Era Resources Inc.

Condensed Interim Consolidated Financial Statements

Six months ended December 31, 2015 and 2014

(Based on International Financial Reporting Standards ("IFRS") and stated in thousands of United States dollars, unless otherwise indicated)

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Management's Responsibility for Financial Reporting

The condensed interim consolidated financial statements, the notes thereto, of Era Resources Inc., (formerly, Marengo Mining Limited) and its subsidiaries have been prepared by management in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Management acknowledges responsibility for the preparation and presentation of the condensed interim consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management, in discharging these responsibilities, maintains a system of internal controls designed to provide reasonable assurance that its assets are safeguarded, only valid and authorized transactions are executed and accurate, timely and comprehensive financial information is prepared. However, any system of internal controls over financial reporting, no matter how well designed and implemented, has inherent limitations and may not prevent or detect all misstatements.

The Board of Directors, principally through the Audit and Risk Committee, is responsible for reviewing and approving the condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfils its financial reporting responsibilities.

"signed"
Pieter Britz
President and Chief Executive Officer

"signed"
Alexander Dann
Chief Financial Officer

February 10, 2016

Era Resources Inc.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Stated in thousands of U.S. dollars)

	Notes	December 31, 2015	June 30, 2015
CURRENT ASSETS			
Cash and cash equivalents		7,481	4,831
Short term investments		43	48
Receivables and other current assets		291	252
TOTAL CURRENT ASSETS		**7,815**	**5,131**
NON-CURRENT ASSETS			
Property, plant and equipment		550	429
Exploration and evaluation assets	4	134,572	144,340
TOTAL NON-CURRENT ASSETS		**135,122**	**144,769**
TOTAL ASSETS		**142,937**	**149,900**
CURRENT LIABILITIES			
Trade and other payables		2,103	1,749
Provisions		207	186
Loans and borrowings	5	30,633	34,038
Derivative financial instrument	6	907	9,650
TOTAL CURRENT LIABILITIES		**33,850**	**45,623**
NON-CURRENT LIABILITIES			
Loans and borrowings	5	6,299	5,997
TOTAL NON-CURRENT LIABILITIES		**6,299**	**5,997**
TOTAL LIABILITIES		**40,149**	**51,620**
SHAREHOLDERS' EQUITY			
Share capital	7	190,472	189,927
Contributed surplus	7	2,431	2,400
Accumulated comprehensive losses		(90,115)	(94,047)
TOTAL SHAREHOLDERS' EQUITY		**102,788**	**98,280**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**142,937**	**149,900**

Nature of Operations and Going Concern (Note 1) and Subsequent Events (Note 14)

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

Approved by the Board of Directors on February 10, 2016

"signed"
John Hick
Chairman

"signed"
David Danziger
Audit Committee Chair

Era Resources Inc.

Condensed Interim Consolidated Statements of Income and Comprehensive Income (Loss)

(Unaudited - Stated in thousands of U.S. dollars, except shares and share data)

		Three months ended December 31,		Six months ended December 31,	
	Notes	**2015**	**2014**	**2015**	**2014**
EXPENSES					
General and administration expenses		(1,040)	(945)	(2,089)	(2,399)
Depreciation		(29)	(37)	(59)	(83)
Exploration and evaluation assets written-off	4	(408)	(516)	(408)	(521)
Net foreign exchange loss		(60)	(20)	(119)	(26)
Share-based payment (expense) recovery	7	(5)	(7)	(31)	16
		(1,542)	**(1,525)**	**(2,706)**	**(3,013)**
OTHER ITEMS					
Interest income		1	1	3	1
Other income	6	24,848	12,956	27,043	10,457
Financing costs	5	(4,268)	(3,368)	(8,018)	(6,699)
		20,581	**9,589**	**19,028**	**3,759**
NET INCOME FOR THE PERIOD		**19,039**	**8,064**	**16,322**	**746**
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that may be reclassified to profit and loss					
Exchange differences on translation of foreign operations		(6,884)	(7,020))	(11,845)	(12,131)
Other comprehensive loss for the period, net of tax		**(6,884)**	**(7,020)**	**(11,845)**	**(12,131)**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		**12,155**	**1,044**	**4,477**	**(11,385)**
Basic income per share	13	1.67	0.71	1.43	0.07
Diluted loss per share	13	(0.01)	(0.03)	(0.02)	(0.06)
Weighted average shares outstanding		11,377,792	11,377,792	11,377,792	11,377,792

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

Era Resources Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Unaudited - Stated in thousands of U.S. dollars except share data)

	Notes	Share Capital	Options and Share Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Deficit	Total Shareholders' Equity
BALANCE AT JULY 1, 2014		**187,242**	**2,395**	**(19,153)**	**(46,095)**	**124,389**
Net income for the period		-	-	-	746	746
Other comprehensive income that may be reclassified to the profit or loss		-	-	(12,336)	-	(12,336)
TOTAL COMPREHENSIVE INCOME (LOSS)		**-**	**-**	**(12,336)**	**746**	**(11,590)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Exchange differences on translation of equity items to presentation currency		1,923	-	205	**-**	2,128
Employees and consultants share options	7	**-**	(16)	**-**	**-**	(16)
BALANCE AT DECEMBER 31, 2014		**189,165**	**2,379**	**(31,284)**	**(45,349)**	**114,911**
BALANCE AT JULY 1, 2015		**189,927**	**2,400**	**(41,913)**	**(52,134)**	**98,280**
Net income for the period		**-**	**-**	**-**	16,322	16,322
Other comprehensive income that may be reclassified to the profit or loss		-	-	(11,845)	-	(11,845)
TOTAL COMPREHENSIVE INCOME (LOSS)		**-**	**-**	**(11,845)**	**16,322**	**4,477**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Exchange differences on translation of equity items to presentation currency		545	-	(545)	-	-
Employees and consultants share options	7	-	31	-	-	31
BALANCE AT DECEMBER 31, 2015		**190,472**	**2,431**	**(54,303)**	**(35,812)**	**102,788**

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

Era Resources Inc.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited - Stated in thousands of U.S. dollars)

	Notes	Six months ended December 31, 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Income for the period		16,322	746
Items not affecting cash:			
Depreciation		59	83
Share based compensation recovery	7	31	(16)
Write-down of exploration and evaluation assets	4	408	521
Fair value of derivative liability gain	6	(27,043)	(10,457)
Interest accrued on debentures	5	8,018	6,699
Unrealized foreign exchange loss		158	-
Changes in working capital	10	(45)	(509)
Net cash used in operating activities		**(2,092)**	**(2,933)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in term deposits		-	48
Interest received		3	1
Additions to property, plant and equipment		(216)	(12)
Additions to exploration and evaluation assets (includes changes in working capital)	4	(1,858)	(2,570)
Net cash used in investing activities		**(2,071)**	**(2,533)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		7,000	14,500
Direct financing costs		(92)	(339)
Net cash provided by financing activities		**6,908**	**14,161**
Increase in cash and cash equivalents for the period		2,745	8,695
Cash and cash equivalents, beginning of the period		4,831	421
Effect of foreign exchange rate changes on cash and cash equivalents		(95)	(178)
Cash and cash equivalents, end of the period		**7,481**	**8,938**

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

Notes to the Condensed Interim Consolidated Financial Statements for the Six Months Ended December 31, 2015

(Unaudited - All currency amounts are in thousands of U.S. dollars, unless stated otherwise)

(1) NATURE OF OPERATIONS AND GOING CONCERN

Era Resources Inc., (the "Company" or "Era") is an international mineral exploration and development company, limited by shares, and domiciled and incorporated in Canada. The Company operates under the Ontario Business Corporation Act and its registered office is in Toronto, Canada, at 100 King Street West, Suite 3400, Toronto, Ontario, M5X 1A4. Era is listed on the Toronto Stock Exchange (the "**TSX**") (Symbol: ERX). The Company officially delisted from the Australian Securities Exchange (the "**ASX**") on June 2, 2015 and also delisted from the Port Moresby Securities Exchange Limited ("POMSoX") on October 27, 2015. The Company also changed its name from Marengo Mining Limited to Era Resources Inc. on November 16, 2015.

The primary activity of the Company is the exploration and development of its principal asset, the Yandera copper-molybdenum-gold property (the "**Yandera Project**") in Papua New Guinea. The Company is currently focused on advancing the development of the Yandera Project.

The Company is an exploration and development stage entity and has not yet achieved profitable operations. It is subject to risks and challenges similar to companies in a comparable stage of development. These risks include, but are not limited to the challenges of securing adequate capital to fund its activities, operations risks inherent in the mining industry, and global economic and commodity price volatility. The underlying value of the Yandera Project and the recoverability of the related capitalized costs are entirely dependent on the Company's ability to successfully develop the Project by, among other things, securing necessary permits, obtaining the required financing to complete the development and construction, and upon future profitable production from, or the proceeds from the disposition of, its mineral property.

The Company incurred a comprehensive income for the six months ended December 31, 2015 of $4,477 (December 31, 2014 - $11,385 loss) and reported accumulated comprehensive losses of $90,115 as at December 31, 2015 (June 30, 2015 - $94,047). The Company had a working capital deficiency of $26,035 (June 30, 2015 - $40,492). The Company's sole source of funding has been the issuance of convertible debt and other loan instruments, and equity securities.

As at December 31, 2015, the Company had $7,481 in available cash and cash equivalents and short term deposits (June 30, 2015 - $4,831). There are no sources of operating cash inflows. Given the Company's current financial position and the anticipated ongoing exploration and evaluation expenditures for the Yandera Project, Era's major shareholder, Sentient Executive GP IV ("Sentient") has agreed to provide financial assistance to the Company. Note 5 sets out the details of the restructuring of the Company's financing transactions with Sentient.

The Company will need to raise additional capital through equity issuance or other available financing alternatives in parallel with financial support provided by Sentient in order to continue funding its operating, exploration and evaluation activities, and eventual development of the Yandera Project. Although the Company has been successful in its past fundraising activities, there is no assurance as to the success of future fundraising efforts or as to the sufficiency of funds raised in the future.

These circumstances, along with other risks relevant to exploration companies, such as continuing losses, result in material uncertainty which lends significant doubt as to the ability of the Company to fulfil its exploration and development activities and, accordingly, the appropriateness ultimately of the use of the accounting principles applicable to a going concern.

Management expects that additional funding will be provided from Sentient or other sources, and therefore these condensed interim consolidated financial statements have been prepared under the assumption that the Company will continue as a going concern. The going concern basis of presentation assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year from December 31, 2015. Different basis of measurement may be appropriate when a Company is not expected to continue operations for the foreseeable future.

These condensed interim consolidated financial statements do not give effect to adjustments to the carrying values of assets, liabilities and the reported expenses and classifications that would be necessary, should the Company be unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on February 10, 2016.

(2) BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These condensed interim consolidated financial statements were prepared in accordance with IFRS, including IAS 34 Interim Financial Statements. The condensed interim consolidated financial statements do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited annual financial statements for the year ended June 30, 2015. Any subsequent changes to IFRS that are reflected in the Company's consolidated financial statements for the year end in June 30, 2015 could result in restatement of these condensed interim consolidated financial statements.

(b) Basis of Preparation

These condensed interim consolidated financial statements have been prepared under the historical cost convention, modified by the revaluation of any financial assets and financial liabilities (including derivative instruments), measured at fair value through profit or loss. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies.

The significant accounting policies used in the preparation of these condensed interim consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended June 30, 2015.

(c) Basis of consolidation

The condensed interim consolidated financial statements incorporate the financial statement of the Company, Era Resources Inc., and its wholly-owned subsidiaries. Consolidation is required when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

(3) CHANGES IN ACCOUNTING POLICIES

The Company adopted the following new standard during the period ended December 31, 2015.

IFRS 16 "Leases"

IFRS 16 replaces current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease (on the balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low value assets, however this exemption can only be applied by lessees. The standard applies to annual periods beginning on or after January 1, 2019, with earlier application permitted if IFRS 15, Revenue from Contracts with Customers, is also applied. The Company is still assessing the impact of this standard.

(4) EXPLORATION AND EVALUATION ASSETS

	December 31, 2015	June 30, 2015
Opening net cost amount	144,340	160,855
Foreign exchange	(11,856)	(20,182)
Expenditures capitalised during the period	2,496	4,172
Expenditures written-off during the period	(408)	(505)
Closing Balance	**134,572**	**144,340**

During the first quarter ended September 30, 2015, the Company acquired an option for the mineral concessions and purchased the related surface property rights for the La Cobota copper project in northern Mexico for a total acquisition cost of $253 comprised of $243 purchase price and $10 of direct purchase expenses.

Under the terms of the option agreement for the mineral concessions, Era has:

- The exclusive right to conduct exploration and spending $500 prior to July 1, 2016; and
- The exclusive and irrevocable right to acquire 100% of the mineral concessions for a fixed amount of $275, subject to a 2.5% Net Smelter Return royalty interest to be granted to the vendor of the mineral concessions.

During the three and six-month period ended December 31, 2015, the Company recorded a write down of the property in the amount of $408 due to the uncertainty of pursuing the acquisition of the mineral concessions under the option agreement.

(5) LOANS AND BORROWINGS

The following tables display debt instruments issued and outstanding as at December 31, 2015 and the activities of the Company's current and long term debt instruments for the period ended December 31, 2015 and year ended June 30, 2015:

December 31, 2015	**Principal Face Value**	**Maturity**
January 2014 convertible debentures	28,231	June 30, 2016
July 2014 convertible debentures	10,195	June 30, 2016
December 2014 convertible debentures	7,500	June 30, 2017
November 2015 convertible debentures	7,000	December 31, 2017

2016	**At June 30, 2015**	**Initial Recognition**	**Extinguishment/ Revaluations**	**Reversal of Interest (Other Income)**	**Accretion/ Interest**	**At December, 31, 2015**
January 2014 convertible debentures	25,105	21,242	(24,334)	(4,204)	4,891	22,700
July 2014 convertible debentures	8,933	7,337	(8,830)	(1,311)	1,804	7,933
December 2014 convertible debentures	5,997	3,320	(6,011)	(637)	989	3,658
November 2015 convertible debentures	-	2,477	-	-	164	2,641
	40,035	34,376	(39,175)	(6,152)	7,848	36,932
Less: current portion	34,038	-	-	-	-	30,633
Total long term debt	**5,997**	**-**	**-**	**-**	**-**	**6,299**

2015

	At June 30, 2014	Initial Recognition	Extinguishment/ Revaluations	Accretion	At June 30, 2015
Sentient loan	3,046	-	(3,046)	-	-
January 2014 convertible debentures	17,222	36,273	(36,608)	8,218	25,105
July 2014 convertible debentures	-	12,792	(6,777)	2,918	8,933
December 2014 convertible debentures	-	5,039	-	958	5,997
	20,268	54,104	(46,431)	12,094	40,035
Less: current portion	3,046	-	-	-	34,038
Total long term debt	**17,222**	**-**	**-**	**-**	**5,997**

The total cumulative financing costs on the convertible debentures recognized and expensed in the consolidated statements of income and comprehensive income (loss) were $8,018 comprised of $7,848 accretion and $170 of other finance related costs for the six months' period ended December 31, 2015 (December 31, 2014 - $6,699). For the three-month period ended December 31, 2015 the financing costs totalled $4,268 (three-month period ended December 31, 2014 - $3,368).

The change in interest terms of the debentures (as described below) resulted in the recognition of reversal of interest and associated costs of $6,152 and $442 under "other income" for the six months ended December 31, 2015 (December 31, 2014: $nil).

The extinguishment of the debt and revaluation of the conversion option derivative liability resulted in the recognition of net extinguishment loss of $1,911 under "other income" for the six months' period ended December 31, 2015 (December 31, 2014 - $7,944 loss).

Convertible Debentures

On November 20, 2015, following the requisite shareholder approval obtained on November 13, 2015, the Company completed the issuance of $7,000 principal amount of convertible unsecured debentures (the "Investment Debentures") to Sentient pursuant to the financing agreement dated October 13, 2015.

The debentures mature on December 31, 2017 and do not bear interest. Each US$1,000 principal amount of debentures is convertible into common shares of the Company at a conversion price of C$0.45 per common share on a post-consolidation basis, rounded up to the nearest common share. Each debenture is convertible, in whole or in part, at the option of Sentient and at any time, into common shares, intended to be freely tradable on the TSX, at the conversion price, for each US$1,000 principal amount of debentures, subject to adjustment in certain circumstances.

The conversion price for existing outstanding debentures of the Company held by Sentient pursuant to the terms of prior debenture financings between the Company and Sentient completed in 2014, was adjusted to C$0.45 per common share on a post-consolidation basis.

Consistent with the Company's accounting policy, the Investment Debentures were initially measured at fair value, net of direct expenses, then subsequently at amortized cost. The fair value, net of direct costs resulted in amount of $2,477. The total accretion for the period ended December 31, 2015 was $164 resulting in the closing balance of $2,641 as at December 31, 2015.

The transaction completed on November 20, 2015 contributed to substantial modifications of the terms of the existing convertible debentures issued on January 15, 2014, July 15, 2014 and December 18, 2014. The conversion prices were reduced from C$0.01 to C$0.0045 (C$0.45 on a post consolidation basis), and the debentures no longer bear interest. The modified terms significantly change the discounted present value of cash flows. Due to the zero coupon interest rate, the existing debentures were fair valued using the present value methodology. The principal face values were discounted based on the prorated effective interest rate derived from the fair value of the Investment Debentures. The modified terms also resulted in income due to the reversal of interest that was recognized up to date of extinguishment. The existing debentures were extinguished and new fair values of the convertible debentures were recognized as follows:

For the convertible debentures issued on January 15, 2014, the new fair of $21,242 was recognized and the existing balance of $24,334 was extinguished. The total accretion for the period ended December 31, 2015 amounted to $4,891 resulting in the closing balance of $22,700 as at December 31, 2015.

For the convertible debentures issued on July 15, 2014, the new fair value of $7,337 was recognized and existing balance of $8,830 was extinguished. The total accretion for the period ended December 31, 2015 amounted to $1,804 resulting in the closing balance of 7,933 as at December 31, 2015.

For the convertible debentures issued on December 18, 2014, the new fair value of $3,320 was recognized and existing balance of $6,011 was extinguished. The total accretion for the period ended December 31, 2015 amounted to $989 resulting in the closing balance of $3,658 as at December 31, 2015.

The underlying details of the borrowings described above are disclosed in the Note 11 of the Company's audited annual financial statements for the year ended June 30, 2015.

(6) DERIVATIVE FINANCIAL INSTRUMENT

The embedded derivative conversion option feature contained in the debentures described under Note 5 is valued using a Black-Scholes model. The risk free interest rate used in the fair value computation is the interest rate on Canadian marketable security bond with maturity similar to the remaining life of the convertible debentures. The expected volatility estimate at date of convertible debt extinguishment (see Note 5) and December 31, 2015 considers both, the historical price volatility of the Company and the TSX Venture Composite Index.

Application of the Black-Scholes option pricing model requires the use of assumptions. Changes in the underlying assumptions of these models could materially impact the determination of the fair value of a financial instrument.

As of December 31, 2015, the fair value of the derivative liability was $907 (June 30, 2015 - $9,650). The movement in fair value results from fluctuations and inputs used to determine the fair value at each reporting period, the most significant of which are the Company's share price, volatility and life of the options.

A summary of the derivative liability activities relating to additions, reductions and changes resulting from the fair value measurement for the three and six months' period ended December 31, 2015 and December 31, 2014 respectively are as follows:

	Three months ended December 31,		**Six months ended December 31,**	
	2015	**2014**	**2015**	**2014**
Opening Balance	7,455	24,268	9,650	14, 581
Additions to derivative liability during the period	17,013	10,771	17,013	27,991
Reductions of derivative liability during the period	(3,396)	(4,665)	(3,396)	(13,550)
Fair value (gain) loss for the period	(20,165)	(19,753)	(22,360)	(18,401)
Closing Balance	**907**	**10,621**	**907**	**10,621**

For the six-month period ended December 31, 2015, the Company recorded a gain of $22,360, ($20,165 for the three-month period ended December 31, 2015) resulting from the fair value measurement (six-month period ended December 31, 2014 - $18,401 and $19,753 for the three-month period ended December 31, 2014). This fair value gain is recognized within other income in the consolidated statements of income and comprehensive income (loss). This gain includes the impact of the revaluation of the derivative liability resulting from the extinguishment of the debt in November 2015. Refer to Note 5 above.

Inputs used to determine the fair value were as follows:

	December 31, 2015	At Extinguishment	June 30, 2015	December 31, 2014
Risk free interest rate	0.48%	0.60%	0.49%	1.00%
Volatility - maturity at June 30, 2016	110%	102%	166%	140%
Volatility - maturity at June 30, 2017	148%	139%	166%	-
Volatility - maturity at December 31, 2017	141%	133%	-	-
Remaining life (years)	0.5, 1.5 and 2	0.8, 1.6 and 2.1	1 and 2	1.5 and 2.5

(7) SHARE CAPITAL AND OPTIONS

The Company is authorized to issue an unlimited number of common shares with one vote per share and no par value per share.

There were no common shares issued during the period ended December 31, 2015 and December 31, 2014.

Share Consolidation

Following the requisite shareholder approval obtained on November 13, 2015, the Company completed a share consolidation whereby for every 100 Era common shares issued and outstanding immediately prior to the share consolidation, one post-consolidation Era common share exists. Share capital outstanding prior to the share consolidation was 1,137,870,521 common shares and 11,377,792 on a post-consolidation basis and as at December 31, 2015. As a result of the share consolidation, 913 common shares were cancelled relating to the fractional remaining shares after the effect of the share consolidation.

All references to share capital, stock options, convertible debentures and per share data have been adjusted retrospectively to reflect the Company's one-for-one hundred share consolidation as if it occurred at the beginning of the earliest period presented.

Options

The Company maintains a stock option plan under which the Board of Directors, or a committee appointed for such purpose, may from time to time grant to employees, officers, directors, or consultants of the Company, options to acquire common shares under the terms as determined by the Board of Directors or such committee.

As of December 31, 2015, the Company had 454,640 remaining reserved options under the plan with 568,890 maximum allowed on a post-consolidation basis.

Options granted carry no dividend or voting rights. Options granted to directors and senior management vest as follows: 1/3 on grant, 1/3 on first anniversary of grant and 1/3 on second anniversary of grant. All other options granted to employees and consultants vest immediately.

A summary of option activity on a post-consolidation basis under the Plan during the six months ended December 31 are as follows:

	Number of Stock Options	Weighted Average Exercise Price- C$
Balance, June 30, 2015	115,000	1.89
Expired/forfeited	(750)	2.20
Balance, December 31, 2015	**114,250**	**2.16**
Exercisable, December 31, 2015	**77,583**	**2.47**

The fair value of option grants is estimated at the grant date using the Black-Scholes option-pricing model. There were no options granted during the period ended December 31, 2015. Options granted to directors and senior management during the period ended December 31, 2014 totalled 11,000,000 (110,000 on a post-consolidation basis) with an average exercise price of C$0.015 per share ($C$1.50 per share on a post-consolidation basis) and expiry date of five years from the date of grant.

Fair values of options granted during the period ended December 31, 2014 were based on assumptions noted in the following table:

Grant	2015
Exercise price	C$1.50
Risk-free interest rate	1.48%
Annualized expected volatility	157%
Expected life of options	5
Dividend rate	0%
Forfeiture rate	0%
Fair value per option	C$0.014

Performance Rights

The Company maintains a performance rights plan under which the Board of Directors, or a committee appointed for such purpose, may grant rights to employees, officers, directors, or consultants of the Company to acquire common shares under the terms as determined by the Board of Directors or such committee. All performance rights were forfeited in the prior year mainly due to closure of the Company's Perth office and the resulting staff terminations. There were no new performance rights issued during the period ended December 31, 2015.

The following table summarizes incentive stock options outstanding at December 31, 2015:

	Outstanding			Exercisable	
Exercise price	**Number of options**	**Weighted average exercise price**	**Weighted average remaining contractual life in years**	**Number of options**	**Weighted average exercise price**
A$0.32	750		0.1	750	
A$0.19	500		0.9	500	
A$0.24	750		1.2	750	
C$0.13	2,250		2.2	2,250	
C$0.015	110,000		3.6	73,333	
Total Options	**114,250**	**C$2.16**		**77,583**	**C$2.47**

Share-Based Compensation

The share-based compensation resulted in the expense amount of $31 for the six-month period ended December 31, 2015 and $5 expense in the three-month period ended December 31, 2015, (December 31, 2014 - $16 recovery and $7 expense in the three-month period ended December 31, 2014). Share-based compensation recovery in the prior year resulted from unvested forfeited options and performance rights previously issued and forfeited during the period.

(8) COMMITMENTS AND CONTINGENCIES

The Company has certain commitments to meet the minimum expenditure requirements on its mineral exploration assets it has interest in.

The Company had no contingent liabilities as at December 31, 2015.

Future minimum payments under the agreements as at December 31, 2015 are as follows:

	Less than 1 year	1 - 5 years	Total
Lease commitments	4	-	4

Exploration commitments	70	122	192
Total	**74**	**122**	**196**

(9) RELATED PARTY TRANSACTIONS

Key Management Personnel

(a) Key management personnel are defined as members of the Board of Directors and senior officers.

Key management compensation was:

	Six months ended December 31,	
	2015	**2014**
Salaries, wages and other benefits	597	671
Severances[(1)]	-	654
Share-based compensation	31	62
Total	**628**	**1,387**

[(1)] The severances result from changes in executive management.

Other Related Party Transactions

(b) Transactions with Sentient

During the six-month period ended December 31, 2015 the Company entered into a financing agreement with Sentient in connection with the proposed issuance of $14,000 principal amount of convertible unsecured debentures and completed the first tranche of the proposed financing by issuance of $7,000 principal amount of convertible unsecured Investment Debentures on November 20, 2015. Details of this financing are described in the Loans and Borrowings Note 5 above. During the six-month period ended December 31, 2014, the Company completed two financing transactions issuing in aggregate $17,695 of principal amount of convertible unsecured debentures.

During the period ended December 31, 2015, the Company also paid to Sentient $192 in fees related to legal and administrative expenses incurred on behalf of the Company during the purchase of La Cobota property. There were no fees paid to Sentient during the six-month period ended December 31, 2014.

(10) SUPPLEMENTAL CASH FLOW INFORMATION

Changes in working capital for the six months ended December 31, 2015 and 2014 are as follows:

	2015	**2014**
(Increase)/decrease in accounts receivable and other current assets	(39)	17
(Decrease) in accounts payable and accrued liabilities	(27)	(18)
Increase (decrease) in provisions	21	(508)
Total changes in working capital	**(45)**	**(509)**

(11) FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes six levels to classify the inputs to valuation techniques used to measure the fair value.

The six 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 either directly or indirectly

Level 3 – Inputs that are not based on observable market data

Valuation technique that is used to measure the fair value is described in note 2 (j) of the annual audited consolidated financial statements for the year ended June 30, 2015.

The following table illustrates the Company's financial instruments measured at fair value on a recurring basis and their classification within the fair value hierarchy as at December 31, 2015 and June 30, 2015:

As at December 31, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial liabilities			
Fair value through profit or loss:			
Derivative financial instrument	-	907	-
	-	907	-

As at June 30, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial liabilities			
Fair value through profit or loss:			
Derivative financial instrument	-	9,650	-
	-	9,650	-

Fair Values of Financial Assets and Liabilities not Measured at Fair Value

	As at December 31, 2015		As at June 30, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash and cash equivalents	7,481	7,481	4,831	4,831
Short term investments	43	43	48	48
Receivables and other current assets	291	291	252	252
	7,815	7,815	5,131	5,131
Financial liabilities				
Trade and other payables	2,103	2,103	1,749	1,749
Loans and borrowings	36,932	36,932	40,035	40,035
	39,035	39,035	41,784	41,784

The carrying values of the above financial instruments approximate their fair values. The fair value estimates are within level 2 of the fair value hierarchy.

(12) OPERATIONS BY SEGMENT AND GEOGRAPHIC AREA

The Company operates in one reportable segment, being the exploration, evaluation and development of mineral properties. The Company's development property is located in one geographic area, being Papua New Guinea.

Era Resources Inc.

During the six month period ended December 31, 2015, the Company acquired an option for the mineral concessions and purchased the related surface property rights for the La Cobota copper project in northern Mexico. For the period ended December 31, 2015, the Company wrote off $408 of exploration and evaluation assets.

(13) NET INCOME (LOSS) PER SHARE

	Three months ended December 31,		Six months ended December 31,	
	2015	**2014**	**2015**	**2014**
Net income from continuing operations	19,039	8,064	16,322	746
Adjusted for:				
Financing costs	4,268	3,368	8,018	6,699
Other income	(24,848)	(12,956)	(27,043)	(10,457)
Adjusted loss	(1,541)	(1,524)	(2,703)	(3,012)

Basic weighted average number of shares outstanding	11,377,792	11,377,792	11,377,792	11,377,792
Dilutive effect of convertible debentures	120,444,092	42,144,871	115,059,164	40,950,989
Diluted weighted average number of shares outstanding	131,821,884	53,522,663	126,436,956	52,328,781
Items excluded from the calculation of diluted income (loss) per share due to their anti-dilutive effect:				
Stock options	114,250	116,500	114,250	116,500

(14) SUBSEQUENT EVENTS

On February 10, 2016, the Company announced diamond drilling results from the La Cobota copper project in Mexico. The assay results suggest that the mineralized iron oxide vein has significantly more structural complexity and grade variability than was originally anticipated from surface mapping and the available historical mining records. Work is continuing to assess the viability of the mineralized structure to host a resource.