Era Resources Inc.

(formerly Marengo Mining Limited)

2016 Financial Report

Years ended June 30, 2016 and 2015

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

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Era Resources Inc.
(formerly Marengo Mining Limited)

Management's Responsibility for Financial Reporting

The consolidated financial statements, and the notes thereto, of Era Resources Inc., (formerly Marengo Mining Limited) and its subsidiaries have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Management acknowledges responsibility for the preparation and presentation of the 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 consolidated financial statements together with other financial information of the Company and for ensuring that management fulfils its financial reporting responsibilities.

The consolidated financial statements have been audited by PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, who were appointed by the shareholders to examine the consolidated financial statements and provide an independent auditor's opinion thereon. The auditor's report outlines the scope of their examination and their opinion on the consolidated financial statements. PricewaterhouseCoopers LLP has full and free access to the Board of Directors.

"signed"
Pieter Britz
President and Chief Executive Officer

"signed"
Alexander Dann
Chief Financial Officer

October 5, 2016

pwc

October 5, 2016

Independent Auditor's Report

To the Shareholders of
Era Resources Inc.

We have audited the accompanying consolidated financial statements of Era Resources Inc. and its subsidiaries (together the company), which comprise the consolidated statements of financial position as at June 30, 2016 and June 30, 2015 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and the related notes, which comprise 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 these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the company as at June 30, 2016 and June 30, 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Era Resources Inc.
(formerly Marengo Mining Limited)

Consolidated Statements of Financial Position

(Stated in thousands of U.S. dollars)

	Notes	As at June 30, 2016	2015
CURRENT ASSETS			
Cash and cash equivalents	4	8,182	4,831
Short term investments	5	68	48
Receivables and other current assets	6	196	252
TOTAL CURRENT ASSETS		**8,446**	**5,131**
NON-CURRENT ASSETS			
Property, plant and equipment	7	686	429
Exploration and evaluation assets	8	132,458	144,340
TOTAL NON-CURRENT ASSETS		**133,144**	**144,769**
TOTAL ASSETS		**141,590**	**149,900**
CURRENT LIABILITIES			
Trade and other payables	9	1,887	1,749
Provisions	10	210	186
Loans and borrowings	11	39,243	34,038
Derivative financial instrument	12	11,985	9,650
TOTAL CURRENT LIABILITIES		**53,325**	**45,623**
NON-CURRENT LIABILITIES			
Loans and borrowings	11	8,165	5,997
TOTAL NON-CURRENT LIABILITIES		**8,165**	**5,997**
TOTAL LIABILITIES		**61,490**	**51,620**
SHAREHOLDERS' EQUITY			
Share capital	13	190,253	189,927
Contributed surplus	13	2,441	2,400
Accumulated comprehensive losses		(112,594)	(94,047)
TOTAL SHAREHOLDERS' EQUITY		**80,100**	**98,280**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**141,590**	**149,900**

Nature of Operations and Going Concern (Note 1) and Subsequent Events (Note 22)

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

Approved by the Board of Directors on October 5, 2016

"signed"
John Hick
Chairman

"signed"
David Danziger
Audit Committee Chair

Era
Resources Inc.
(formerly Marengo Mining Limited)

Consolidated Statements of Loss and Comprehensive Loss

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

	Notes	2016	2015
		For the years ended June 30,	
EXPENSES			
General and administration expenses		(4,038)	(4,089)
Depreciation	7	(111)	(145)
Exploration and evaluation assets written-off	8	(408)	(505)
Net foreign exchange loss		(148)	(33)
Share-based payment expense	13	(41)	(5)
		(4,746)	**(4,777)**
OTHER ITEMS			
Interest income		12	6
Other income	12	22,693	11,428
Financing costs	11	(18,241)	(12,696)
		4,464	**(1,262)**
NET LOSS FOR THE YEAR		**(282)**	**(6,039)**
OTHER COMPREHENSIVE LOSS			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		(17,939)	(20,075)
Other comprehensive loss for the year, net of tax		**(17,939)**	**(20,075)**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(18,221)**	**(26,114)**
Loss per share			
Basic and diluted	21	(0.02)	(0.53)

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

Era
Resources Inc.
(formerly Marengo Mining Limited)

Consolidated Statements of Changes in Shareholders' Equity

(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 loss for the year		-	-	-	(6,039)	(6,039)
Other comprehensive loss that may be reclassified to the profit or loss		-	-	(20,075)	-	(20,075)
TOTAL COMPREHENSIVE LOSS		-	-	**(20,075)**	**(6,039)**	**(26,114)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Exchange differences on translation of equity items to presentation currency		2,685	-	(2,685)	-	-
Employees and consultants share options	13	-	5	-	-	5
BALANCE AT JUNE 30, 2015		**189,927**	**2,400**	**(41,913)**	**(52,134)**	**98,280**
BALANCE AT JULY 1, 2015		**189,927**	**2,400**	**(41,913)**	**(52,134)**	**98,280**
Net loss for the year		-	-	-	**(282)**	(282)
Other comprehensive loss that may be reclassified to the profit or loss		-	-	(17,939)	-	(17,939)
TOTAL COMPREHENSIVE LOSS		-	-	**(17,939)**	**(282)**	**(18,221)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Exchange differences on translation of equity items to presentation currency		326	-	(326)	-	-
Employees and consultants share options	13	-	41	-	-	41
BALANCE AT JUNE 30, 2016		**190,253**	**2,441**	**(60,178)**	**(52,416)**	**80,100**

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

Era Resources Inc.
(formerly Marengo Mining Limited)

Consolidated Statements of Cash Flows

(Stated in thousands of U.S. dollars)

	Notes	For the years ended June 30, 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year		(282)	(6,039)
Items not affecting cash:			
Depreciation	7	111	145
Share based compensation expense	13	41	5
Write-down of exploration and evaluation assets	8	408	505
Fair value of derivative liability gain	12	(22,693)	(11,428)
Interest accrued on debentures	11	18,241	12,696
Unrealized foreign exchange loss (gain)		309	(253)
Changes in working capital	17	(153)	(658)
Net cash used in operating activities		**(4,018)**	**(5,027)**
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in term deposits		(21)	51
Interest received		9	1
Additions to property, plant and equipment	7	(427)	(31)
Additions to exploration and evaluation assets (includes changes in working capital)	8	(6,026)	(4,669)
Net cash used in investing activities		**(6,465)**	**(4,648)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	11	14,000	14,500
Direct financing costs	11	(110)	(339)
Net cash provided by financing activities		**13,890**	**14,161**
Increase in cash and cash equivalents for the year		3,407	4,486
Cash and cash equivalents, beginning of the year		4,831	421
Effect of foreign exchange rate changes on cash and cash equivalents		(56)	(76)
Cash and cash equivalents, end of the year		**8,182**	**4,831**

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

Notes to the Consolidated Financial Statements for the Year Ended June 30, 2016

(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 TSX Venture Exchange (the **"TSXV"**), (Symbol: ERX). On April 18, 2016, the Company completed the voluntary move of its common share listing on the Toronto Stock Exchange (the "TSX") to a Tier 2 listing on the TSXV. 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 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 loss for year ended June 30, 2016 of $18,221 (June 30, 2015 - $26,114 loss) and reported accumulated comprehensive losses of $112,594 as at June 30, 2016 (June 30, 2015 - $94,047). The Company had a working capital deficiency of $44,879 (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 June 30, 2016, the Company had $8,182 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, which consists of three entities controlled by the Sentient Group (collectively, "**Sentient**") has been providing financial assistance to the Company. Note 11 sets out the details of the restructuring of the Company's financing transactions with Sentient.

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.

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.

Management expects that additional funding will be provided from Sentient or other sources, and therefore these 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 June 30, 2016. Different basis of measurement may be appropriate when a Company is not expected to continue operations for the foreseeable future.

These 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 consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on October 5, 2016.

(2) BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the consolidated entity consisting of Era Resources Inc. and its subsidiaries.

(a) Statement of Compliance

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

(b) Basis of Preparation

These 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. These areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements 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.

The consolidated financial statements incorporate the assets, liabilities and results of operations of the following subsidiaries:

Name	Country of Incorporation	Class of Shares	Equity Holding	
			2016 (%)	2015 (%)
Marengo Mining (Australia) Limited	Australia	Ordinary	100	100
Yandera Mining Company Limited	Papua New Guinea	Ordinary	100	100
Yandera Mining Company (Holdings) Pty Limited	Australia	Ordinary	100	100
Marengo Mining (PNG) Limited	Papua New Guinea	Ordinary	100	100

(d) Foreign Currencies

During the 2013 fiscal year the Company structure was changed to include a Canadian parent company, Era Resources Inc. The functional currency for the Canadian parent company was assessed and determined to be United States Dollars (USD). The functional currency of the Australian subsidiaries remains Australian dollars (AUD) and the Papua New Guinea subsidiaries is Papua New Guinean Kina (PGK).

The individual financial records of each group entity are kept in the currency of the primary economic environment in which the entity operates (its functional currency - see note 2(c)). The consolidated financial statements are presented in United States dollars, which is the Company's presentation currency.

Foreign currency transactions in a currency other than the entity's functional currency are recognized using the exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical costs in a foreign currency are translated at the rates of exchange prevailing on the underlying transaction dates.

Exchange differences are recognized in profit and loss in the period in which they arise. For the purposes of presenting consolidated financial statements:

- Assets and liabilities of the foreign operations are expressed in United States dollars using exchange rates prevailing at the end of the reporting period;
- Income and expense items are translated at average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case exchange rates at the dates of the transactions are used;

and

- All resulting exchange rate differences are recognised in other comprehensive loss and accumulated comprehensive losses.

(e) Share-Based Compensation

The Company has a stock option plan that allows the Company's employees and directors to acquire common shares of the Company. The fair value of the options granted is recognized as a share-based compensation expense with a corresponding increase in options and share based payments reserve. The fair value of options is measured using the Black-Scholes option pricing model and estimated forfeitures as at the grant date is recognized over the vesting period. At each financial reporting date, the compensation expense is adjusted to reflect any changes to the Company's estimate of the number of awards that are expected to vest. Upon exercise of a share option, the consideration received is credited to share capital along with the amounts previously recognized in contributed surplus.

The Company also recognizes share-based compensation awards made in the current period whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions").The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired; and (ii) the number of options that, in the opinion of the management, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

(f) Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax basis ("temporary differences") and loss carry-forwards.

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

Deferred tax assets and liabilities are measured at the tax rates and laws that have been enacted or substantially enacted by the reporting period and are expected to apply in the period in which the tax asset is realised or the tax liability is settled.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and adjusted to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred taxes are recognised as expense or income in profit or loss, except when they relate to items that are recognised outside profit and loss (whether in other comprehensive income or directly in equity), in which case, the tax is also recognised outside profit and loss. In the case of a business combination, the tax effect is included in the accounting for the business combination.

(g) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand, and cash held with financial institutions, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(h) Short Term Investments

Short-term investments include deposits with maturity terms of greater than three months, but not exceeding one year. Interest income on these short-term deposits is recorded as earned over the term of the deposit.

(i) Financial Assets

All financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial reporting period.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Gains or losses on investments held for trading are recognized in profit or loss.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less any impairments. Any losses arising from impairments are recognized in the consolidated statement of comprehensive loss.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences, are recognized in other comprehensive income. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to net earnings.

(j) Financial Liabilities
Financial liabilities are classified as either financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include accounts payable, accrued liabilities, provisions, loans, convertible debentures and a derivative liability.

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in profit or loss.

Convertible Debentures
The Company's convertible debentures are considered financial instruments initially measured at fair value, net of direct expenses, through profit or loss, then subsequently at amortized cost. The convertible debentures contain embedded derivatives conversion feature option that could significantly modify the cash flows that otherwise would be required by the contract.

Embedded derivatives are separated from the host liability debt component and accounted for separately. The conversion feature is recognized initially and subsequently at the end of each reporting period at fair value using a Black-Scholes option pricing model. Any changes in fair value of the derivatives are recognized as profit or loss in the consolidated statement of comprehensive loss. Upfront costs and direct fees related to the convertible debentures are netted against the host liability of the convertible debentures.

Interest-Bearing Loans and Borrowing Costs
Financial liabilities classified as loans are initially recognised at fair value, net of transaction costs incurred. Loans are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statements of comprehensive loss over the term of the loan using the effective interest method.

Loans with embedded derivative feature are separated from the derivative component. The embedded derivative liability is measured and accounted for similarly as embedded derivatives in convertible debentures.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the term of the debt facility to which it relates.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to prepare the asset for its intended use or sale. Other borrowing costs are expensed.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Fair value hierarchy
The Company uses a three level hierarchy to categorize the significance of the inputs used in measuring the fair value of financial instruments. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 consists of financial instruments such as quoted share prices.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value, volatility factors and broker quotations, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs which are less observable, unavailable or where the observable data does not support the majority of the instrument's fair value. Level 3 instruments may include items based on pricing services or broker quotes where the Company is unable to verify the observability of inputs into their prices. Level 3 instruments include longer-term transactions, transactions in less active markets or transactions at locations for which pricing information is not available. In these instances, internally developed methodologies are used to determine fair value which primarily includes extrapolation of observable future prices to similar location, similar instruments or later time periods.

(k) Other Comprehensive Income/(Loss)

Other comprehensive income/(loss) ("OCI") consists of unrealized gains/(losses) of exchange differences arising from translation of foreign operations.

(l) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the agreement at the inception date.

Finance Leases
Finance leases which transfer substantially all the risks and rewards of ownership of the leased item to the Company as a lessee, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Lease payments are allocated between the liability and finance cost. The finance cost is recognized in the consolidated statements of earnings.

Operating Leases
Leases where a significant portion of the risks and rewards of ownership are not transferred to the Company as a lessee are classified as operating leases. Payments made under operating leases are recognized in the consolidated statements of earnings on a straight-line basis over the lease term.

(m) Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

Depreciation is recognized so as to the write-off the cost of assets less their residual values over their useful lives using the straight line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Gains and losses on disposals are included in the profit and loss.

The Company provides depreciation of its property, plant and equipment at the following annual rates:

Buildings	-	Straight line 10-15 years
Furniture, Fittings and Equipment	-	Straight line 5-12 years
Motor Vehicles	-	Straight line 5 years

(n) Impairment of Long-Lived Assets

At each reporting period, the Company assesses changes to facts and circumstances and determines if there is an indication that the carrying amount of an asset may exceed its recoverable amount.

Where an indicator of impairment exists, a formal estimate of the recoverable amount of the asset is made.

The recoverable amount is the higher of the fair value less costs of disposal and value in use:

- Fair value less cost of disposal is the amount obtainable from the sale of the asset or cash-generating unit ("CGU") in an arm's length transaction between knowledgeable, willing parties less costs of disposal.
- Value in use is determined as the present value of the estimated future pre-tax cash flows expected to arise from. The continued use of the asset or CGU in its present form and its eventual disposal, discounted using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the asset for which estimate of future cash flows have not been adjusted. Value in use calculations do not take into account future development.

In determining a CGU, management has examined the smallest identifiable group of assets that generates cash inflows that are largely independent of cash inflows from other assets or group of assets.

The continued use of the asset or CGU in its present form and its eventual disposal, discounted using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the asset for which estimate of future cash flows have not been adjusted. Value in use calculations do not take into account future development.

If the carrying amount of the asset or CGU exceeds its recoverable amount, the carrying amount is reduced to the recoverable amount and an impairment loss is recognized in the income statement.

Previously recognized impairment losses are assessed each reporting period for any indications that the losses have decreased or no longer exist. Such an impairment loss is reversed, in full or in part, if there has been a change in the estimates used to determine the recoverable amount, only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment losses had been recognized in previous periods.

(o) Exploration and Evaluation Expenditures

Exploration and development costs related to the acquisition of mineral interest rights, exploratory drilling, geological and technical feasibility studies are accumulated and capitalised in relation to each identifiable area of interest. Accumulated costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence or otherwise of economically recoverable reserves.

When an area of interest is abandoned or management decides that it is not commercially viable, any accumulated costs in respect to that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each reporting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

Costs incurred in relation to prospecting, or preparing for or applying for prospecting rights are expensed as incurred.

(p) Common Shares (Share Capital) and Warrants

Common shares are classified as share capital. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects. Warrants are classified within options and share based payments reserve. Where common share and warrants are offered together as a "unit", the Company allocates the consideration received per unit, net of any issuance costs, to the common shares and warrants based on their relative fair values. The fair value of warrants is measured using the Black-Scholes option pricing model.

(q) Equity Financing and Listing Costs

Costs directly identifiable with the raising of capital are charged against the related capital account. Costs related to securities not yet but likely to be issued are presented as a prepaid asset until the issuance of the securities, to which the costs relate, at which time the costs are charged against the related capital account or charged to earnings if the securities are not issued. Costs which are incurred as part of an actual or proposed listing of existing shares are expensed as incurred.

(r) Loss per Share

The Company presents basic and diluted loss per share for its common shares calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of ordinary common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

(u) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors. The Company operates in one reportable segment, that being the exploration, evaluation and development of mineral properties.

(v) Standards, Interpretations and Amendments Not Yet Effective

IFRS 9 "Financial Instruments" (IFRS 9)

IFRS 9 addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in the statement of earnings to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely. Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward 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. This standard is effective for annual periods beginning on or after January 1, 2018. The Company is still assessing the impact of this standard.

IAS 16 "Property, Plant and Equipment" (IAS 16)

The IASB has published Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38). The amendments provide additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated. They are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted. The Company is still assessing the impact of this standard.

<u>Amendments</u>
The requirements of IAS 16 are amended to clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. This is because such methods reflects a pattern of *generation* of economic benefits that arise from the operation of the business of which an asset is part, rather than the pattern of *consumption* of an asset's expected future economic benefits.

IAS 1 - "Presentation of Financial Statements" (IAS 1)

The IASB has published Disclosure Initiative (Amendments to IAS 1). The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial reports.

Amendments

Disclosure Initiative (Amendments to IAS 1) makes the following changes:

- **Materiality.** The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to the all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.
- **Statement of financial position and statement of profit or loss and other comprehensive income.** The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.
- **Notes.** The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1. The IASB also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

The amendments are effective for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The Company is still assessing the impact of this standard.

IFRS 7 "Financial Instruments"

Disclosures amended to (i) add guidance on whether an arrangement to service a financial asset which has been transferred constitutes continuing involvement, and (ii) clarify that the additional disclosure required by the amendments to IFRS 7,

Disclosure - Offsetting financial assets and financial liabilities, is not specifically required for interim periods, unless required by IAS 34.

The amendments are effective for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The Company is still assessing the impact of this standard.

IAS 34 "Interim Financial Reporting"

Amended to (i) clarify what is meant by "information disclosed elsewhere in the interim financial report" and (ii) require a cross reference to the location of that information.

This amendment is effective for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The Company is still assessing the impact of this standard.

IAS 7 "Statement of Cash Flows"

Disclosures related to financing activities was amended to require disclosures about changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for years beginning on or after January 1, 2017. The Company is still assessing the impact of this standard.

IAS 12 "Income Taxes"

Deferred tax was amended to clarify (i) the requirements for recognizing deferred tax assets on unrealized losses; (ii) deferred tax where an asset is measured at a fair value below the asset's tax base, and (iii) certain other aspects of accounting for deferred tax assets. This amendment is effective for years beginning on or after January 1, 2017. The Company is still assessing the impact of this standard.

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.

(3) CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that can affect reported amounts of assets, liabilities revenues and expenses and the accompanying disclosures. Estimates and assumptions are continuously evaluated and are based on management's historical experience and on other assumptions believed to be reasonable under the circumstances. However, different judgments, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

(a) Recoverability of Exploration and Evaluation Assets

The ultimate recoverability of the exploration and evaluation assets of $132,458 carrying value at June 30, 2016, is dependent upon the Company's ability to obtain the necessary financing and permits to complete the development and commence profitable production at the Yandera Project, or alternatively, upon the Company's ability to dispose of its interest therein on an advantageous basis. A review of the indicators of potential impairment is carried out at least at each period end.

Management undertakes a periodic review of these assets to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount of the assets is made. An impairment loss is recognized when the carrying value of the assets is higher than the recoverable amount and when mineral license tenements are relinquished or have lapsed. In undertaking this review, management of the Company is required to make significant estimates of, among other things, discount rates, commodity prices, availability of financing, future operating and capital costs and all aspects of project advancement. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the assets. During the year ended June 30, 2016, the Company recorded a write down of the La Cobota property in the amount of $408 as disclosed in Note 8, Exploration and Evaluation Assets.

(b) Fair Value of Derivative Financial Instrument

The embedded derivative conversion option feature contained within the convertible debentures is valued using the Black-Scholes model. The inputs to this model are taken from observable markets where possible, but if this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as expected volatility and the expected life of the conversion feature option. Changes in assumptions about these factors could affect the reported fair value of the derivative liabilities. Inputs used to determine the fair value of the conversion feature option are disclosed in Note 12, Derivative Financial Instrument.

(c) Valuation of Share-Based Compensation

The Company estimates the fair value of convertible securities such as warrants and options using the Black-Scholes option pricing model which requires significant estimation around assumptions and inputs such as expected term to maturity, expected volatility and expected forfeiture rates. The accounting policy in Note 2(e) as well as Note 13 of the Financial Statements contain further details of significant assumptions applied to these areas of estimation.

(4) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of $8,182 (June 30, 2015 - $4,831). The Company held $5,431 in short term deposits comprised of a notice deposit account (June 30, 2015 - $4,003), cashable within 31 days notice.

(5) SHORT TERM INVESTMENTS

The Company has set aside $68 (June 30, 2015 - $48) in short term investments as restricted cash relating to the bank guarantees with a third party supplier.

(6) RECEIVABLES AND OTHER CURRENT ASSETS

Receivables of $100 (June 30, 2015 - $121) consisted of harmonized sales tax ("HST"), good services tax ("GST") and other miscellaneous receivables.

The balance in other current assets of $96 (June 30, 2015 - $131) relates primarily to prepaid expenditures.

(7) PROPERTY, PLANT AND EQUIPMENT

The table below sets out costs and accumulated depreciation as at June 30, 2016 and 2015:

	Land and Buildings	Furniture, Fittings and Equipment	Vehicles	Total
Cost				
Balance – July 1, 2014	**145**	**1,684**	**405**	**2,234**
Additions	19	12	-	31
Foreign exchange	(7)	(53)	(7)	(67)
Disposals	-	-	-	-
Balance – June 30, 2015	**157**	**1,643**	**398**	**2,198**
Additions	329	98	-	427
Foreign exchange	(21)	(35)	(3)	(59)
Disposals	-	-	-	-
Balance – June 30, 2016	**465**	**1,706**	**395**	**2,566**
Accumulated Depreciation				
Balance – July 1, 2014	**63**	**1,232**	**329**	**1,624**
Depreciation	9	102	34	145
Balance – June 30, 2015	**72**	**1,334**	**363**	**1,769**
Depreciation	13	79	19	111
Balance – June 30, 2016	**85**	**1,413**	**382**	**1,880**
Carrying Amount				
As at July 1, 2014	82	452	76	610
As at June 30, 2015	85	309	35	429
As at June 30, 2016	**380**	**293**	**13**	**686**

(8) EXPLORATION AND EVALUATION ASSETS

	June 30, 2016	June 30, 2015
Opening net cost amount	144,340	160,855
Foreign exchange	(17,872)	(20,182)
Expenditures capitalised during the year	6,398	4,172
Expenditures written-off during the year	(408)	(505)
Closing Balance	**132,458**	**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 had:

- 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.

On March 11, 2016, the Company terminated the option agreement for the three mining concessions at the La Cobota project due to drilling results that overall did not support further development work under the currently challenging commodity price and economic circumstances.

During the year ended June 30, 2016, the Company recorded a write down of the property in the amount of $408, which resulted in a carrying value of $nil as at June 30, 2016.

(9) TRADE AND OTHER PAYABLES

Accounts payable and accrued liabilities include the following components:

	As at June 30, 2016	2015
Trade payables	681	563
Accrued liabilities	1,206	1,186
	1,887	**1,749**

(10) PROVISIONS

Provisions include the following components:

	As at June 30, 2016	2015
Employee benefits	210	186
	210	**186**

Employee benefits relate to accrued employees' entitlements for annual leave, time off in lieu and long service leave.

(11) LOANS AND BORROWINGS

The following tables display debt instruments issued and outstanding as at June 30, 2016 and the activities of the Company's current and long term debt instruments for the year ended June 30, 2016 and June 30, 2015:

June 30, 2016	Principal Face Value	Maturity
January 2014 convertible debentures	28,231	September 30, 2016
July 2014 convertible debentures	10,195	September 30, 2016
December 2014 convertible debentures	7,500	June 30, 2017
November 2015 convertible debentures	7,000	December 31, 2017
April 2016 convertible debentures	3,000	December 31,2017
May 2016 convertible debentures	4,000	December 31, 2017

2016

	At June 30, 2015	Initial Recognition	Reversal of Interest	Extinguishment/ Revaluations, Net	Accretion	At June, 30, 2016
January 2014 convertible debentures	25,105	-	(4,204)	(6,191)	10,598	25,308
July 2014 convertible debentures	8,933	-	(1,311)	(2,761)	4,138	8,999
December 2014 convertible debentures	5,997	-	(637)	(2,691)	2,267	4,936
November 2015 convertible debentures	-	2,477	-	-	890	3,367
April 2016 convertible debentures	-	2,576	-	-	47	2,623
May 2016 convertible debentures	-	2,044	-	-	131	2,175
	40,035	7,097	(6,152)	(11,643)	18,071	47,408
Less: current portion	34,038					39,243
Total long term debt	**5,997**					**8,165**

2015

	At June 30, 2014	Initial Recognition	Extinguishment/ Revaluations, Net	Accretion	At June 30, 2015
Sentient loan	3,046	-	(3,046)	-	-
January 2014 convertible debentures	17,222	-	(335)	8,218	25,105
July 2014 convertible debentures	-	5,214	800	2,918	8,933
December 2014 convertible debentures	-	5,039	-	958	5,997
	20,268	10,253	(2,581)	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 loss and comprehensive loss were $18,241 comprised of $18,071 accretion and $170 of other finance related costs for the year ended June 30, 2016 (June 30, 2015 - $12,696 comprised of $12,094 accretion and $602 of other finance related costs).

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 for year ended June 30, 2016 under "other income". There was no reversal of interest or other costs during the year ended June 30, 2015. Details of activities in other income during the year ended June 30, 2016 and June 30, 2015 are disclosed in Note 12, Derivative Financial Instrument below.

Convertible Debentures

On October 13, 2015, the Company entered into a financing agreement (the "Letter Agreement") with Sentient in connection with the proposed issuance of $14,000 principal amount of convertible unsecured debentures (the "Investment Debentures") to be issued in three tranches.

On November 20, 2015, following the requisite shareholder approval obtained on November 13, 2015, the Company completed the issuance of the first tranche, $7,000 principal amount of convertible unsecured debentures to Sentient pursuant to the financing Letter Agreement dated October 13, 2015.

On April 18, 2016 and May 5, 2016, the Company completed the second and third tranche of the financing for $3,000 and $4,000 respectively, representing the aggregate issuance of $7,000 principal amount of convertible unsecured debentures to Sentient pursuant to the financing Letter Agreement dated October 13, 2015.

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 of the first and the second tranche, net of direct costs totalled $7,097.

The debentures mature on December 31, 2017 and do not bear interest. Each $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 and TSXV following the move of the share listing to a Tier 2 listing on the TSXV Exchange on April 18, 2016, at the conversion price, for each $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.

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 also resulted in income due to the reversal of interest that was recognized up to date of this modification. The modified terms significantly changed the discounted present value of the cash flows associated with the debentures. 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 existing debentures were extinguished and new fair values of the convertible debentures were recognized.

In connection with Era's voluntary move of its common share listing to the TSXV completed on April 18, 2016, on February 23, 2016, the Company entered into an amending agreement with Sentient to extend the maturity of the outstanding debentures the Company held by Sentient that were previously set to mature on June 30, 2016 to now mature on September 30, 2016 with no effect on any of the outstanding debentures of the Company previously set to mature at later dates. Pursuant to the amending agreement, Sentient agreed to amend the terms of all of the previously-issued debentures held by Sentient such that the holder thereof was not entitled to exercise its right of conversion prior to October 1, 2016 if such conversion would result in the failure by the Company to comply with the minimum 10% public float requirements under the policies of the TSXV.

Subsequent to the year-end, as described in the Subsequent Note 22, on September 20, 2016, the Company announced that it has entered into an amending agreement with Sentient, to extend the maturity of the outstanding first two series of debentures of the Company held by Sentient that were previously set to mature on September 30, 2016. These debentures will now have a maturity date of July 1, 2017. The Company had previously reported a change in the maturity date of the same series of debentures in April of 2016. The four series of debentures have maturity dates now of June 30, 2017, July 1, 2017 and December 31, 2017.

The modified maturity terms as per the amending agreement dated February 23, 2016 resulted in significant changes to the discounted present values of the cash flows associated with the debentures for debentures issued on January 14, 2014 and July 15, 2014 which were previously set to mature on June 30, 2016.

Due to the zero coupon interest rate (as a result of the change in terms due to the modification on November 20, 2015), 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 issued in November 2015. The existing debentures were extinguished and new fair values of the convertible debentures were recognized.

The overall impact resulting from extinguishments and revaluations during the year ended June 30, 2016 was as follows:

For the convertible debentures issued on January 15, 2014, the new fair value of $21,242 was recognized. The net gain resulting from extinguishments and revaluations for the year ended June 30, 2016 totalled $6,191.

For the convertible debentures issued on July 15, 2014, the new fair value of $7,337 was recognized. The net gain resulting from extinguishments and revaluations for the year ended June 30, 2016 totalled $2,761.

For the convertible debentures issued on December 18, 2014, the new fair value of $3,320 was recognized. The net gain resulting from extinguishments and revaluations for the year ended June 30, 2016 totalled $2,691.

(12) DERIVATIVE FINANCIAL INSTRUMENT

The embedded derivative conversion option feature contained in the debentures described under Note 11 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 issuance, extinguishment (see Note 11) and June 30, 2016 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 the financial instruments.

As at June 30, 2016, the fair value of the derivative liability was $11,985 (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 and changes resulting from the fair value measurement for the years ended June 30, 2016 and June 30, 2015 respectively are as follows:

	12 months ended June 30, 2016	**12 months ended June 30, 2015**
Opening Balance	9,650	14,581
Additions to derivative liability during the year	6,791	6,963
Fair value gain for the year	(4,456)	(11,894)
Closing Balance	**11,985**	**9,650**

The Company recorded a gain of $4,456 resulting from the fair value measurement for the year ended June 30, 2016 (June 30, 2015 - $11,894). This fair value gain is recognized within other income in the consolidated statements of loss and comprehensive loss. Other Income also includes gain (loss) resulting from the impact of the revaluation of the derivative liability resulting from the extinguishment of the debt in November 2015 and in February 2016 as described in Note 11 above. In addition to this gain, other income includes the reversal of interest and other associated costs related to the convertible debentures of $6,152 and $442, respectively.

A summary of other income activities for the year ended June 30, 2016 and June 30, 2015 are as follows:

	12 months ended June 30, 2016	**12 months ended June 30, 2015**
Fair value gain for the year – derivatives	4,456	11,894
Extinguishment/revaluations (net) – host liability	11,643	(466)
Reversal of interest	6,152	-
Reversal of other finance costs	442	-
Total Other Income	**22,693**	**11,428**

Inputs used to determine the fair value were as follows:

	June 30, 2016	At Issuance April 2016 and May 2016	At Extinguishment February 2016	At Extinguishment November 2015	June 30, 2015
Risk free interest rate	0.52%	0.59% and 0.56%	0.47%	0.60%	0.49%
Volatility - maturity at September 30, 2016	187%	-	196%	103%	166%
Volatility - maturity at June 30, 2017	151%	-	-	139%	166%
Volatility - maturity at December 31, 2017	155%	153% and 161%	-	133%	-
Remaining life (years)	0.25, 1.0 and 1.5	1.7	0.8	0.8, 1.6 and 2.1	1 and 2

(13) 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 June 30, 2016 and June 30, 2015.

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 June 30, 2016, the Company had 455,890 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 year ended June 30 are as follows:

	Number of Stock Options	Weighted Average Exercise Price- C$
Balance, June 30, 2015	115,000	1.89
Expired	(1,250)	26.99
Forfeited	(750)	14.77
Balance, June 30, 2016	**113,000**	**1.86**
Exercisable, June 30, 2016	**76,333**	**2.04**

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 year ended June 30, 2016. Options granted to directors and senior management during the year ended June 30, 2015 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 year ended June 30, 2015 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 year ended June 30, 2016.

The following table summarizes incentive stock options outstanding at June 30, 2016:

	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$0.19	250		0.4	250	
A$0.24	750		0.7	750	
C$0.13	2,000		1.7	2,000	
C$0.015	110,000		3.1	73,333	
Total Options	**113,000**	**C$1.86**		**76,333**	**C$2.04**

Share-Based Compensation

The share-based compensation resulted in the expense amount of $41 for year ended June 30, 2016, (June 30, 2015 - $5 expense). Share-based compensation expense in the prior year was reduced by unvested forfeited options and performance rights previously issued and forfeited during the year.

(14) 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 June 30, 2016.

Future minimum payments under the agreements as at June 30, 2016 are as follows:

	Less than 1 year	1 - 5 years	Total
Lease commitments	26	-	26
Exploration commitments	816	179	995
Total	**842**	**179**	**1,021**

(15) 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:

	Year ended June 30,	
	2016	**2015**
Salaries, wages and other benefits	1,247	1,081
Severances(1)	-	667
Share-based compensation	41	5
Total	**1,288**	**1,753**

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

Other Related Party Transactions

(b) Transactions with Sentient

During year ended June 30, 2016 the Company entered into a financing agreement with Sentient in connection with the proposed issuance of $14,000 principal amount of convertible unsecured debentures. Details of this financing are described in the Loans and Borrowings Note 11 above. During the year ended June 30, 2015, the Company completed two financing transactions issuing in aggregate $17,695 of principal amount of convertible unsecured debentures.

During the year ended June 30, 2016, 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 year ended June 30, 2015.

(16) INCOME TAXES

As at June 30, 2016, the Company had accumulated non-capital losses of approximately $14,394 (June 30, 2015 - $17,678) which can be used to reduce taxable income in future years that expire between 2033 and 2035.

The tax effect of temporary differences for which no deferred tax asset has been recognized was $4,061 as at June 30, 2016 (June 30, 2015 - $4,906) on the consolidated non-capital losses and $42,614 as at June 30, 2016 (June 30, 2015 - $45,081) on the consolidated exploration and evaluation assets.

Income tax varies from the amount that would be computed from applying the combined federal and provincial tax rate to accounting loss before taxes as follows:

	2016	2015
Consolidated loss from continuing operations before income taxes	(282)	(6,039)
Expected tax recovery at combined statutory rate of 26.5%	(75)	(1,600)
Impact of differences between Canada and Australia tax rates	(10)	(211)
Non-deductible expenses:		
Share based payments	11	1
Other	45	157
	(29)	(1,653)
Deferred tax benefits not recognized	29	1,653
Total tax expense/(benefit)	-	-

(17) SUPPLEMENTAL CASH FLOW INFORMATION

Changes in working capital for the year ended June 30, 2016 and 2015 are as follows:

	2016	2015
Decrease in accounts receivable and other current assets	56	66
Decrease in accounts payable and accrued liabilities	(233)	(247)
Increase (decrease) in provisions	24	(477)
Total changes in working capital	**(153)**	**(658)**

(18) RISK MANAGEMENT

The Company's exposure to market risk includes, but is not limited to, the following risks:

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Convertible Debentures with Sentient no longer bear interest and therefore are not subject to changes in interest payments. The short term investments are held at highly-rated financial institutions and earn guaranteed fixed interest rate and thus are not subject to significant changes in interest payments.

Foreign Currency Exchange Rate Risk

Currency risk is risk that the fair value of future cash flows will fluctuate because of changes in foreign currency exchange rates. In addition, the value of cash and cash equivalents and other financial assets and liabilities denominated in foreign currencies can fluctuate with changes in currency exchange rates.

The Company undertakes transactions denominated in foreign currencies such as Canadian dollar, Australian dollar and Papua New Guinea kina, and consequently is exposed to exchange rate risks. Exchange risks are managed by matching levels of foreign currency balances and related obligations and by maintaining operating cash accounts in non-US dollar currencies. The rate published by the Bank of Canada at the close of business on June 30, 2016 was 1.2917 USD to CAD, 0.7440 AUD to USD and 0.3102 PGK to USD. (June 30, 2015 - 1.2490 USD to CAD, 0.7655 AUD to USD and 0.3534 PGK to USD). Based on the balances on June 30, 2016, total loss would change by approximately $31 given a 5% increase or decrease in the CAD, AUD and PGK currencies to USD dollar.

As at June 30, 2016, the cash and cash equivalents and short term investments are denominated in the following currencies:

	As at June 30, 2016	2015
Denominated in U.S. dollars	7,058	4,395
Denominated in Canadian dollars	447	304
Denominated in Australian dollar	156	69
Denominated in Papua New Guinea kina	589	111
Total cash and cash equivalents and short term investments	**8,250**	**4,879**

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Our credit risk is primarily associated with liquid financial assets. We limit exposure to credit risk on liquid financial assets by holding our cash and cash equivalents, short term investments and restricted cash at highly-rated financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages the liquidity risk inherent in these financial obligations by regularly monitoring actual cash flows to annual budget which forecast cash needs and expected cash availability to meet future obligations. The financing transactions completed during the year ended June 30, 2016 improved the liquidity position of the Company.

The Company will defer discretionary expenditures, as required, in order to manage and conserve cash required for current liabilities.

The following table shows the Company's contractual obligations as at June 30, 2016:

US$'000 **As at June 30, 2016**	**Less than 1 year**	**1 - 2 years**	**2 - 5 years**	**Total**
Trade and other payables	1,887	-	-	1,887
Provisions	210	-	-	210
Derivative financial instrument	11,985	-	-	11,985
Loans and borrowings	39,243	8,165	-	47,408
	53,325	**8,165**	-	**61,490**

Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern, so that adequate funds are available or are scheduled to be raised to carry out the Company's exploration program and to meet its ongoing administrative and operating costs and obligations. This is achieved by the Board of Directors' review and ultimate approval of budgets that are achievable within existing resources, and the timely matching and release of the next stage of expenditures with the resources made available from capital raisings and debt funding from related or other parties. In doing so, the Company may issue new shares, restructure or issue new debt.

The Company is not subject to any externally imposed capital requirements imposed by a regulator or a lending institution.

In the management of capital, the Company includes the components of equity, loans and borrowings, other current liabilities, net of cash and cash equivalents.

	As at June 30,	
	2016	**2015**
Equity	80,100	98,280
Current debt and liabilities	53,325	45,623
Long term debt	8,165	5,997
	141,590	149,900
Cash and cash equivalents	(8,182)	(4,831)
Short term investments[(1)]	(68)	(48)
	133,340	**145,021**

[(1)] At the end of June 30, 2016, the Company set aside $68 (June 30, 2015 - $48) as a restricted cash in term deposits relating to the bank guarantees with a third party supplier.

(19) 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).

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 June 30, 2016 and June 30, 2015:

As at June 30, 2016	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	-	11,985	-
	-	11,985	-

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 June 30, 2016		As at June 30, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash and cash equivalents	8,182	8,182	4,831	4,831
Short term investments	68	68	48	48
Receivables and other current assets	196	196	252	252
	8,446	8,446	5,131	5,131
Financial liabilities				
Trade and other payables	1,887	1,887	1,749	1,749
Loans and borrowings	47,408	47,408	40,035	40,035
	49,295	49,295	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.

(20) 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.

During the year ended June 30, 2016, 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. On March 11, 2016, the Company terminated the option agreement for the La Cobota project and wrote off $408 of exploration and evaluation assets.

(21) NET LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following data:

	Year Ended June 30,	
	2016	2015
Net loss	(282)	(6,039)
Weighted average number of shares outstanding	11,377,792	11,377,792
Basic and diluted loss per share	**(0.02)**	**(0.53)**

Potentially dilutive items not included in the calculation of diluted loss per share for the year ended June 30, 2016 and June 30, 2015 include the convertible debentures described in Note 11 and stock options described in Note 13 that were anti-dilutive.

(22) SUBSEQUENT EVENTS

On September 20, 2016, the Company announced that it has entered into an amending agreement with its major shareholder, Sentient, to extend the maturity of the outstanding first two series of debentures of the Company held by Sentient that were previously set to mature on September 30, 2016. These debentures will now have a maturity date of July 1, 2017. The Company had previously reported a change in the maturity date of the same series of debentures in April of 2016. The four series of debentures have maturity dates of June 30, 2017, July 1, 2017 and December 31, 2017.