,100 common shares of KGHM Ajax, which represented a 51% interest for $37,392,200 (US$37,000,000); these funds were used by KGHM Ajax to fund exploration and evaluation activities during 2010 and 2011 required to produce the bankable feasibility study ("BFS"). Additionally, KGHM had the option to acquire an additional 29% interest in KGHM Ajax (for a total interest of 80%) for a maximum of US$35,000,000.

On April 2, 2012, KGHM exercised its option to acquire an additional 29% of KGHM Ajax, thereby increasing its ownership in KGHM Ajax to 80% (Notes 6 and 7). The Joint Venture Agreement includes provisions allowing Abacus to fund its share of cash calls from the Ajax project through to production using loans from KGHM International. Such loans will be repaid from Abacus's share of future dividends from the joint venture.

2. BASIS OF PREPARATION and SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS

(a) Basis of preparation

These condensed interim financial statements have been prepared on a historical cost basis except for derivative financial instruments and financial instruments at fair value, if any held, that have been measured at fair value. The financial statements are presented in Canadian dollars, except where otherwise noted.

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

Interim financial statements do not include all the information required for full annual financial statements. The condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2015. These condensed interim financial statements of Abacus were reviewed by the Audit Committee, and the Board of Directors approved and authorized them for issuance on May 26, 2015.

(b) Significant accounting judgments, estimates, and assumptions

The preparation of condensed interim financial statements requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed interim financial statements, and the reported amounts of revenues and expenses during the reporting period. While management believes that the judgments and estimates made are reasonable, actual results could differ from those estimates and could impact future results of comprehensive income and cash flows. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

3. SIGNIFICANT ACCOUNTING POLICIES

Other than the adoption of new accounting policies as described below, the same accounting policies have been used in the preparation of these condensed interim financial statements as those used in the most recent audited annual financial statements and reflect all the adjustments necessary for the fair presentation in accordance with IFRS of the result of the interim periods presented.

Accounting standards adopted

Effective January 1, 2014, the Company adopted the following standard: IFRIC 21 - Levies This standard was issued on May 20, 2013 and provided guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The adoption of this standard did not have an impact on our consolidated financial statements.

New accounting standards not yet adopted

Standards and amendments issued but not yet effective up to the date of authorization of these financial statements are as below:

IFRS 9, Financial Instruments, addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 Financial Instruments: Recognition and Measurement for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. Requirements for financial liabilities are largely carried forward from the existing requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. The effective date of this new standard will be for periods beginning on or after January 1, 2018 with early adoption permitted. The Company has not yet assessed the impact of this standard or determined whether it will adopt earlier.

IFRS 16, Leases specifies how an issuer will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset has an insignificant value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after January 1, 2019. The Company has not yet assessed the impact of this standard or determined whether it will adopt earlier.

Unaudited - expressed in Canadian dollars

4. CASH and CASH EQUIVALENTS

The Company's cash and cash equivalents consist of the following:

Cash and cash equivalents		March 31, 2016		December 31, 2015
Bank accounts	$	42,043	$	60,794
Savings account		1,468,338		1,565,443
	$	1,510,381	$	1,626,237

Supplemental information with respect to cash flows consists of the following:

Supplemental cash flows		Three months ended March 31, 2016		Three months ended March 31, 2015
Supplemental disclosures:				
Interest on cash and cash equivalents	$	43,338	$	11,027
Interest on restricted cash (Note 7)	$	3,272	$	15,828

5. LOAN RECEIVABLE

On June 27, 2014, Abacus and Burnstone Ventures Inc. ("Burnstone") entered into a loan and security agreement (the "Loan") pursuant to which Abacus advanced $250,000 to Burnstone, to be used in relation to Burnstone's Tomichi project located in Colorado. The loan receivable bears interest of 8% per annum ($35,000 accrued to March 31, 2016), was due to mature on December 31, 2015, and is secured by a first priority security interest over Burnstone's option to acquire a 100% interest in the Tomichi Project. On January 12, 2016, the maturity date of the loan was extended to July 31, 2016.

6. INVESTMENT IN KGHM AJAX MINING INC.

As at March 31, 2016, the Company owns 20% of the common and voting shares of KGHM Ajax. (2015: 20%). KGHM Ajax is a private company incorporated under the Corporations Act (British Columbia) and is currently engaged principally in the exploration and development of the Ajax Project located near Kamloops, British Columbia, which is its principal place of operation. KGHM Ajax's two shareholders are KGHM and the Company. As the Company owns 20% of the outstanding common shares of KGHM Ajax and also has representation on the Board of Directors, the Company is considered to have significant influence over KGHM Ajax, and accordingly accounts for its investment in KGHM Ajax using the equity method. Under the equity method, the investment in KGHM Ajax is initially recognized at cost then subsequently adjusted for the Company's share of the profits and/or losses of KGHM Ajax as well as distributions received from KGHM Ajax. To date no dividends or distributions to shareholders of KGHM Ajax have occurred.

During the period ended March 31, 2016, Abacus contributed $1,540,000 (2015: $3,300,000) to KGHM Ajax representing Abacus' 20% share of cash calls of KGHM Ajax made pursuant to the Joint Venture Agreement, in order to continue operations of KGHM Ajax. Pursuant to the terms of the Joint Venture Agreement, once the restricted funds were exhausted, Abacus could elect to contribute its proportionate share of the operational expenditures or, without any dilution to its 20% ownership of KGHM Ajax, request that KGHM provide the funding as a loan, to be recovered from Abacus' share of revenue upon commencement of production at Ajax. The restricted funds having been exhausted, the Company elected during the second quarter of fiscal 2015 that KGHM provide the funding as a loan (the "KGHM Loan"). The KGHM Loan bears interest of 10% per annum and is to be repaid from Abacus' share of revenue upon commencement of production at Ajax. For the period ended March 31, 2016, $1,515,506 was provided by KGHM and $24,494 from interest earned on the collateral funds was put towards the $1,540,000 cash call and the Company has accrued interest of $190,751 for the period (December 31, 2015: $289,250).

Unaudited - expressed in Canadian dollars

During the year ended December 31, 2015, Abacus contributed $11,100,000 to KGHM Ajax representing Abacus' 20% share of cash calls of KGHM Ajax made pursuant to the Joint Venture Agreement, to finance the continuing operations of KGHM Ajax. Abacus' share of the cash calls was paid using funds that were previously held in restricted cash.

The following is a summary of the Company's investment in KGHM Ajax:

Investment in KGHM Ajax		
Investment in KGHM Ajax as of December 31, 2014	$	35,255,756
Abacus' cash contributions to KGHM Ajax pursuant to cash calls		3,300,000
Abacus' share of the profit/loss of KGHM Ajax during the period ended March 31, 2015		(25,747)
Investment in KGHM Ajax as of March 31, 2015	$	38,530,009
Abacus' cash contributions to KGHM Ajax pursuant to cash calls		7,800,000
Abacus' share of the profit/loss of KGHM Ajax during the period ended December 31, 2015		429,867
Investment in KGHM Ajax as of December 31, 2015	$	46,759,876
Abacus' cash contributions to KGHM Ajax pursuant to cash calls		1,540,000
Abacus' share of the profit/loss of KGHM Ajax during the period ended March 31, 2016		(110,702)
Investment in KGHM Ajax as of March 31, 2016	$	48,189,174

Unaudited - expressed in Canadian dollars

A summary of 100% of the assets and liabilities of KGHM Ajax and selected results of operations for the period ended March 31, 2016 is as follows:

Selected financial information of KGHM Ajax		March 31, 2016		December 31, 2015
Cash and cash equivalents	$	3,616,132	$	905,335
Current assets (excluding cash & cash equivalents)		3,572,137		7,097,123
Total non-current assets		242,352,767		238,268,447
Total assets	$	249,541,036	$	246,270,905
Current liabilities	$	4,132,602	$	8,015,864
Non-current liabilities		4,428,222		4,421,322
Total shareholders' equity		240,980,212		233,833,719
Total liabilities and equity	$	249,541,036	$	246,270,905

		Three months ended March 31, 2016		Three months ended March 31, 2015
Net and comprehensive profit (loss)	$	553,507	$	128,733
Revenue	$	nil	$	nil
Interest Income		7,665		4,778
Amortization		19,256		15,542
Interest expense		10,928		4,906
Income tax expense		nil		nil

Unaudited - expressed in Canadian dollars

7. RESTRICTED CASH AND ADVANCE

Pursuant to the terms of the Joint Venture Agreement, KGHM elected, on April 2, 2012, to acquire an additional 29% interest in KGHM Ajax (for a total 80% interest) for cash consideration of $30,159,107 (US$29,907,881), which funds are held in trust by KGHM Ajax and presented as restricted cash on the Company's statements of financial position, to be used to fund Abacus' share of the investment activities of KGHM Ajax.

The following is a summary of the Company's restricted cash:

	Funds held as security for credit cards	Funds held in trust with KGHM Ajax	Collateral in respect of the Advance	Total
Balance, December 31, 2014	$ 52,002	$ 3,279,169	$ 3,379,944	6,711,115
Credit card security returned	(25,875)			(25,875)
Abacus' cash contribution to KGHM Ajax (Note 6)	-	(3,300,000)	-	(3,300,000)
Foreign exchange gain	-	130,854	-	130,854
Unrealized interest income	64	5,444	10,320	15,828
Balance March 31, 2015	26,191	115,467	3,390,264	3,531,922
Abacus' cash contribution to KGHM Ajax (Note 6)	-	(149,000)	-	(149,000)
Foreign exchange gain	-	201	-	201
Unrealized interest income	(232)	33,455	(9,094)	24,129
Collateral returned			(3,360,000)	(3,360,000)
Balance Decmber 31, 2015	25,959	123	21,170	47,252
Abacus' cash contribution to KGHM Ajax (Note 6)	- -	-	(24,494)	(24,494)
Unrealized interest income	45	-	3,229	3,274
Balance March 31, 2016	26,004	123	(95)	26,032

On June 26, 2014, Abacus signed an agreement (the "Advance Agreement") for an advance of $3,000,000 to be drawn from the funds held in trust with KGHM Ajax. Under the terms of the agreement, the advance bore interest of 8% per annum, and was due December 31, 2015. The advance was collateralized by $3,360,000 of the funds held in trust. As a condition of the agreement, Abacus continued to contribute its 20% share of the 2015 program and budget towards development of the Ajax Project from the funds held in trust. Pursuant to the terms of the Advance Agreement, as the Company was unable to repay the advance by December 31, 2015, the advance was satisfied by the collateralized funds held in trust, which were released to KGHM Ajax on January 12, 2016. As a result, these funds were not available to satisfy the Company's future funding of KGHM Ajax, and the Company recorded a partial refund of proceeds on disposal of interest in the Ajax project of $3,000,000 during the year ended December 31, 2015.

Pursuant to the terms of the Joint Venture Agreement, Abacus could elect to contribute its proportionate shares of the operational expenditures or, without any dilution to its 20% ownership of KGHM Ajax, request that KGHM provide the funding as a loan, to be recovered from Abacus' share of revenue upon commencement of production at Ajax. Using funds that were previously held in restricted cash Abacus contributed $1,540,000 (2015: $3,300,000) to KGHM Ajax, representing Abacus' 20% share of cash calls of KGHM Ajax made pursuant to the Joint Venture Agreement, in order to continue operations of KGHM Ajax. The restricted funds having been exhausted, the Company elected during the second quarter of fiscal 2015 that KGHM provide the funding as a loan. Under the provisions of the KGHM Loan, from January 1, 2016 to March 31, 2016, $1,515,506 ($7,651,000 to December 31, 2015) has been provided by KGHM, with $24,494 from interest earned on the collateral funds put towards the $1,540,000 cash call and the Company has accrued total interest of $190,751 during the period January 1, 2016 to March 31, 2016 (to December 31, 2015: $289,250).

Unaudited - expressed in Canadian dollars

8. SHAREHOLDERS' EQUITY

(a) Authorized capital stock

At March 31, 2016, the authorized capital stock of the Company is comprised of an unlimited number of common shares without par value.

(b) Share issuances – There were no shares issued during the 3 months ended March 31, 2016 and the year ended December 31, 2015

(c) Stock options

The Company has a "20% fixed" stock option plan (the "Plan") pursuant to which stock options may be granted to its directors, officers, employees and consultants, to a maximum of 20% of the Company's issued shares as at the date of shareholder approval of the Plan, such that at December 31, 2015 stock options may be granted allowing for the purchase of up to, in the aggregate, a maximum of 24,509,135 shares. The exercise price of any option granted shall not be less than the minimum price permitted by the policies of the TSX Venture Exchange (the "Exchange"). The expiry date for each option, set by the Board of Directors at the time of issue, shall not be more than five years after the grant date. Options granted vest at the discretion of the Board of Directors and in accordance with regulatory requirements. The Plan further provides that at any such time the Exchange rules differ from specific terms of the Plan, then the rules of the Exchange shall apply.

As at March 31, 2016, the Company had stock options outstanding to directors, officers and consultants for the purchase of up to, in the aggregate, 11,340,000 (December 31, 2015: 11,340,000) common shares exercisable as follows:

March 31, 2016		**Awards Outstanding**		**Awards Exercisable**	
Exercise Price	Expiry Date	Quantity	Remaining Contractual Life	Quantity	Remaining Contractual Life
$0.235	January 26, 2017	995,000	0.82	995,000	8.24
$0.12	October 8, 2018	2,200,000	2.52	2,200,000	2.52
$0.05	February 20, 2020	1,520,000	3.89	1,140,000	3.89
$0.065	November 16, 2020	1,000,000	4.63	500,000	4.63
$0.06	December 28, 2020	5,625,000	4.74	5,512,500	4.74
		11,340,000	**3.84**	**10,347,500**	**3.77**

The weighted average remaining contractual life of the stock options outstanding as at March 31, 2016 is 3.84 years (December 31, 2015: 4.09 years).

A summary of the status of the Company's stock options as at March 31, 2016 and December 31, 2015, and changes during the three month and twelve month periods then ended is as follows:

Unaudited - expressed in Canadian dollars

Status of stock options	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2014	7,555,000	$0.18
Granted	1,540,000	$0.05
Outstanding, March 31, 2015	9,095,000	$0.16
Granted	6,625,000	$0.06
Expired	(4,380,000)	$0.20
Outstanding, December 31, 2015	11,340,000	$0.09
Outstanding, March 31, 2016	11,340,000	$0.09

Share-based payments reserve is included in shareholders' equity and consists of the costs related to the issuance of stock options.

On February 20, 2015 the company granted stock options allowing for the purchase of up to, in the aggregate, 1,540,000 shares, to employees, directors and officers of Abacus. The grant date fair value was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate of 0.8%, expected life of five years, expected volatility of 88.6% and dividend yield of 0%. The total amount of share-based payments expense, which is expected to be recognized over the vesting period of these stock options, is calculated at $52,464 of which $3,721 was recognized during the period ended March 31, 2016.

On November 16, 2015 the company granted stock options allowing for the purchase of up to, in the aggregate, 1,000,000 shares, to directors of Abacus. The grant date fair value was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate of 0.94%, expected life of five years, expected volatility of 93.16% and dividend yield of 0%. The total amount of share-based payments expense, which is expected to be recognized over the vesting period of these stock options, is calculated at $41,542 of which $9,539 was recognized during the period ended March 31, 2016.

On December 28, 2015 the company granted stock options allowing for the purchase of up to, in the aggregate, 5,625,000 shares, to employees, directors and officers of Abacus. The grant date fair value was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate of 0.75%, expected life of five years, expected volatility of 93.78% and dividend yield of 0%. The total amount of share-based payments expense, which is expected to be recognized over the vesting period of these stock options, is calculated at $239,944 of which $1,450 was recognized during the period ended March 31, 2016.

9. RELATED PARTY TRANSACTIONS

All advances to and amounts due from related parties are incurred in the normal course of business, have repayment terms similar to the Company's other trade receivables (payables), and do not incur interest. The following are the related party transactions occurring during the period:

Unaudited - expressed in Canadian dollars

(a) Compensation of key management personnel

Key management personnel consist of the directors and executive officers of the Company. The remuneration, including share-based payments, of key management personnel during the periods ended March 31, 2016 and 2015 follows:

Management's compensation		Three months ended March 31, 2016		Three months ended March 31, 2015
Accounting		6,250		9,938
Consulting and contract wages		38,110		19,000
Share-based payments (Note 8(c))		13,259		28,572
Directors' fees		16,875		22,500
	$	74,494	$	80,010

10. FINANCIAL RISK MANAGEMENT

The Company has classified its cash and cash equivalents, restricted cash and contractual obligations as FVTPL; amounts receivable, as loans and receivables; and accounts payable and accrued liabilities, as other financial liabilities. The carrying values of cash and cash equivalents, amounts receivable, restricted cash, and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments. The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

(a) Credit risk

The Company manages credit risk, in respect of its cash and cash equivalents, by purchasing highly liquid, short-term investment-grade securities held at major Canadian financial institutions. The Company is exposed to credit risk from related party balances. Concentration of credit risk exists with respect to the Company's cash and cash equivalents (Note 4), restricted cash (Note 7) and loan receivable (Note 5), as all amounts are held at a single major Canadian financial institution. The Company's concentration of credit risk and maximum exposure thereto is as follows:

Concentration of credit risk and maximum exposure		March 31, 2016		December 31, 2015
Bank accounts	$	85,381	$	60,794
Savings account		1,425,000		1,565,433
Loan receivable		285,000		280,000
Restricted cash (Note 7)		26,032		47,252
	$	1,821,413	$	1,953,479

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty meeting obligations associated with financial liabilities. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated financing and investing activities. Accounts payable and accrued liabilities of $52,507 (December 31, 2015: $50,049) are due in the second quarter of 2016. At March 31, 2016, the Company had cash and cash equivalents, and accounts receivable of $1,510,381 and $4,814, respectively, which is sufficient to satisfy the expected requirements for the second quarter of 2016. The advance of $3,000,000 from funds in trust and interest thereon ($360,000 to December 31, 2015) payable to KGHM was due on December 31, 2015. Pursuant to the terms of the Advance Agreement, as the Company was unable to repay the advance by December 31, 2015, the advance was satisfied by the collateralized funds held in trust, which were released to KGHM Ajax on January 12, 2016.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) *Interest rate risk*

a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk.

(ii) *Foreign currency risk*

The Company holds no foreign currency, and thus is not exposed to foreign currency risk.

(iii) *Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not currently exposed to other price risk.

11. SUBSEQUENT EVENT

On April 15, 2016, the Company granted options allowing for the purchase of up to, in the aggregate, 1,500,000 shares at $0.06 per share until April 15, 2021, to a director of the Company.