*The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("**MD&A**") of Era Resources Inc., **("Era"** or the "**Company**") provides a discussion and analysis of the financial condition and results of operations to enable a reader to assess material changes in the financial condition of the Company between June 30, 2015 and June 30, 2016, and results of operations for the three and twelve months ended June 30, 2016, (**"Q4 2016" and "FY 2016",** respectively**)** and June 30, 2015, (**"Q4 2015" and "FY 2015",** respectively). The MD&A should be read in conjunction with the audited consolidated financial statements for the fiscal years ended June 30, 2016, and 2015. In this MD&A, references to "Company" or "Era" are references to Era Resources Inc. and its wholly-owned subsidiaries.*

*The financial statements (and the financial information contained in this MD&A) were prepared in accordance with International Financial Reporting Standards ("**IFRS**").*

*All amounts in this discussion are expressed in millions of United States dollars ("**USD**") except per share data and unless otherwise indicated. All amounts in tables are expressed in thousands of USD, unless otherwise indicated.*

*This MD&A contains forward-looking information within the meaning of Canadian securities legislation (see "Forward-looking Information" below for a full discussion on the nature of forward-looking information). Information regarding the adequacy of cash resources to carry out the Company's exploration and development programs or the need for future financing is forward-looking information. All forward-looking information, including information not specifically identified herein, is made subject to cautionary language at the end of this document. Readers are advised to refer to the cautionary language included at the end of this MD&A under the heading "Forward-looking Information" when reading any forward-looking information. This MD&A is prepared in accordance with Form 51-102F1 and has been approved by the Company's board of directors (the "**Board of Directors**" or the "**Board**") prior to its release.*

This report is dated as of October 5, 2016. Readers are encouraged to read the Company's other public filings, which can be viewed on the SEDAR website (www.sedar.com).

Company Overview

Era is an international mineral exploration and development company listed on the TSX Venture Exchange (the "**TSXV**") (Symbol: ERX). The Company's principal asset is its Yandera copper project (the "**Yandera Project**") in Papua New Guinea ("**PNG**"). The Company is currently focused on advancing the development of the Yandera Project into a commercially viable copper mining operation, with the objective to maximize shareholder value.

Between 2006 and 2016, the Company drilled 514 exploration, resource and geotechnical drill-holes and drove two adits (50 metres and 71 metres long) to test various mineralized zones across the Yandera Project. In December 2006 the Company commissioned a conceptual mining study (the "**CMS**") for the Yandera Project to include a preliminary mine design and open pit optimization, metallurgical testwork, plant flowsheet design and throughput options and capital and operating cost estimates. In July 2007 the CMS was completed and, based on the positive results thereof, the Company determined to proceed with a feasibility study. Phase 1 of the work to support a feasibility study was completed in April 2008 and comprised a comparative development options analysis study that delivered positive results.

Era commenced work on a feasibility study for the development of Yandera in 2008, based on its published copper resource, the prevailing copper price and the state of global financial markets at the time. Since then, global resource markets have become increasingly competitive, with, among other things, the copper price falling, funding for exploration and development decreasing and capital and operating costs escalating, bringing into question the economic viability of the development of the 2012 Yandera resource.

During the latter part of fiscal year 2014, the new management team conducted a comprehensive evaluation and review of all aspects of the prior work conducted towards a feasibility study of the Yandera Project and concluded that, although progress had been made, further exploration and development work was required in order to finalize the feasibility study and, as a result of this review, the feasibility study has been deferred until further work is completed (see *"Outlook"* section).

Taking into account the 2015 updated resource estimate, the review of the 2012 resource, as well as further drilling, mapping and survey programs completed subsequent to the review that have yielded new mineralization, the Company has renewed

enthusiasm about the potential of Yandera.

Overall Performance

Highlights of FY 2016 and as of the Date of this Report

During FY 2016 and to the date of this MD&A, the following highlights the Company's significant events:

- **Financing Activities** – The Company entered into a financing agreement with its major shareholder, which consists of three entities controlled by The Sentient Group, (collectively, "**Sentient**"), as follows:
  - On October 13, 2015, the Company entered into an agreement (the **"Letter Agreement"**) with Sentient in connection with the proposed issuance of $14.0 million principal amount of convertible unsecured debentures (the **"Investment Debentures**"). The proposed Debentures were to be issued in two tranches, with the first tranche of $7.0 million to be completed following the approval of the Company's shareholders at the annual general and special meeting held on November 13, 2015, and the second tranche of $7.0 million to be completed five months after the shareholders' approval is obtained.
  - On November 13, 2015, the requisite shareholder approval was obtained and the Company completed the issuance of the first tranche of $7.0 million of the Investment Debentures to Sentient.
  - On February 23, 2016, the Company entered into an amending agreement with Sentient to extend the maturity of the outstanding convertible debentures of the Company held by Sentient that were previously set to mature on June 30, 2016 to now mature on September 30, 2016.
  - On April 18, 2016, the Company announced that it had received a portion of the proceeds, $3.0 million from the second tranche of the financing pursuant to the financing agreement with Sentient dated October 13, 2015.
  - On May 9, 2016, the Company announced that it had received the remaining proceeds, $4.0 million of the second tranche of the financing pursuant to the financing agreement with Sentient dated October 13, 2015.
  - 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 to now mature on July 1, 2017.
- **Corporate Restructuring** – The Company made the following changes during the fiscal year and to date of this MD&A:
  - On July 1, 2015, Mr. Andre Wessels joined the Company's management team as VP Projects. Mr. Wessels, BEng, MBA, GAICD, has over 23 years of experience in mining and related services, steel, financial services, and information and communication technology industries.
  - On October 27, 2015, the Company officially delisted from the POMSoX. Era's Port Moresby Stock Exchange Electronic Trading System Depository Interests ("**PDI's**") were suspended on October 19, 2015.
  - On November 16, 2015, the Company officially changed its name from Marengo Mining Limited to Era Resources Inc. The trading symbol on the Toronto Stock Exchange ("TSX") changed from MRN to ERX. The Company also completed a common share consolidation on the basis of one post-consolidation common share for every 100 pre-consolidation common shares issued and outstanding.
  - On April 18, 2016, the Company completed the voluntary move of its common share listing on the TSX to a Tier 2 listing on the TSXV.
  - On September 20, 2016, the Company announced that Lachlan Reynolds, VP Business Development, ceased to be an officer of the Company and is transitioning to a consulting role and will continue to act as an advisor to the Company.

- **Exploration & Development Activities** – In keeping with the Company's objective of advancing and optimizing the Yandera Project economics and building on its existing resource and future potential and consistent with the Company's global growth strategy, the following progress at the Company's operations has been made:
    - On May 5, 2015, the Company announced an updated resource estimate for its Yandera Project resulting in additional and improved resources. Refer to Table 1 for details.
    - The Company completed four holes (totalling 1,004.6 metres) at the Yandera Project at its newly identified Rima prospect (**"Rima"**).
    - The Company has previously described efforts to increase geological knowledge of the site and is pleased to report that this work has resulted in the identification of drilling targets that the Company is currently pursuing. Era's geologists have been equipped with advanced tools to analyse, model, interpret and assess the complex geology and mineralization. Training for geology and environmental staff continued during 2015, with more advanced tools expected to be added during the year. Transformation and development of both technical and operational teams is expected to continue throughout 2016.
    - Further to the comprehensive review completed during the latter part of fiscal year 2014, as described in the *"Company Overview"* section above, work on the 2015 updated resource has resulted in recognition of significant structural trends that are important controls for mineralization. Understanding these trends and the associated host lithologies has improved the geological model and lead to improved understanding of the copper mineralization. These models are being used to target areas that are expected to improve and expand the existing resource, as well as generate prospective exploration targets well beyond the footprint of the resource.
    - On March 11, 2016, the Company announced that it had terminated the option agreement for the mining concessions at the La Cobota copper project.
    - On April 6, 2016, the Company announced results of the proximal surface exploration program at its Yandera Project, and plans for a drilling campaign in 2016.
    - On May 9 2016, the Company announced that an infill drilling campaign and a scoping study are underway for the Yandera Project.
    - On May 30, 2016, the Company announced Yandera Project drilling update and drilling results from Pomiea prospect.
    - On July 27, 2016, the Company announced first results of 2016 drilling program at Yandera Project.
    - On September 7, 2016, the Company announced further results of 2016 drilling at Yandera Project.

Yandera Project, Papua New Guinea

The Company's wholly-owned Yandera Project is located 95 kilometres southwest of the northern seaport of Madang in Papua New Guinea and situated within the highly prolific New Guinea Copper-Gold Belt that is host to many major producing mines. The Yandera porphyry system is located within the central portion of the granted 245.5-square kilometre exploration licence that covers over 30 kilometres of strike over the highly prospective Bundi Fault zone.

On May 5, 2015, the Company announced an updated resource estimate for its Yandera Project. This resource estimate has been prepared pursuant to the requirements of National Instrument 43-101 - Standards of Disclosure for Mining Projects ("**NI 43-101**") and the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition ("**JORC**").

Highlights of the Yandera Resource Estimate:

- Measured and Indicated Resources total 630 million tonnes grading 0.33% copper, 0.01% molybdenum and 0.07 ppm gold; or 0.41% copper equivalent (full breakdown by category is shown below);
- Inferred Resources total 117 million tonnes grading 0.30% copper, 0.005% molybdenum and 0.05 ppm gold; or 0.34% copper equivalent.

This 2015 Measured and Indicated copper-equivalent (CuEq) resource estimate for Yandera represents an update of the 2012 resource estimate, which was evaluated on a copper-only basis without the contributing value of ancillary molybdenum (Mo) and gold (Au) that would be produced with the copper (Cu). Other enhancements of the 2015 resource estimate include:

1) Incorporation of positive infill/upgrade drilling results from the principal resource areas (Gremi, Imbruminda and Omora) and also at the Dimbi and Rima advanced exploration prospects;
2) Refinement of the resource tonnage from the addition of nearly 4,000 new density measurements;
3) A reconstruction of the geologic framework focused on host rock and structural controls from the first-time application of oriented drill core data.

Yandera is an igneous-hosted, structurally-controlled Cu-Mo-Au porphyry system comprised of a series of adjacent deposits along recognized structural trends. Mineralization is related to multiple pulses of intrusive rock and hydrothermal alteration. Grade has spatial correlation with late dacite intrusions and polymictic breccias with over-printing phyllic alteration. Broad tabular zones of copper mineralization extend from surface to depths of over 500 metres and have been drill-defined to a strike length of over 5 kilometres.

The resource block model was informed by 35,250 samples from 553 drill holes at an average drill hole spacing of less than 30 metres in the principal resource areas (Gremi, Imbruminda and Omora) and less than 100 metres in other deposits within the model space.

Mineral resources were estimated by Ordinary Kriging using MineSight® software in 25 by 25 by 10 metre blocks (XYZ), constrained by grade shells based on a 0.15% Cu cut-off. Grade estimates within the grade shells were based on capped, five-metre composited assay data. Capping was conducted prior to compositing. The resource model was validated by visual inspection, statistical comparisons of block values to source data and comparison of Kriged results to other interpolation methods and swath plots. Resources were classified into Measured, Indicated and Inferred categories based on Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") definition standards sufficient for NI 43-101 and JORC reporting.

In order to establish a reasonable prospect of eventual extraction in an open pit/sulfide-flotation and oxide-leach context, the mineral resources presented above are reported within a potentially mineable pit configuration at a copper price of US$3.50/lb Cu, a molybdenum price of US$15/lb Mo and a gold price of US$1500/oz Au; metallurgical recoveries of 90% for Cu, 85% for Mo and 65% for Au; mining cost of US$2.50/tonne of material mined; and process and general and administrative costs of US$10.00/tonne of material processed. Additional factors include a 2% royalty to the PNG government and a pit slope of 45 degrees.

The resources are reported within the pit configuration above using an internal copper-equivalent cut-off grade of 0.15% CuEq. The metal prices, recoveries and costs listed above were used to define copper-equivalent cut-off.

The metal ratios for reporting copper equivalent are:

*CuEq = Cu% + (Mo%*4.05) + (Au ppm*0.45)*

These metal ratios were developed using the metal prices and recovery assumptions listed above. Recoveries are based on metallurgical test work carried out by Era in 2011.

The Mineral Resource Statement, with an effective date of May 1, 2015, is presented in Table 1. The resource estimate has been reported as a total, and as oxide and non-oxide components, as these material types will have different metallurgy and will have different recovery characteristics and costs.

The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues. The quantity and grade of reported Inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category.

The Yandera Mineral Resource Statement was prepared by J.B. Pennington, MSc., C.P.G., and Justin Smith, BSc., P.E., both of SRK Consulting (U.S.), Inc., Reno, Nevada, and provides a classification of resources in accordance with CIM Standards on Mineral Resources and Mineral Reserves: Definitions and Guidelines, November 27, 2010.

For further information on the Yandera Project, please refer to the technical reports titled "Technical Report Updated Resource Estimate Yandera Copper Project Papua New Guinea" dated June 19, 2015, and "Yandera Copper Project, Madang Province, Papua New Guinea" dated April 2012, available on the Company's website and on SEDAR.

Table 1. - Mineral Resource Statement Effective May 1, 2015 for the Yandera Copper, Molybdenum, Gold Deposit, Madang Province, Papua New Guinea. (0.15 CuEq (%) Cut-off)

Zone	Classification	Mass	Metal Grades				Contained Metal				
		(kt)	Cu (%)	Mo (%)	Au (ppm)	CuEq (%)	Cu (kt)	Mo (kt)	Au (kg)	Au (koz)	CuEq (kt)
Total Resource	Measured	195,267	0.37	0.013	0.076	0.46	723	25	14,803	476	890
	Indicated	434,874	0.32	0.008	0.069	0.38	1,379	37	29,940	963	1,663
	Measured & Indicated	**630,141**	**0.33**	**0.010**	**0.071**	**0.41**	**2,102**	**62**	**44,743**	**1,439**	**2,553**
	Inferred	117,474	0.30	0.005	0.052	0.34	348	6	6,055	195	401
Oxide Resource	Measured	22,426	0.38	0.00	0.000	0.38	86	0	0	0	86
	Indicated	38,715	0.33	0.00	0.000	0.33	127	0	0	0	127
	Measured & Indicated	**61,141**	**0.35**	**0.00**	**0.000**	**0.35**	**213**	**0**	**0**	**0**	**213**
	Inferred	10,765	0.28	0.00	0.000	0.28	30	0	0	0	30
Non Oxide Resource	Measured	172,841	0.37	0.014	0.086	0.47	638	25	14,803	476	805
	Indicated	396,160	0.32	0.009	0.076	0.39	1,253	37	29,940	963	1,537
	Measured & Indicated	**569,001**	**0.33**	**0.011**	**0.079**	**0.41**	**1,891**	**62**	**44,743**	**1,439**	**2,342**
	Inferred	106,709	0.30	0.006	0.057	0.35	318	6	6,055	195	371

• Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that any part of the Mineral Resources estimated will be converted into a Mineral Reserves estimate;

• Resources stated as contained within a potentially economically minable open pit; pit optimization was based on assumed copper, molybdenum, and gold prices of US$3.50/lb, US$15.00/lb, and US$1,500.00/oz, respectively, recoveries of 90% for Cu, 85% for Mo, 65% for Au, a mining cost of US$2.50/t, an ore processing cost of US$10.00/t, and a pit slope of 45 degrees;

• Resources are reported using a 0.15 % CoG on an Equivalent Copper value that included process recoveries for metal;

• The CuEq was calculated using the formula CuEq = Cu% + (Mo% * 4.05) + (Au ppm * 0.45); and,

• Numbers in the table have been rounded to reflect the accuracy of the estimate and may not sum due to rounding.

Exploration and Development Activities for the Three and Twelve Months Ended June 30, 2016

In the second quarter of fiscal year 2014, following a review of the technical work conducted to date in support of a feasibility study for the Yandera Project, the board of directors of the Company decided that additional work was required in a number of specific areas before a feasibility study could be completed, including further optimization opportunities to enhance project economics, namely:

- As initial starter pit grades are insufficient to cover increased capex, revert to exploration in order to locate and improve existing grades;
- As waste to mineralized material strip ratios over inferred resource cause pit slopes to be steepened beyond design parameters with a loss of resources as a result, additional work was begun to identify new resources that may improve the waste to mineralized material ratios;
- New conceptual models are being developed that will in turn allow for the creation of new resource models. This may allow the identification of better or new high grade zones that may form the basis for a new mine plan;
- Identifying an alternative cost-competitive source of power for the Yandera Project after Era's preferred third party power provider withdrew from the proposed power supply arrangements;
- A review of processing plant throughput rates;
- Reviewing the option of Deep Sea Tailings Placement (DSTP) versus a land-based Tailings Management Facility (TMF); and
- Further optimization of the mine plan.

During the FY 2016 period and through the date of this MD&A, the Company is continuing the activities outlined above and remains on target for the timeline to commence the feasibility work.

Exploration Program

Proximal Exploration Program at Yandera

On April 6, 2016, Era announced results from a proximal surface program and its plans for drilling at the Yandera Project in 2016.

During the latter portion of 2015, geologists mapped and collected 543 rock and 581 soil samples from areas around the footprint of the resource estimate announced in May of 2015. This field work was designed to identify prospective zones outside the limits of the 2015 resource and to develop quality drill targets to expand the resource.

Results from this work show copper mineralization at surface in the Kauwo, South Dimbi-East Gremi and Benbenubu prospect areas, where a number of assays from samples indicated copper concentrations in excess of 0.15% Cu in soils and 0.5% Cu in rocks (Figure 1). These results enhance historical surface geochemistry and are encouraging for expanding the edges of the resource into these prospects, especially in the area southeast of Gremi and Omora.

Detailed work on the geologic model and further analysis of the 2015 resource estimation revealed opportunity to in-fill some gaps within the constraining pit model with additional drilling. Era anticipates drilling approximately 6,000 metres of core to add data to some of these gaps. Positive results in these areas would allow conversion of some of the 'in-pit' waste to ore and could allow pit access to known deeper copper mineralization.

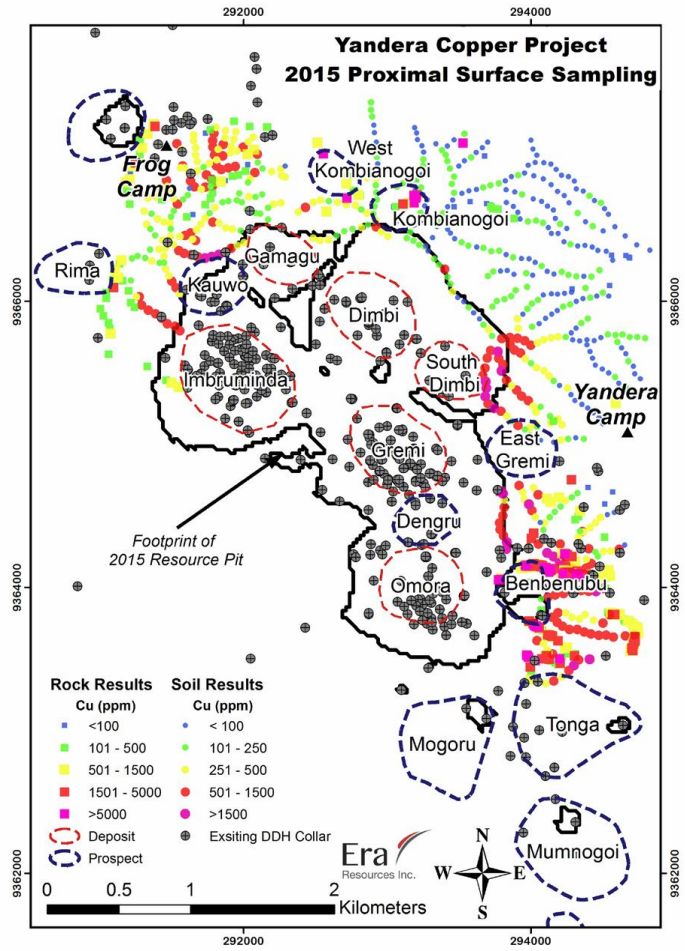
Further to the in-fill drilling, Era anticipates drilling approximately 2,500 metres of core to test for extensions of copper mineralization outside of the resource in prospective areas examined in the 2015 proximal surface program. Positive results in these areas would expand the footprint of the 2015 resource pit and add total tonnage to the overall resource.

Quality Control

Analyses were completed by Intertek Labs utilizing fire assay and multi-element ICP-OES methods with internal checks,

blanks, duplicates and standards at various intervals in the sequence of samples. Era also inserted standards within the sequence of samples. Data referenced herein was prepared under the supervision of Dr. Nathan Chutas, Exploration Manager, certified professional geologist and Qualified Person as defined by NI 43-101.

Figure 1. Copper Results from the proximal surface exploration program. Note that the solid squares represent rock samples, and the solid circles represent soil samples.



Infill Drilling Campaign

On May 9, 2016, Era announced that its 2016 infill drilling campaign and a scoping study are underway at the Yandera Project. The infill drilling will test targets in the Omora, Gremi, Dimbi, Gamagu and Imbruminda areas, and then begin testing proximal targets. The Company is highly focused on the opportunity to enhance and expand the 2015 resource estimate with targeted drilling within the framework of an improved geologic model. The drilling was completed by the end of August 2016 in preparation for an updated resource targeted for the end of the calendar year.

Era has appointed Advisian, part of the Worley Parsons Group, to undertake a scoping and optimization study, which is expected to be completed in the current quarter. The outcome of the study will form the base case for further refinement through prefeasibility and feasibility study phases.

Yandera Drilling Update

A total of 43 diamond drill holes comprising approximately 8,917 metres were completed at the Yandera Project during the 2016 drill program. The program was designed to infill and expand the Yandera resource, testing opportunities both within and around the margin of the known resource where discovery of additional mineralization can significantly impact the current

resource estimate and positively affect potential open pit designs. Drilling focused on infill in the Dengru, Dimbi, South Dimbi, Gremi, Imbruminda, Gamagu, and Kauwo areas, as well as testing some proximal areas, including targets east of South Dimbi, east of Omora, at East Gremi and within the Benbenubu areas (Figure 2).

Results

The company has received assay results for the 25 holes completed (see locations on Figures 3–9). Hole locations and significant intersections are shown below in Tables 2, 3 and 4.

Dengru

A total of four holes for 924 metres have been completed at Dengru (holes YD564, YD568, YD578 and YD580). Drilling at Dengru intersected copper mineralization in material previously classified as waste within preliminary open pit models based on the 2015 resource estimate. Holes YD578 and YD580 (Figure 3) intercepted good copper mineralization within the current open pit shell, that could connect the Gremi and Omora areas in future pit designs. Both YD564 and YD568 also intercepted some copper mineralization below the current open pit shell, which may have the net effect of adding further resource and potentially allowing future pit designs to be deepened (Figure 4). These results fill gaps in drilling data and are expected to increase the resource estimate locally and convert some in-pit waste to resource.

Omora

A total of six holes for 1,210 metres were completed at Omora (holes YD567, YD570, YD571, YD573, YD575 and YD576). Drilling at Omora has intersected copper mineralization in material that was categorized as waste in the 2015 resource estimate. Holes YD567, YD570 and YD573 intercepted intervals of copper mineralization that are expected to locally increase the resource estimate. The mineralization intercepted in YD575 and YD576 (Figure 5) is proximal to the margin of the modelled open pit as based on the 2015 resource estimate and results from this hole may allow the boundary of the open pit to be expanded to incorporate new resource.

Benbenubu

A total of six holes for 1,358 metres were completed at Benbenubu (including holes YD582, YD584, and YD586). Targets at Benbenubu focused on mineralization to the east of known mineralization at the Dengru and Omora areas. Drilling intersected additional copper mineralization likely to add resource to the eastern side of the 2015 resource estimate (Figure 6).

Results from YD582 and YD584 show relatively shallow copper mineralization proximal to historical results that are likely to build the resource to the east. Results from YD586 show good copper mineralization likely to add resource between the Omora and Benbenubu areas.

South Dimbi

A total of eight holes for 1,624 metres were completed at South Dimbi (holes YD565, YD566, YD566A, YD569, YD572, YD577, YD581 and YD583). Drilling at South Dimbi (Figures8and 9) has also intersected additional copper mineralization both within and beneath the open pit shells based on the 2015 resource estimate. Mineralization at South Dimbi appears to occur within structurally controlled zones of altered granodiorite with dikes of porphyritic quartz diorite and porphryritic dacite.

Results from YD569 show intervals of previously unknown higher grade copper mineralization both within and outside of the northeastern portion of the current modelled open pit boundary. Results from YD572 also show intervals of higher grade copper mineralization along the southeastern edge of the South Dimbi portion of the 2015 resource estimate. Results from YD565, YD566 and YD566A are therefore expected to allow conversion of some material previously categorized as waste to additional resource. Results from YD577 show previously unknown copper mineralization within the model 2015 resource pit, which is likely to add resource and potentially locally increase the average grade in portions of South Dimbi (Figure 8). Results from YD581 show copper mineralization thought to be a further extension of a mineralized trend intersected in YD569, which may add resource to the eastern area of South Dimbi.

East Gremi

A total of five holes for 936 metres were completed at East Gremi (including holes YD583, YD585 and YD587). Targets at East Gremi focused on mineralized trends thought to extend to the southeast from known copper mineralization in the South Dimbi area. Drilling intersected copper mineralization likely to add resource along these trends outside of the 2015 resource estimate.

Results from YD583, YD585 and YD587 show copper mineralization thought to extend to the southeast beyond the South Dimbi area, which may add new resource to the East Gremi area (Figures 7 and 8).

Gremi, Dimbi, Imbruminda, Gamagu and Kauwo

At Gremi, two holes for 408 metres were completed (including YD579). Results for YD579 show mineralization at the

northeastern edge of Gremi and constrain a geologic boundary for mineralization (Figure 8).

At Dimbi, six holes totalling 1,272 metres were completed (including YD574). Targets in the Dimbi area focused on converting material within the model 2015 pit to resource and testing for mineralization that may connect with the Gamagu area.

Results from YD574 at the southeastern edge of Dimbi did not intersect copper grades above 0.15% Cu; however, the hole did constrain an important geologic boundary for mineralization (Figure 9).

At Imbruminda, three holes for 611 metres were completed. At Gamagu, two holes for 407 metres were completed. At Kauwo, one hole for 167 metres was completed.

Results from the drilling completed at Yandera to date continue to be encouraging and are expected to allow conversion of some material classified as in-pit waste to resource and may add additional resource by allowing local expansion or deepening of the conceptual open pit design based on the 2015 resource estimate. Overall, these results are expected to expand the resource estimate and improve the waste to resource ratio in portions of the modelled open pit shells. An updated resource estimate for the Yandera Project incorporating all the results from the drilling campaign is planned to be completed by the end of 2016.

Table 2. Drill Hole Collars. Below are drill hole collar locations, inclination, azimuth, and total depth for the 25 holes with completed assays. Locations are UTM coordinates in reference to Australian Geodetic Datum 1966. These locations were measured with hand-held GPS and have not yet been surveyed to greater resolution. The azimuth for each hole has been corrected for magnetic declination.

HOLE	Easting (m)	Northing (m)	Elevation (m)	Azimuth	Inclination	Total Depth (m)
YD564	293663	9364489	1714	212.5°	-60.4°	223.5
YD565	293679	9365330	1864	205.7°	-71.0°	244.4
YD566	293679	9365330	1864	033.8°	-70.5°	119.8
YD566A	293679	9365330	1864	031.7°	-75.8°	170.1
YD567	293654	9364252	1841	042.0°	-79.5°	256.6
YD568	293552	9364525	1725	208.0°	-60.7°	258.1
YD569	293667	9365481	1929	074.9°	-61.4°	218.7
YD570	293778	9364434	1729	208.5°	-60.5°	224.8
YD571	293582	9364175	1928	212.2°	-69.7°	214.3
YD572	293256	9365337	1729	029.8°	-66.0°	223.1
YD573	293583	9364173	1928	119.6°	-69.6°	248.6
YD575	293845	9364256	1865	010.5°	-60.0°	87.0
YD574	293075	9365549	1780	211.0°	-60.7°	191.7
YD575	293845	9364256	1865	011.1°	-71.7°	178.6
YD577	293403	9365685	1912	206.3°	-65.6°	232.2
YD578	293080	9364483	1769	116.5°	-80.6°	232.7
YD579	293354	9364957	1702	031.6°	-65.5°	200.7
YD580	293208	9364541	1758	123.5°	-61.0°	211.4
YD581	293865	9365411	1900	228.1°	-67.1°	182.9
YD582	294160	9364213	1735	231.3°	-61.1°	250.5
YD583	293722	9365162	1825	027.9°	-60.9°	269.9
YD584	294148	9364201	1748	053.8°	-73.2°	192
YD585	293767	9365026	1734	040.5°	-65.0°	42.9
YD586	293823	9363953	1905	311.2°	-60.8°	210.1
YD587	293767	9365026	1734	040.7°	-66.0°	211.4

Table 3. Significant intersections from assay results of the first 12 holes of drilling at Yandera. Results are grouped by area. Composites were based on a 0.150% Cu cut-off, as used in the 2015 resource estimation and may include up to 10m internal waste. Intervals are based on drilled thicknesses and may not reflect true thickness. Note that ppm is parts per million and 1ppm = 1 gram per tonne.

Area	Hole	From (m)	To (m)	Interval (m)	Cu (%)	Au (ppm)	Mo (%)
Dengru	**YD564**	**144.0**	**222.0**	**78.0**	**0.233**	**0.020**	**0.003**
	including	*150.0*	*174.0*	*24.0*	*0.369*	*0.028*	*0.005*
	including	*174.0*	*189.0*	*15.0*	*0.227*	*0.016*	*0.001*
	YD568	**87.2**	**169.0**	**81.8**	**0.200**	**0.016**	**0.003**
	including	*101.0*	*133.0*	*32.0*	*0.339*	*0.021*	*0.004*
		238.0	**250.0**	**12.0**	**0.230**	**0.011**	**0.003**
South Dimbi	**YD565**	**0.0**	**243.0**	**243.0**	**0.185**	**0.061**	**0.002**
	including	*0.0*	*39.0*	*39.0*	*0.156*	*0.077*	*0.001*
	including	*123.0*	*135.0*	*12.0*	*0.206*	*0.017*	*0.002*
	including	*201.0*	*243.0*	*42.0*	*0.392*	*0.147*	*0.007*
	YD566	**0.0**	**69.0**	**69.0**	**0.176**	**0.034**	**0.000**
	including	*0.0*	*36.0*	*36.0*	*0.225*	*0.041*	*0.001*
	including	*60.0*	*69.0*	*9.0*	*0.210*	*0.045*	*0.000*
	YD566A	**0.0**	**90.0**	**90.0**	**0.150**	**0.037**	**0.000**
	including	*0.0*	*27.0*	*27.0*	*0.267*	*0.056*	*0.001*
	including	*81.0*	*90.0*	*9.0*	*0.153*	*0.050*	*0.001*
		165.0	**170.1**	**5.1**	**0.428**	**0.259**	**0.009**
	YD569	**0.0**	**218.7**	**218.7**	**0.201**	**0.029**	**0.003**
	including	*83.0*	*104.0*	*21.0*	*0.451*	*0.072*	*0.017*
	including	*155.0*	*188.0*	*33.0*	*0.526*	*0.054*	*0.004*
	YD572	**6.0**	**214.0**	**208.0**	**0.201**	**0.017**	**0.002**
	including	*12.0*	*27.0*	*15.0*	*0.225*	*0.011*	*0.002*
	including	*67.5*	*102.4*	*34.9*	*0.645*	*0.035*	*0.003*
	including	*108.0*	*120.0*	*12.0*	*0.445*	*0.033*	*0.003*
Omora	**YD567**	**0.0**	**256.6**	**256.6**	**0.151**	**0.011**	**0.001**
	including	*36.0*	*66.0*	*30.0*	*0.214*	*0.011*	*0.002*
	including	*96.0*	*153.0*	*57.0*	*0.224*	*0.011*	*0.000*
	YD570	**0.0**	**12.0**	**12.0**	**0.220**	**0.010**	**0.000**
		99.0	**207.0**	**108.0**	**0.164**	**0.012**	**0.001**
	including	*99.0*	*111.0*	*12.0*	*0.330*	*0.018*	*0.003*
	including	*198.0*	*207.0*	*9.0*	*0.671*	*0.031*	*0.001*
	YD571	**50.7**	**53.7**	**3.0**	**0.232**	**0.003**	**0.002**
	YD573	**84.0**	**90.0**	**6.0**	**0.330**	**0.017**	**0.001**
		147.0	**153.0**	**6.0**	**0.572**	**0.037**	**0.000**
		219.0	**248.6**	**29.6**	**0.176**	**0.017**	**0.001**
	YD575	**0.0**	**87.3**	**87.3**	**0.229**	**0.020**	**0.000**
	including	*18.0*	*54.0*	*36.0*	*0.300*	*0.016*	*0.000*

Table 4. Significant intersections from assay results of the latest 13 holes of drilling at Yandera. Results are grouped by area. Composites were based on a 0.150% Cu cut-off, as used in the 2015 resource estimation and may include up to 10 metres internal waste. Intervals are based on drilled thicknesses and may not reflect true thickness. Note that ppm is parts per million and 1ppm = 1 gram per tonne. Note that YD574 is not listed in the table below as it had no intersections above 0.15% Cu.

Area	Hole	From (m)	To (m)	Interval (m)	Cu (%)	Au (ppm)	Mo (%)
Omora	**YD576**	**0**	**48**	**48**	**0.256**	**0.017**	**0.001**
		60	**87**	**27**	**0.150**	**0.054**	**0.000**
		117	**138**	**21**	**0.378**	**0.048**	**0.001**
Benbenubu	**YD582**	**3**	**42**	**39**	**0.204**	**0.005**	**0.001**
		87	**111**	**24**	**0.245**	**0.013**	**0.001**
		144	**243**	**99**	**0.392**	**0.020**	**0.002**
	including	*189*	*204*	*15*	*1.145*	*0.052*	*0.002*
	YD584	**0**	**78**	**78**	**0.432**	**0.016**	**0.001**
	including	*48*	*57*	*9*	*1.936*	*0.057*	*0.002*
		183	**189**	**6**	**0.279**	**0.020**	**0.000**
	YD586	**51**	**63**	**12**	**0.245**	**0.009**	**0.000**
		84	**99**	**15**	**0.211**	**0.013**	**0.002**
		156	**171**	**15**	**0.402**	**0.021**	**0.002**
		189	**204**	**15**	**0.338**	**0.017**	**0.001**
South Dimbi	**YD577**	**120**	**196**	**76**	**0.566**	**0.032**	**0.004**
	including	*171.5*	*196*	*24.5*	*1.155*	*0.081*	*0.004*
		217	**226**	**9**	**0.291**	**0.035**	**0.030**
	YD581	**21**	**39**	**18**	**0.232**	**0.015**	**0.000**
		72	**105**	**33**	**0.233**	**0.025**	**0.001**
	including	*93*	*105*	*12*	*0.340*	*0.045*	*0.003*
		156	**182.9**	**26.9**	**0.299**	**0.042**	**0.003**
Dengru	**YD578**	**36**	**232.7**	**196.7**	**0.278**	**0.037**	**0.003**
	including	*42*	*81*	*39*	*0.476*	*0.037*	*0.006*
	with	*45*	*57*	*12*	*0.707*	*0.036*	*0.005*
	including	*210*	*222*	*12*	*0.414*	*0.035*	*0.001*
	YD580	**0**	**9**	**9**	**0.160**	**0.012**	**0.001**
		36	**72**	**36**	**0.251**	**0.016**	**0.002**
	including	*36*	*57*	*21*	*0.318*	*0.018*	*0.003*
		96	**210**	**114**	**0.207**	**0.020**	**0.002**
	including	*108*	*132*	*24*	*0.303*	*0.052*	*0.003*
	including	*171*	*192*	*21*	*0.238*	*0.017*	*0.002*
Gremi	**YD579**	**12**	**18**	**6**	**0.251**	**0.013**	**0.000**
		93	**99**	**6**	**0.155**	**0.013**	**0.000**
East Gremi	**YD583**	**12**	**27**	**15**	**0.198**	**0.009**	**0.001**
		120	**189**	**69**	**0.284**	**0.056**	**0.012**
	including	*132*	*144*	*12*	*0.641*	*0.061*	*0.044*
		210	**249**	**39**	**0.243**	**0.044**	**0.003**
	YD585	**6**	**12**	**6**	**0.192**	**0.003**	**0.000**
	YD587	**126**	**204**	**78**	**0.251**	**0.049**	**0.011**
	including	*150*	*159*	*9*	*0.571*	*0.132*	*0.006*
	including	*174*	*186*	*12*	*0.378*	*0.043*	*0.004*
	including	*192*	*204*	*12*	*0.333*	*0.086*	*0.014*

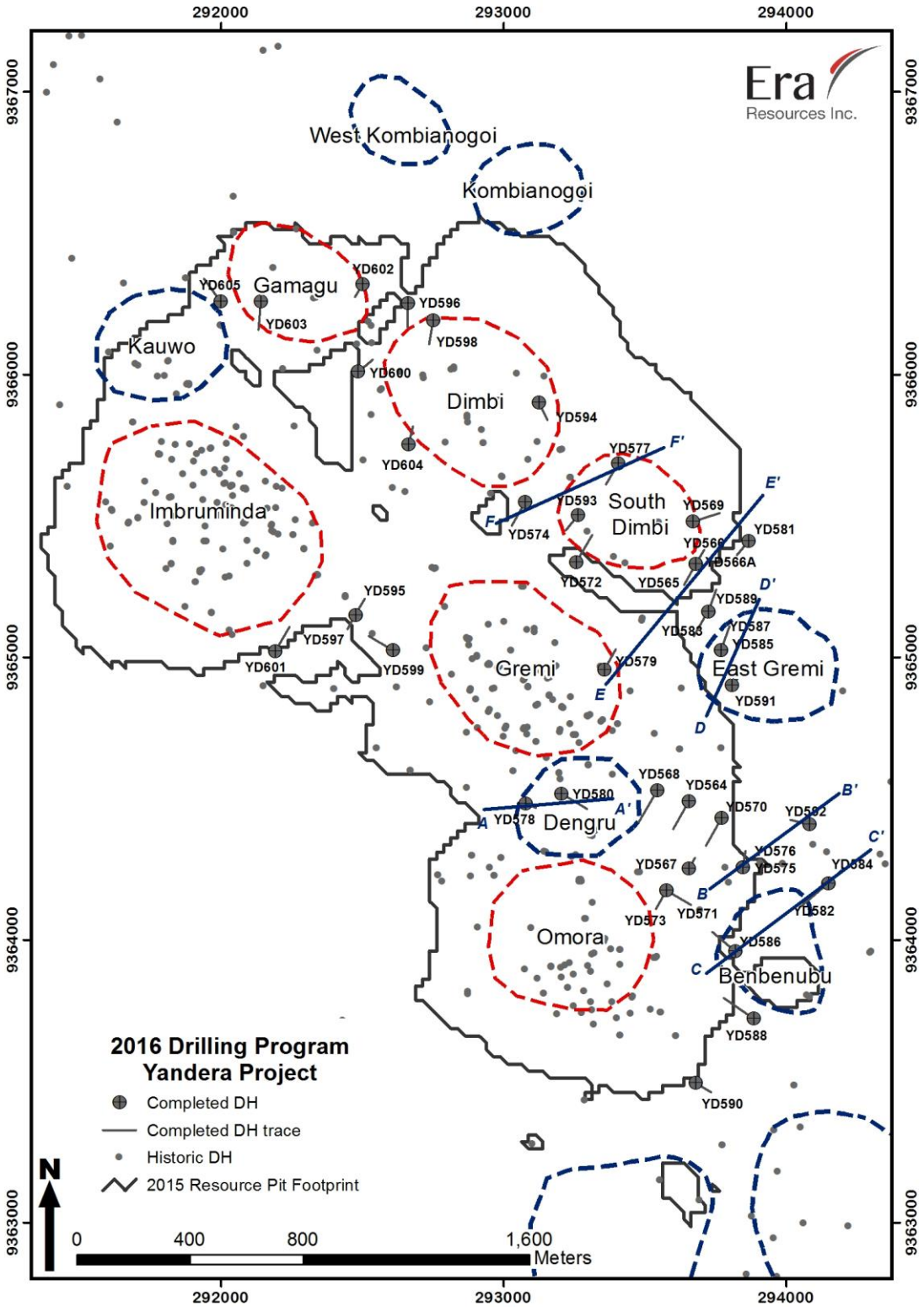


Figure 2. Yandera area prospects and deposits. The blue lines show the centerline of the sections below.

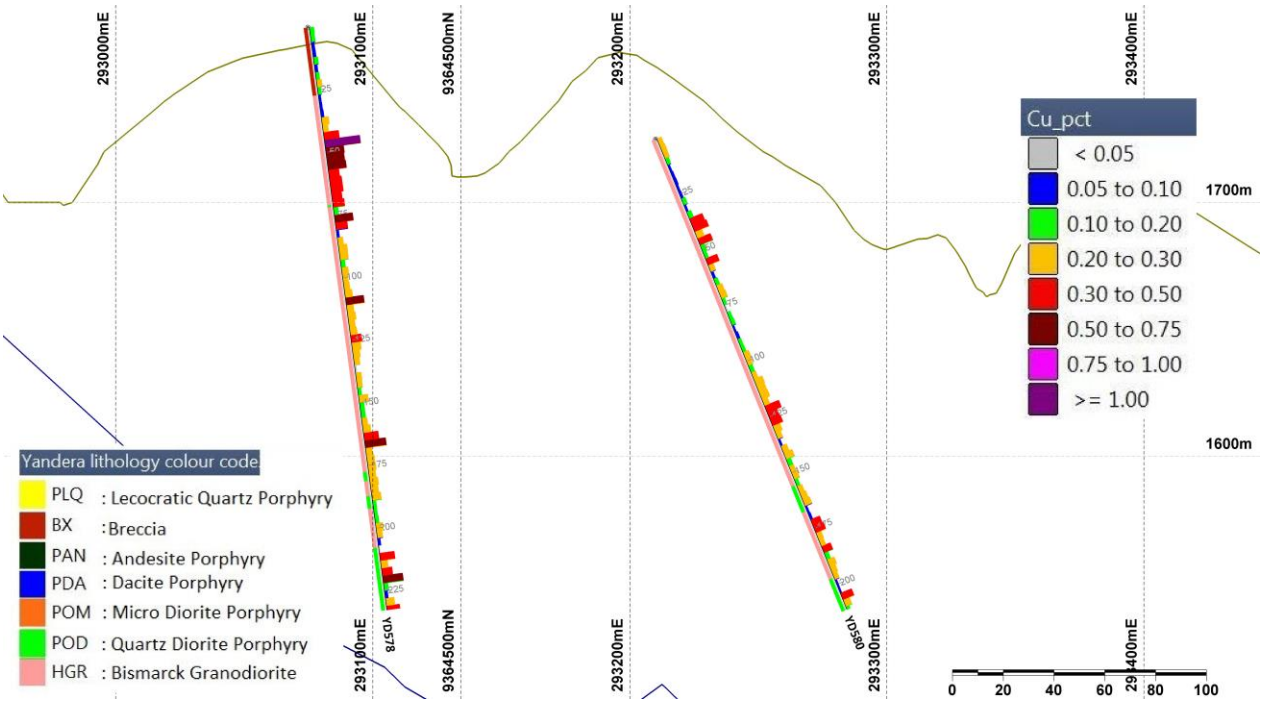


Figure 3. Section A-A'. This section is oriented west-southwest to east-northeast and the look direction is to the north-northwest. The section width is 125 metres. The brown line is the topography and the blue line is the bottom of the modelled open pit for the 2015 resource. The right side of each drill trace shows copper values and the left side of each trace shows lithology. The legend in Section A-A' applies to all other sections.

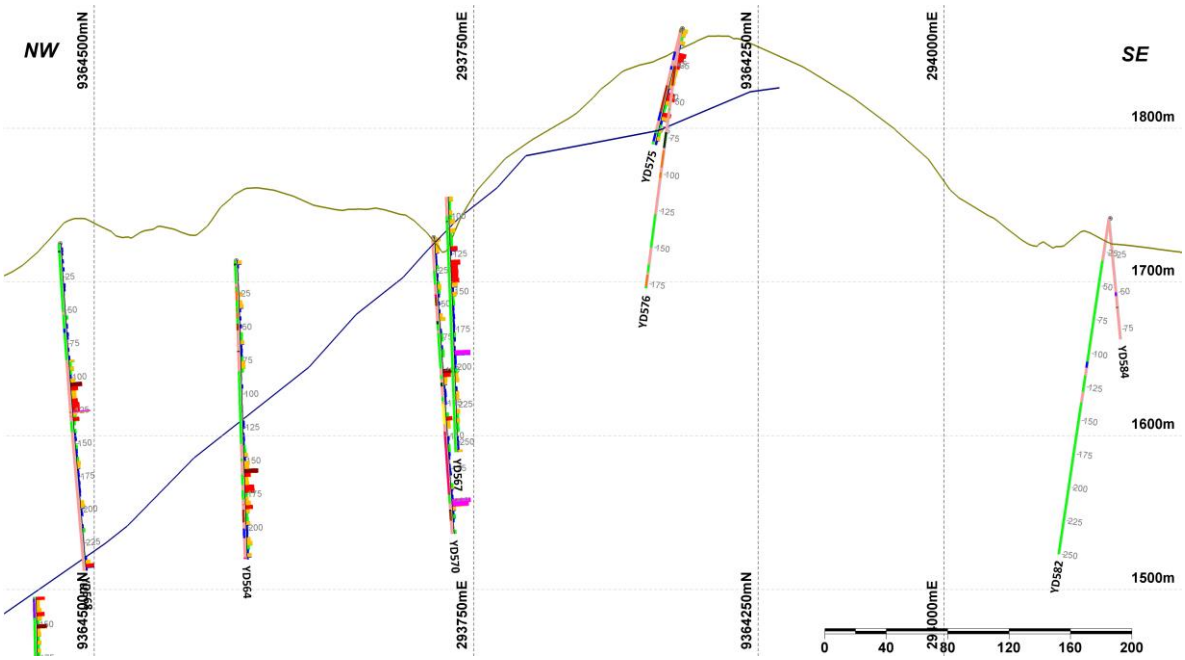


Figure 4. Omora Section. This section is oriented northwest to southeast with the look direction to the northeast. The section width is 125 metres. The brown line is the topography and the blue line is the bottom of the modelled open pit for the 2015 resource.

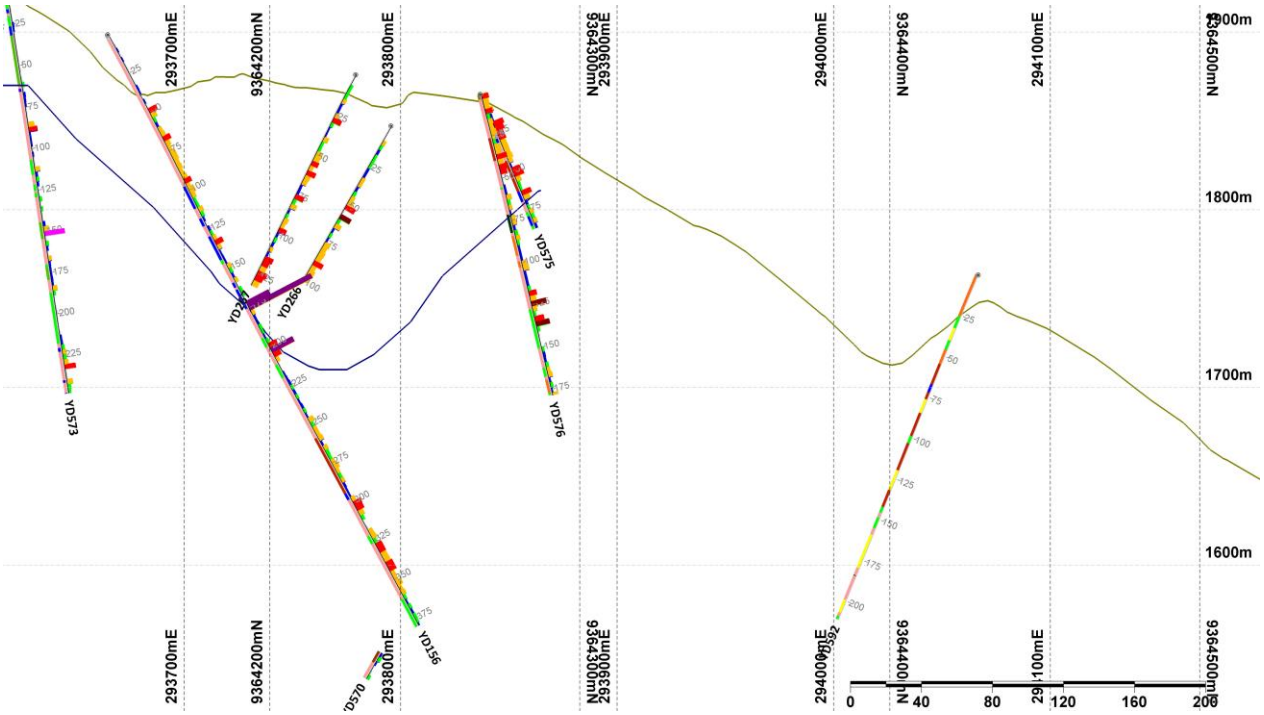


Figure 5. Section B-B'. This section is oriented southwest to northeast with the look direction to the northwest. The brown line is the topography and the blue line is the bottom of the modelled open pit for the 2015 resource.

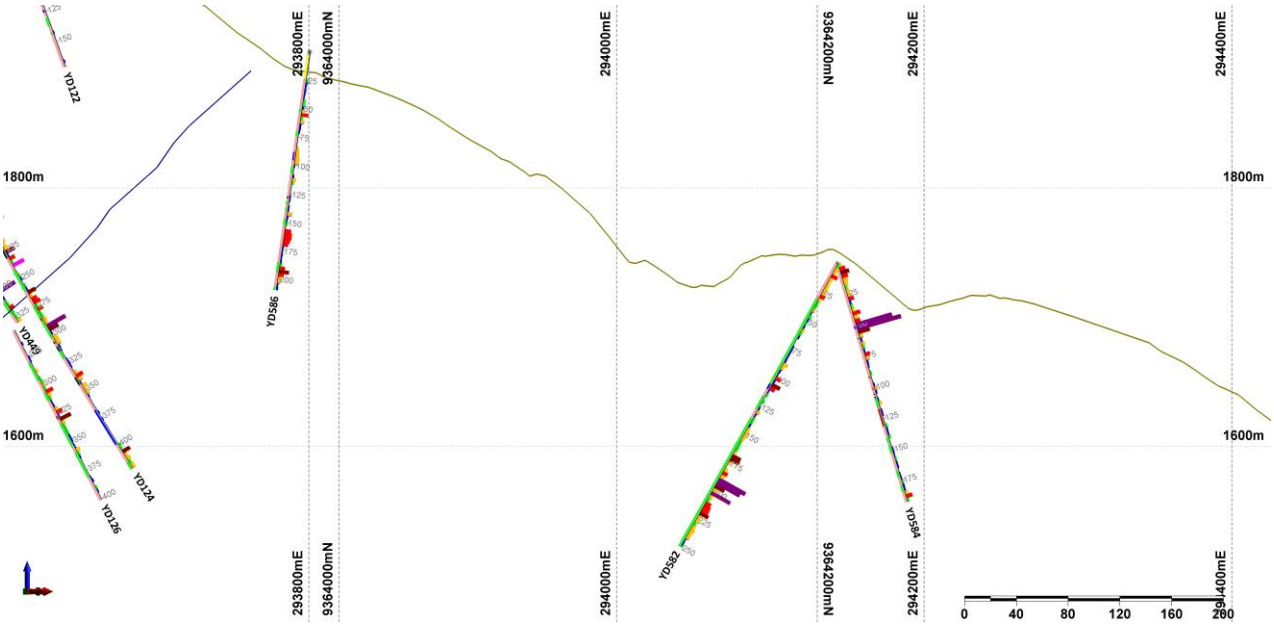


Figure 6. Section C-C'. This section is oriented southwest to northeast and the look direction is to the northwest. The brown line is the topography and the blue line is the bottom of the modelled open pit for the 2015 resource.

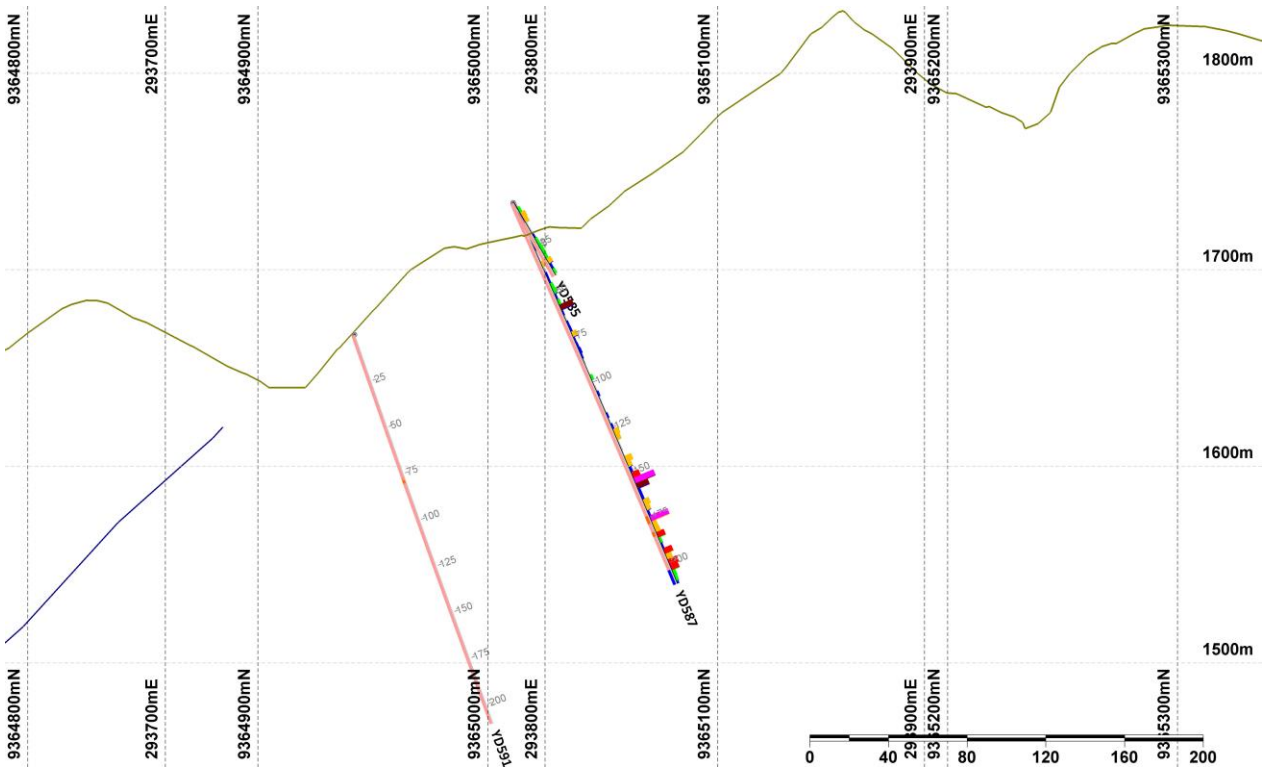


Figure 7. Section D-D'. This section is oriented southwest to northeast and the look direction is to the northwest. The brown line is the topography and the blue line is the bottom of the modelled open pit for the 2015 resource.

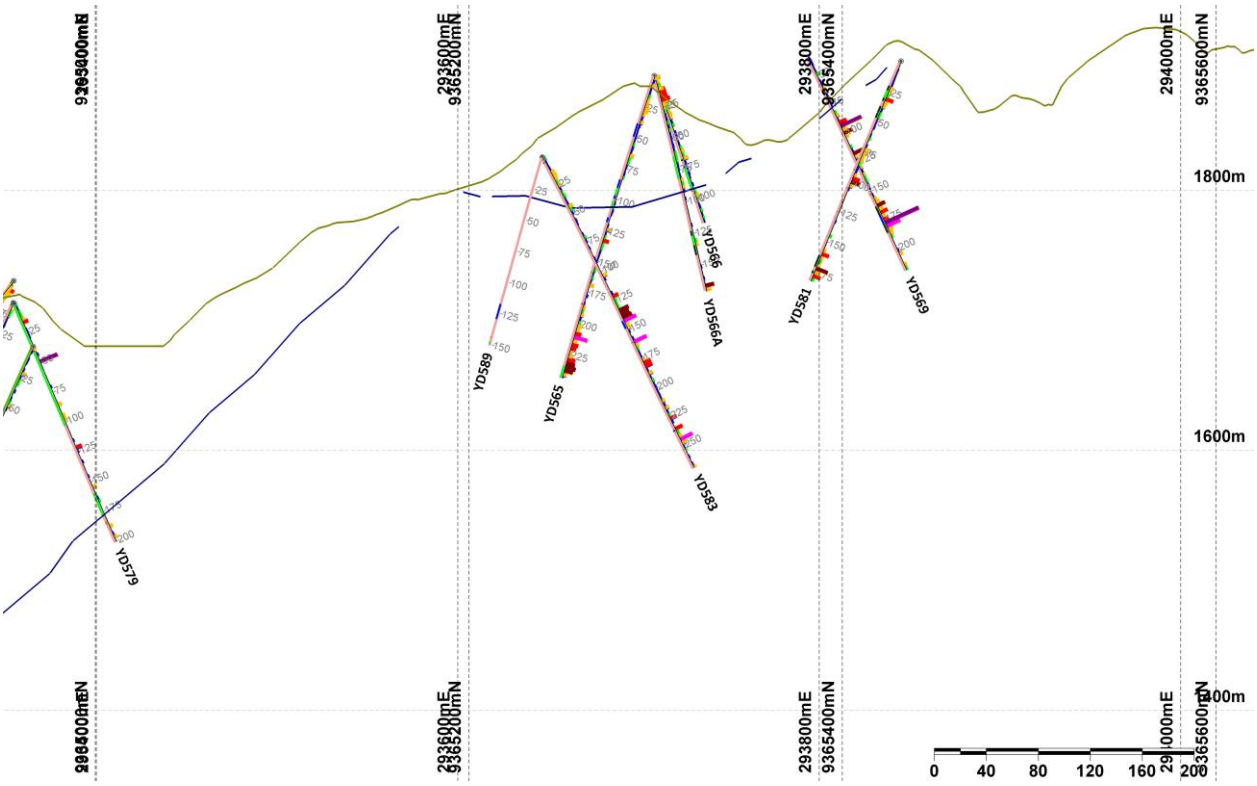


Figure 8. Section E-E'. This section is oriented southwest to northeast and the look direction is to the northwest. The brown line is the topography and the blue line is the bottom of the modelled open pit for the 2015 resource.

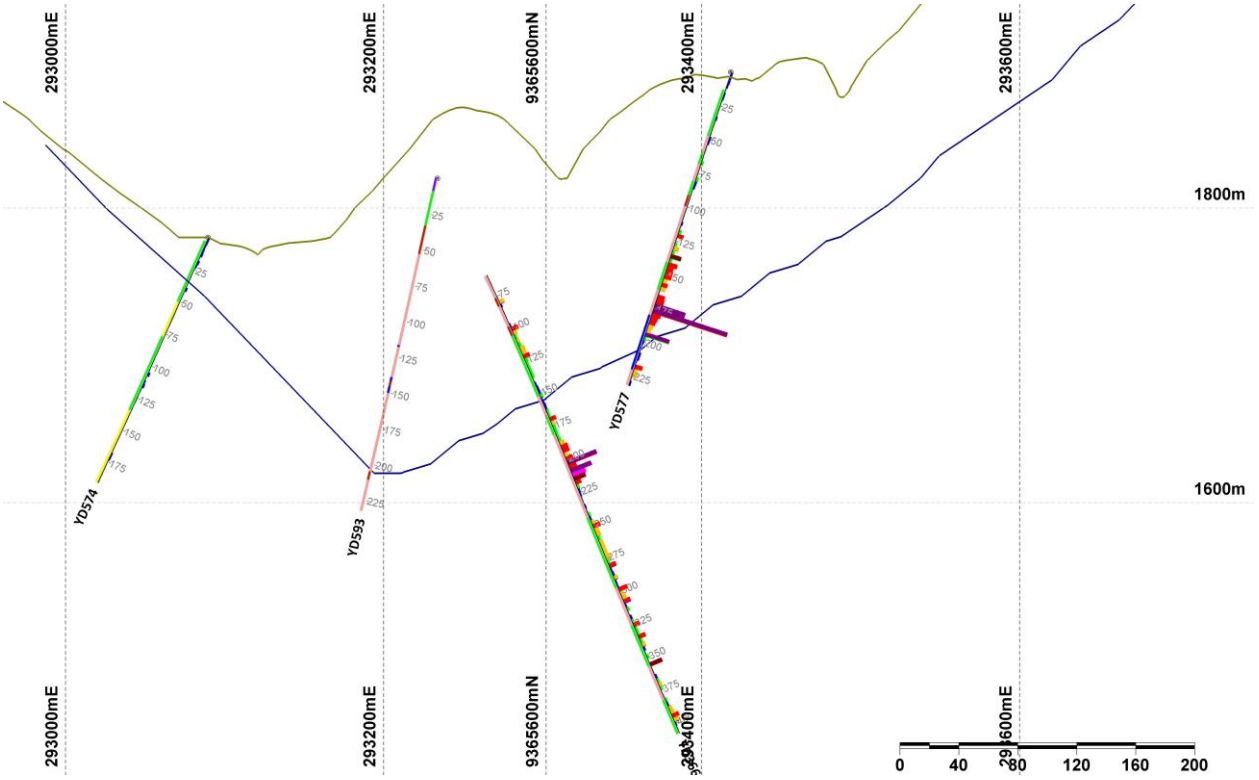


Figure 9. Section F-F'. This section is oriented southwest to northeast with the look direction to the northwest. The brown line is the topography and the blue line is the bottom of the modelled open pit for the 2015 resource.

Quality Control

Analyses were completed by ITS (PNG) Limited, a laboratory independent of the Company located at Lae, PNG, utilizing fire assay and multi-element ICP-AES methods with internal checks, blanks, duplicates and standards at various intervals in the sequence of samples. Era also inserted standards and blanks within the sequence of samples of halved core. The results of quality control samples indicate that the assays are reliable. Intervals of core sampled were generally 3 metres in length.

Regional Exploration at Yandera

In November and December of 2015, a field crew completed rock and soil sampling and surface mapping at a poorly understood copper prospect about 6 km to the southeast of the 2015 resource at Yandera. This program examined occurrences of narrow, high-grade copper mineralization observed by previous workers and some local prospectors in the Pomiea area.

Pomiea Prospect Results

On May 30, 2016, Era announced results from surface work at the Pomiea prospect.

Exploration work over the last few years has highlighted some important northwesterly striking mineral trends that seem to extend outside the known resource at Yandera. During the latter portion of 2015, geologists mapped and sampled at the Pomiea Prospect, along this trend, approximately 6 kilometres to the southeast of the Yandera resource (Figure 10). Although previous work identified potential copper mineralization there, the late-2015 work represents the first substantial sampling efforts at Pomiea, which includes the collection of 230 rock samples with assay results that show elevated copper, as well as locally anomalous silver and molybdenum (Table 5).

Reconnaissance mapping suggests northwesterly-striking tabular bodies of diorite, intrusive breccia, quartz-diorite porphyry and andesite intrude granodiorite of the Bismarck batholith. Copper mineralization observed at Pomiea is structurally

controlled, vein and breccia fill, high-grade copper sulfides most commonly located near northeasterly striking structures hosted in diorite and intrusive breccia (Figure 11). Chalcopyrite and bornite are the dominant sulfide minerals with minor pyrite. The host granodiorite displays weak propylitic alteration, while rocks adjacent to high-grade mineralization show weak potassic alteration with secondary biotite and locally disseminated copper sulfides.

Results from this work suggest the presence of strong copper mineralization at Pomiea and the prospectivity of the broader mineral trend that contains the Yandera resource. Future exploration work has potential to identify additional high-grade mineralized zones to the northwest and southeast, well beyond the currently known resources.

Table 5. Assay results for rock samples with greater than 1% copper. Coordinates are in UTM Zone 55 with a datum of AGD 1966.

Sample ID	Easting (m)	Northing (m)	Au ppm	Ag ppm	Cu %	Mo ppm
YE05946	299557	9360153	0.041	29.8	1.45	22
YE05948	299534	9360159	1.99	104	3.74	14
YE05960	2996054	93603364	0.045	163	2.63	4
YE05961	299604	93603294	0.074	24.7	1.02	6
YE05976	299452	9360691	0.829	25.5	4.43	85
YE05977	299453	9360693	0.636	22.6	3.60	195
YE05993	299471	9360733	0.064	6.3	1.50	11
YE06000	299459	9360703	0.215	696	8.43	121
YE06003	299464	9360711	0.182	38.3	2.85	3
YE06004	299465	9360714	0.192	47.2	2.77	2
YE06010	299473	9360727	0.166	4.8	1.47	4
YE06050	299371	9360765	0.014	5.8	1.52	1622
YE06055	299363	9360784	0.092	15.3	3.20	108
YE06056	299373	9360786	0.02	10.8	2.00	74
YE06060	299364	9360816	0.049	2.4	1.05	412
YE06062	299377	9360818	0.04	3.9	1.24	17
YE06065	299393	9360822	0.041	17.1	1.65	140
YE06066	299390	9360828	0.042	15.8	2.97	1971
YE06067	299372	9360828	0.055	6.1	1.19	1069
YE06075	299357	9360806	0.055	5.4	1.10	322
YE06134	299377	9360835	0.586	2.7	1.29	<1
YE06177	299175	9360749	0.022	15.4	1.56	436
YE06178	299174	9360756	0.018	16.1	1.08	326
YE06203	299219	9360845	0.038	13.5	1.47	452
YE06223	299328	9360757	1.77	326	9.99	6386
YE06224	299484	9360679	0.441	104	5.72	972
YE06225	299495	9360692	1.61	463	20.66	1802
YE06227	299481	9360660	0.64	239	16.37	519

Quality Control

Analyses were completed by ITS (PNG) Limited, a laboratory independent of the Company located at Lae, PNG, utilizing fire assay and multi-element ICP-AES methods with internal checks, blanks, duplicates and standards at various intervals in the sequence of samples. Era also inserted standards within the sequence of samples.

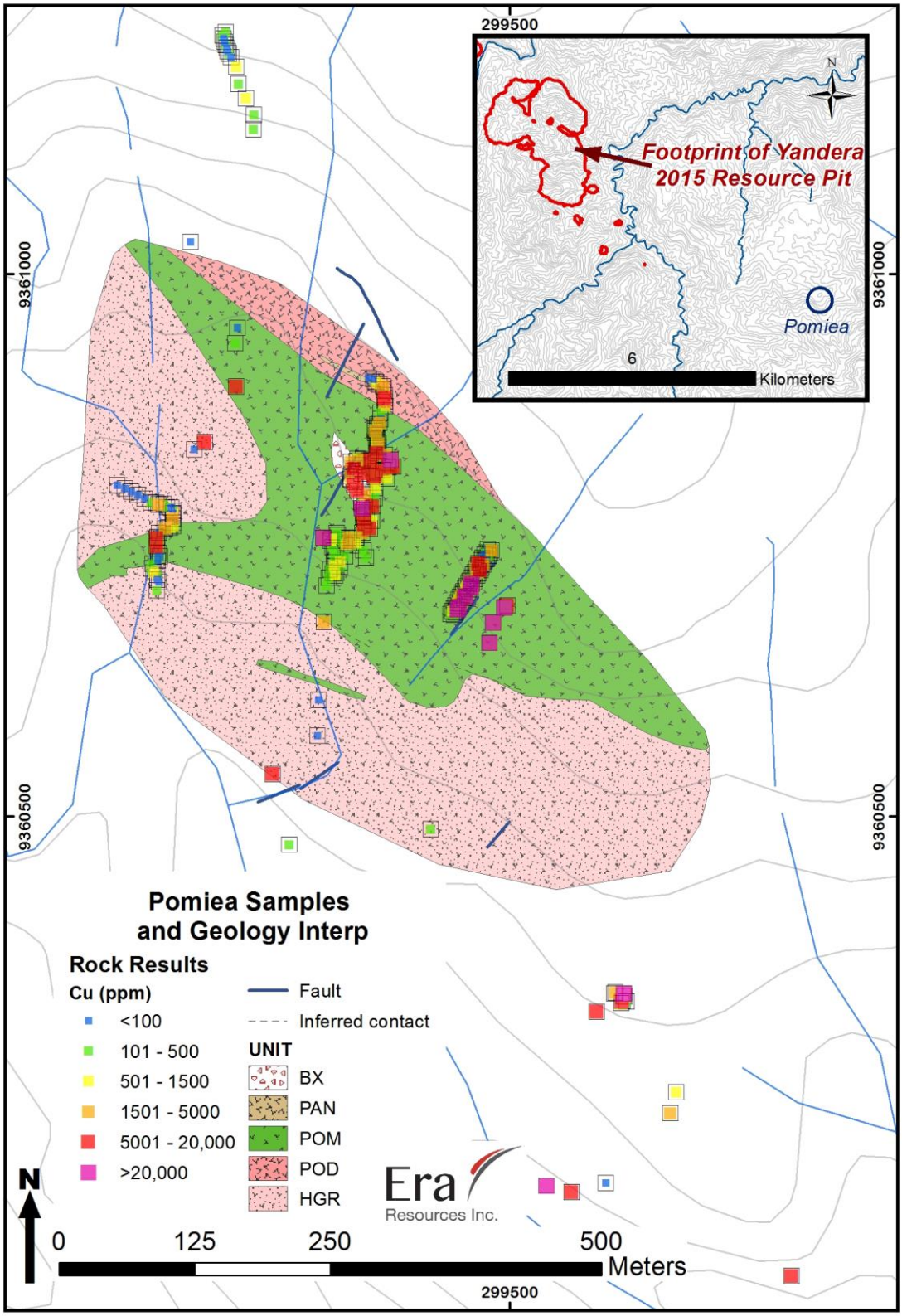


Figure 10. Samples from Pomiea area. Note that 20,000 ppm copper is equivalent to 2% copper. Unit BX is breccia, PAN is porphyritic

andesite, POM is microdiorite, POD is quartz porphyry diorite and HGR is granodiorite.

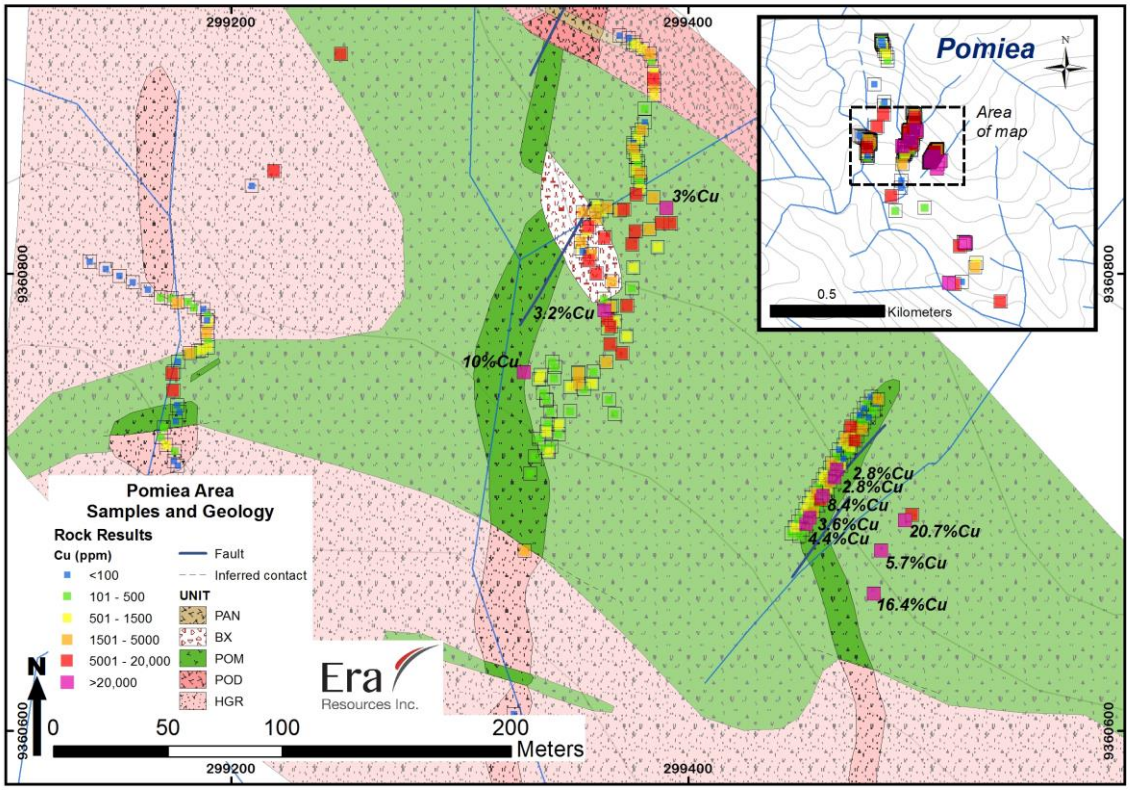


Figure 11. Detailed map of higher grade Pomiea samples and Geology. Note that copper results for samples with over 2% copper are labelled. Rock types are the same as in Figure 7.

Qualified Person
Scientific and technical information herein was prepared and approved by Dr. Nathan Chutas, Exploration Manager of the Company, a certified professional geologist and a "qualified person" (as defined by National Instrument 43-101 ("NI 43-101")).

Work Program Outlook

Management recognizes that additional and improved resources are required to elevate the Yandera deposit to one that is economically robust and to justify proceeding with the feasibility study. To realize that objective, the Company's completed and planned work program going forward is comprised of the following activities:

- Completed the scoping study to incorporate processing of oxide mineralization as well as the expanded sulphide resource;
- Complete the exploration program in the early part of FY2017 aimed at further expansion of the resource through targeted infill and peripheral drilling; and
- Actively evaluate development options, including mine plan, mineral processing, facilities and infrastructure requirements, deep sea tailings placement, power supply, and requisite approvals.

La Cobota Project - Mexico

On September 29, 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.

No resource or reserves have been estimated at the La Cobota Project.

Era acquired the surface property rights for an approximate amount of $0.3 million to ensure unrestricted access to the mineral concessions. Era was also a party to an option agreement for the mining concessions.

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

- The exclusive right to conduct exploration and spending $0.5 million prior to July 1, 2016; and
- The exclusive and irrevocable right to acquire 100% of the mineral concessions for a fixed amount of $0.3 million, subject to a 2.5% Net Smelter Return royalty interest to be granted to the vendor of the mineral concessions.

Though copper and silver mineralization was successfully intersected during the drilling program, the overall results do not support further development work under the currently challenging commodity price and economic circumstances (drilling results are summarized below). As a result, Era announced on March 11, 2016 that it formally terminated the option agreement for the mining concessions at the La Cobota copper project.

The drilling results can be found in the Company's press release dated February 10, 2016 and in the MD&A for the third quarter ending March 31, 2016. Both documents are available on the Company's website and SEDAR.com.

During the year ended June 30, 2016, the Company recorded a write down of its carrying value of the La Cobota property in the amount of $0.4 million.

Financial Capability

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, operational 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 dependent on the Company's ability to successfully develop the Yandera 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.

For FY 2016, the Company incurred a comprehensive loss of $18.2 million (FY 2015— $26.1 million) and reported accumulated comprehensive losses of $112.6 million (FY 2015— $94.0 million). As at June 30, 2016, the Company had a working capital deficiency of $44.9 million (FY 2015— $40.5 million). The Company's sole source of funding during FY 2016 has been available cash from the issuances of convertible debt instruments to Sentient.

As at June 30, 2016, the Company had $8.2 million in available cash and cash equivalents (June 30, 2015— $4.8 million) and less than $0.1 million in short term investments held as restricted cash on June 30, 2016 and June 30, 2015 respectively. There are no sources of operating cash flows. Given the Company's current financial position and the ongoing exploration and evaluation expenditures on the Yandera Project, Era's major shareholder, Sentient has to date provided financial assistance to the Company. The section below under the header *"Liquidity and Capital Resources – Financing Activities"* sets out the details of the restructuring of the Company's financial commitments and financing transactions with Sentient.

The Company will need to raise additional capital through the issuance of equity 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 fund-raising 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 that 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 the Financial Statements have been prepared on the basis 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 bases of measurement may be appropriate when a Company is not expected to continue operations for the foreseeable future.

Annual Summary

The annual summary is set out in the following table. The amounts are derived from the consolidated financial statements prepared under IFRS.

In thousands of US dollars, except per share amounts	**2016**	**2015**	**2014**
Interest income	**12**	6	59
Other income (loss)	**22,693**	11,428	(1,578)
Loss from continuing operations	**(282)**	(6,039)	(13,648)
Loss per share (basic)	**(0.02)**	(0.53)	(0.01)
Loss per share (diluted)	**(0.02)**	(0.53)	(0.01)
Total assets	**141,590**	149,900	162,303
Non-current financial liabilities	**8,165**	5,997	17,222
Investment in exploration and evaluation assets	**6,026**	4,669	8,616
Cash flows from financing activities, net of direct costs	**13,890**	14,161	8,529

Results of Operations

Other income (loss) is comprised of income (loss) due to the movement in fair value of the derivative liability in relation to the conversion option feature contained in the convertible debentures and income from an interest reversal resulting from the extinguishment of debt pursuant to the new terms following the financing transaction completed in November 2015.

Net loss in FY 2016 was $5.8 million lower than net loss in FY 2015. The decrease is mainly driven by other income of $22.7 million compared to other income of $11.4 million in FY 2015 resulting in $11.3 million increase (year-over-year) offset by higher financing costs in FY 2016. The financing costs comprised of accretion expense on the convertible debentures of $18.1 million and $0.1 million of other finance related costs were $18.2 million in FY 2016 compared to $12.7 million in FY 2015, comprised of $12.1 million accretion and $0.6 million of other finance related costs ($5.5 million increase year-over-year). The higher financing costs in FY 2016 resulted from higher debt loads compared in the prior year.

Total Assets

Total assets during the FY 2016 period decreased by a net of $8.3 million from the end of FY 2015. The change is largely attributed to a net increase of negative currency translation adjustments of $17.9 million arising from the translation of foreign denominated assets, mainly attributed to exploration and evaluation assets of $17.9 million offset by an increase to cash and cash equivalents position of $3.4 million, and net increase to exploration and evaluation assets of $6.0 million and net increase to property, plant and equipment additions of $0.2 million.

Non-Current Liabilities

Non-current liabilities are comprised of the debt component of the convertible unsecured debentures issued in November 2015, April 2016 and May 2016, respectively. Non-current liabilities increased by $2.2 million during FY 2016 compared to FY 2015 due to the new debt issuance in November 2015 and Q4 2016 and reduction of existing debt resulting from revaluation pursuant to the financing transaction completed during FY 2016.

Investment in Exploration and Evaluation Assets

Investment in exploration and evaluation assets relates primarily to the Yandera Project. During the period of FY 2016, the Company also acquired surface property rights for the La Cobota copper Project in Mexico. During FY 2016, the Company spent a total of $6.4 million in additions to exploration and evaluation assets. In aggregate, exploration and evaluation assets

decreased by $11.9 million in FY 2016 due to an increase of $17.9 million in negative translation adjustments arising from the translation of foreign denominated currency balance and a write down of $0.4 million in relation to the La Cobota Project.

Cash Flows from Financing Activities

As a result of the financing transaction with Sentient completed in November 2015, April 2016 and May 2016, the Company received net proceeds from borrowings of $13.9 million during FY 2016. During FY 2015, the Company received net proceeds from borrowings of $14.2 million.

Quarterly Results of Operations

The results of operations for the eight most recently completed fiscal quarters are summarized in the following tables, which have been derived from the financial statements of the Company prepared in accordance with IFRS.

In thousands of US dollars, except per share amounts	**2016 4th quarter**	**2016 3rd quarter**	**2016 2nd quarter**	**2016 1st quarter**
Statement of (Loss) / Profit				
Interest income	5	4	1	2
Other income (loss)	(7,097)	2,749	24,846	2,195
Net (loss) income	(13,440)	(3,164)	19,039	(2,717)
Net (loss) income per share — basic	(1.18)	(0.28)	1.67	(0.24)
Net loss per share — diluted	(1.18)	(0.28)	(0.01)	(0.24)
Statement of Financial Position				
Cash, cash equivalents and short term investments	8,250	4,984	7,524	2,957
Total assets	141,590	139,984	142,937	143,956
Total non-current financial liabilities	8,165	7,279	6,299	6,438

In thousands of US dollars, except per share amounts	**2015 4th quarter**	**2015 3rd quarter**	**2015 2nd quarter**	**2015 1st quarter**
Statement of (Loss) / Profit				
Interest income	3	2	1	-
Other (loss) income	10,534	(9,563)	12,956	(2,499)
Net (loss) income	6,630	(13,415)	8,064	(7,318)
Net (loss) income per share — basic	0.58	(1.18)	0.71	(0.64)
Net loss per share — diluted	(1.01)	(1.18)	(0.03)	(0.64)
Statement of Financial Position				
Cash, cash equivalents and short term investments	4,879	6,850	8,989	4,195
Total assets	149,900	155,474	162,614	163,038
Total non-current financial liabilities	5,997	37,183	34,362	23,086

Three Months Ended June 30, 2016, and June 30, 2015

A net loss of $13.5 million in Q4 2016 compared to a net income of $6.6 million in Q4 2015 resulted in an increase loss of $20.1 million year-over-year and was due to the following events with other income being the most significant:

- Other income in Q4 2016 is comprised of a loss due to the movement in fair value of the derivative liability in relation to the conversion feature option contained in the convertible debentures. The fair value adjustment on the derivative financial instrument resulted in $7.1 million loss in Q4 2016 compared to $10.5 million gain in Q4 2015 resulting in $17.6 million decrease (year-over-year). Changes in fair value of the derivative liability are impacted by changes in assumptions and inputs used to determine the fair value, the most significant of which are the Company's share price, volatility and life of the conversion options;

- Financing costs comprised of the interest / accretion expense on the convertible debentures were $5.3 million in Q4 2016 compared to $3.0 million in Q4 2015 ($2.3 million increase year-over-year). The higher financing costs in Q4 2016 resulted from higher debt loads compared to the prior year's quarter.

- General and administrative expenses in Q4 2016 of $1.0 million were higher by $0.2 million when compared to Q4 2015 of $0.8 million. The increase is primarily due to higher corporate costs.

Fiscal Year ended June 30, 2016, Compared to Fiscal Year Ended June 30, 2015

The Company incurred a net loss of $0.3 million for FY 2016 compared to a net loss of $6.0 million in FY 2015 resulting in a net decrease of $5.7 million (year-over-year). The key item contributing to a lower loss in FY 2016 was other income of $22.7 million compared to income of $11.4 million in FY 2015. The other income is comprised of a gain due to the fair value revaluation on the derivative financial instrument and income resulting from interest reversal due to the new terms pursuant to the financing transaction completed in November 2015, April 2016 and May 2016 respectively. Other income resulted in $11.3 million increase (year-over-year). The changes in fair value of the derivative liability are impacted by fluctuations in assumptions and inputs used to determine the fair value such as the Company's share price, volatility and life of the option.

The increase in other income was decreased by higher financing costs in FY 2016 totalling $18.2 million, compared to $12.7 million of costs in FY 2015 ($5.5 million increase year-over-year). The increase resulted from higher debt loads in FY 2016 compared to FY 2015.

The lower loss was further decreased by the following lower expenditures:

- Exploration and evaluation assets written off during FY 2016 were $0.4 million compared to a $0.5 million in FY 2015 resulting in a decrease of $0.1 million.

Liquidity, Capital Resources and Going Concern

Liquidity

The main sources of liquidity are the Company's cash and cash equivalents, investments in term deposits, stock option exercises, equity issuances and debt instrument issuances. As at June 30, 2016, cash and cash equivalents were $8.2 million compared to $4.8 million at June 30, 2015.

The Company's principal requirements for cash over the next twelve months will be to fund the ongoing exploration costs at the Yandera Project, general corporate and administrative costs and to service the Company's current obligations. The Company will defer discretionary expenditures, as required, in order to manage and conserve cash.

On October 13, 2015, the Company signed the Letter of Agreement with Sentient for the financing transaction of $14.0 million, which was completed following the requisite shareholder approval obtained on November 13, 2015. The Company received the full amount of $14.0 million during FY 2016, which improved the liquidity and increased the capital resources of the Company.

Working Capital

As at June 30, 2016, the Company had a working capital deficiency of $44.9 million (June 30, 2015— $40.5 million), calculated as total current assets less total current liabilities. The increase in working capital deficiency by $4.4 million is mainly due to an increase in current liabilities of $7.7 million, increase to cash and cash equivalents of $3.4 million and decrease in receivables and other current assets of $0.1 million.

At the end of June 30, 2016, the Company had current liabilities of $53.3 million (June 30, 2014— $45.6 million). The increase of $7.7 million is due to increase to loans and borrowings of $5.2 million, an increase to a derivative financial instrument by $2.4 million and increase to trade and other payables by $0.1 million.

Going Concern

The underlying value of the Company's exploration and evaluation assets is dependent upon the existence, and economic recovery of mineral reserves in the future and the ability of the Company to raise funds to continue and complete the development of the Yandera Project and to obtain all necessary permits. In addition, the Yandera Project may be subject to political and economic instability risks, unfavourable changes in existing government regulations, adverse metal market prices, etc.

As at June 30, 2016, the Company had no sources of operating cash flows and did not have sufficient cash to fund the development of the Yandera Project. The Company will need to raise additional capital through the issuance of equity or other financing alternatives in parallel with financial support provided by its major shareholder, Sentient, in order to continue funding its operating, exploration and evaluation activities, and the 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. If funds are not raised, it would result in further curtailment of activities and Yandera Project delays.

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.

Considering the risks listed above, management's balanced assessment of the Company is that it remains a going concern. The Company has been accounted for as a going concern in the Financial Statements.

The Company's contractual obligations as at the end of June 30, 2016 are set out below:

Contractual Obligations *In thousands of US dollars*	**Total**	**Less than 1 year**	**1–2 years**	**After 2 years**
Trade and other payables	1,887	1,887	-	-
Provisions	210	210	-	-
Derivative financial instrument	11,985	11,985	-	-
Convertible debentures[(1)]	47,408	39,243	8,165	-
Total contractual obligations	**61,490**	**53,325**	**8,165**	**-**

[(1)] The convertible debentures issued to Sentient represent unsecured debt. The debt is convertible into common shares at the option of the holder, or repayable by the Company on the due date. The presentation shown above assumes payment is made in cash and also assumes no conversions of the convertible debentures into common shares by the holders prior to the maturity date.

Financing Activities

On October 13, 2015, the Company entered into a financing agreement (the "Letter Agreement") with Sentient in connection with the proposed issuance of $14.0 million principal amount of convertible unsecured debentures (the "Investment Debentures") to be issued in two tranches.

On November 20, 2015, following the requisite shareholder approval obtained on November 13, 2015, the Company completed the issuance of the first tranche of $7.0 million 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 tranche of the financing for $3.0 million and $4.0 million respectively, representing the aggregate issuance of $7.0 million 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 $7.1 million.

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 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 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, on August 30, 2016, the Company 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 cash flows 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 $21.2 million was recognized. The net gain resulting from extinguishments and revaluations for the year ended June 30, 2016 totalled $6.2 million.

For the convertible debentures issued on July 15, 2014, the new fair value of $7.3 million was recognized. The net gain resulting from extinguishments and revaluations for the year ended June 30, 2016 totalled $2.8 million.

For the convertible debentures issued on December 18, 2014, the new fair value of $3.3 million was recognized. The net gain resulting from extinguishments and revaluations for the year ended June 30, 2016 totalled $2.7 million.

The following tables display debt instruments issued and outstanding as of the date of this report and the activities of the Company's current and long term debt instruments for the year ended June 30, 2016.

June 30, 2016

In thousands of US dollars	**Principal Face Value**	**Maturity**
January 2014 convertible debentures	28,231	July 1, 2017 (as per August 30, 2016 amending agreement)
July 2014 convertible debentures	10,195	July 1, 2017 (as per August 30, 2016 amending agreement)
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

In thousands of US dollars	**At June 30, 2015**	**Initial Recognition**	**Reversal of Interest (Other Income)**	**Extinguishment/ Revaluations, Net**	**Accretion/ Interest**	**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**

The total cumulative financing costs on the convertible debentures recognized and expensed in the consolidated statements of loss and comprehensive loss were $18.2 million comprised of $18.1 million accretion and $0.1 million of other finance related costs for the year ended June 30, 2016 (June 30, 2015 - $12.7 million comprised of $12.1 million accretion and $0.6 million of other finance related costs).

The extinguishment of the debt and revaluation of the conversion option derivative liability resulted in the recognition of net extinguishment gain of $16.1 million under "other income" for the year ended June 30, 2016, (June 30, 2015 - $11.4 million gain). In addition to this gain, other income in FY 2016 includes the reversal of interest and other associated costs related to the convertible debentures of $6.2 million and $0.4 million, respectively.

In addition, as at June 30, 2016, the Company had a derivative financial instrument balance of $12.0 million resulting from the conversion option feature contained in the debentures.

During the fiscal years of 2015 and 2016, the Company completed the aggregate issuance of $31.7 million principal amount of convertible unsecured debentures (the "Debentures") to Sentient. The underlying details of these borrowings are disclosed in the Note 11 of the Company's audited annual financial statements for the year ended June 30, 2016.

Uses of Cash

During FY 2016, the Company used $4.0 million in operating activities, primarily for the payment of operating expenses such as salaries, and other general, corporate and administrative expenses. In addition, during FY 2016, the Company used net of $6.4 million in investing activities primarily on expenditures for the continuing exploration and development activities at the Yandera Project and La Cobota property totalling to $6.0 million and spent $0.4 million for additions to property, plant and equipment. The Company also generated $13.9 million in financing activities, representing the net proceeds from borrowings.

During FY 2015, the Company used $5.0 million in operating activities and $4.6 million in net investing activities, of which $4.7 million was for exploration and development expenditures at the Yandera Project and utilized $0.1 million from the short term investments. The Company also generated $14.2 million in financing activities, representing the net proceeds from borrowings.

Commitments and Contingencies – Outstanding

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

The Company had no contingent liabilities as at June 30, 2016.

Future minimum payments as at June 30, 2016, under agreements to which the Company is a party are as follows:

In thousands of US dollars	**Less than 1 year**	**1–5 years**	**Total**
Lease commitments	26		26
Exploration commitments	816	179	995
Total	**842**	**179**	**1,021**

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements as at June 30, 2016.

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:

Recoverability of Exploration and Evaluation Assets

The ultimate recoverability of the exploration and evaluation assets of $132.5 million 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.

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.

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.

Transactions with Related Parties

The Company's related parties as defined by International Accounting Standard 24 "Related Party Disclosures" (IAS 24), include the Company's subsidiaries, executive and non-executive directors, senior officers and key management personnel. Transactions with related parties are measured at fair value, which is the amount of consideration established and agreed upon by the related parties. All related party transactions entered into by the Company have been approved by the Board of Directors of the Company and/or shareholders of the Company as required.

Key management personnel are defined as directors and senior officers of the Company.

Transactions with related parties during FY 2016 and FY 2015 are listed below:

(a) Compensation of Key Management Personnel:

In thousands of US dollars	**For the Year Ended June 30,**	
	2016	**2015**
Salaries, fees, wages and other benefits	1,247	1,081
Severances	-	667
Share-based compensation	41	5
Total	**1,288**	**1,753**

The severances in the prior year resulted from changes in executive management.

(b) Transactions with Sentient

Pursuant to a Financing Letter agreement with Sentient dated October 13, 2015 in connection with the proposed issuance of $14.0 million principal amount of the convertible unsecured debentures, the Company completed the first tranche and issued $7.0 million of convertible unsecured Investment Debentures on November 20, 2015. Proceeds from the second tranche of $3.0 million and $4.0 million were received on April 18, 2016 and May 6, 2016, respectively. Details of this financing transaction

are described under the heading *"Liquidity, Capital Resources and Going Concern - Financing Activities"* above.

During the period 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 period of FY 2015.

Financial Instruments

In thousands of US dollars

	Fair Value at June 30, 2016	Basis of Measurement	Associated Risks
Cash and cash equivalents	8,182	Loans and receivables	Credit and foreign exchange
Short term investments - restricted cash	68	Loans and receivables	Credit and foreign exchange
Accounts receivable and other current assets	196	Loans and receivables	Credit, foreign exchange
Trade and other payables	1,887	Amortized cost	Foreign exchange
Provisions	210	Amortized cost	Foreign exchange
Derivative financial instrument	11,985	Fair value through profit and loss	Interest, foreign exchange
Loans and borrowings	47,408	Amortized cost	Interest, foreign exchange

Loans and receivables— Cash and cash equivalents, short-term deposits, accounts receivables and other current assets, trade and other payables and provisions mature in the short term and their carrying values approximate their fair values.

Amortized cost —The debt component of the convertible debentures subsequent to its initial recognition at fair value, is measured at amortized cost as described above.

Fair value through profit or loss —The debt component of the convertible debentures is initially measured at fair value, net of direct expenses, through profit or loss, then subsequently at amortized cost. The convertible debentures contain embedded derivatives due to the conversion option feature that significantly modify the cash flows that otherwise would be required by the contract.

Embedded derivatives are segregated 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 the 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. Up-front costs and fees related to the convertible debentures are netted against the loan liability balance.

The risk free interest rate used in the fair value computation is the interest rate on Canadian marketable bonds with maturity similar to the remaining life of the convertible debenture. The discount rate used is determined by adding management's estimate of the Company's risk premium to the risk free interest rate. The expected volatility estimate at date of convertible debt extinguishment 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 a financial instrument.

As of June 30, 2016, the fair value of the derivative liability was $12.0 million (June 30, 2015 - $9.7 million). 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.

Risk Management

The Company's exposure to financial instruments 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 Company's convertible debentures 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 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 is also exposed to foreign exchange risk in the normal course of its business operations.

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 at June 30, 2016, total loss would change by approximately $31 thousand 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:

In thousands of US dollars	**As at June 30, 2016**	**2015**
Denominated in US 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. The Company's credit risk is primarily associated with liquid financial assets. The Company limits exposure to credit risk on liquid financial assets by holding cash, cash equivalents, restricted cash and deposits 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 Company will need to raise additional capital through equity issuances or debt financing in order to continue funding its operations, exploration and evaluation activities and for the eventual development of the Yandera Project.

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 costs. This is achieved by the Board of Directors' review and acceptance of a budget that is 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 parties. In doing so, the Company may issue new shares, or 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, net of cash and cash equivalents.

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

[1] At June 30, 2016, the Company set aside $0.1 million (June 30, 2015 - $0.1 million) as restricted cash in term deposits relating to the bank guarantees with a third-party supplier.

Future Accounting Standards and Pronouncements

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.

Amendments
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 reflect 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.

Risk and Uncertainties

There are a number of risks that may have a material and adverse impact on the future operating and financial performance of Era and the value of the common shares of the Company. These include risks that are widespread risks associated with any form of business and specific risks associated with Era's business and its involvement in the exploration and mining industry generally and in PNG in particular. Please see "*Papua New Guinea"* in the Company's annual information form dated October 5, 2016, (the "**AIF**"), a copy of which is available on SEDAR at www.sedar.com. While most risk factors are largely beyond the control of Era and its directors, the Company will seek to mitigate the risks where possible, for example by maintaining its key relationships with PNG's federal and regional governments and local people. However, an investment in the common shares of the Company is considered speculative due to the nature of Era's business and the present stage of its development.

The Company is subject to the following risks and uncertainties, which are discussed in detail in the AIF, available on SEDAR at www.sedar.com, and should be reviewed in conjunction with this document:

- The Company has negative operating cash flows and might not be able to continue as a going concern;
- The Company will require additional funding in the future and no assurances can be given that such funding will be available on the terms acceptable to the Company or at all;
- The Company's ability to maintain its obligations under the terms of its convertible debentures and other debt obligations;
- The speculative nature of resource exploration and development projects;
- The uncertainty of mineral resource estimates and the Company's lack of mineral reserves;
- The Company's ability to successfully establish mining operations and profitably produce copper, molybdenum and gold;
- Dependence on the Yandera Project;
- Operations of the Company are carried out in geographical areas that are subject to various other risk factors;
- The economic uncertainty of operating in a developing country such as PNG, such as the availability of local labour, local and outside contractors and equipment when required to carry out the Company's exploration and development activities;
- Other foreign operations risks; potential changes in applicable laws and government regulations and potential changes in PNG's mining or investment policies;
- The Company is not insured against all possible risks;
- Environmental risks and hazards;
- The title of the Company's mineral properties cannot be guaranteed and may be subject to prior unregistered agreements, transfers and other defects, and the risk of obtaining a mining permit and the successful renewal of currently pending renewal applications;
- The commodity prices may affect the Company's value, changes in and volatility of commodity prices and its hedging policies;
- Increased competition in the mineral resource sector;
- The Company may have difficulty recruiting and retaining key personnel;
- Currency fluctuations risk;
- Repatriation of earnings, no assurances that PNG or any other foreign country that the Company may operate in the future will not impose restrictions on repatriation of earnings to foreign entities;
- No production revenues;
- Stock exchange prices;
- Conflicts of interest;
- Ability to exercise statutory rights and remedies under Canadian securities law;
- Enforceability of foreign judgements;
- Unforeseen litigation;
- Structural subordination of the Company's common shares;
- The Company's future sales or issuance of common shares;

- Risk of suspension of public listing due to failure to comply with local securities regulations;
- Risk of fines and penalties; and
- Risk of improper use of funds in local entity.

Share Capital Information

As at the date of this MD&A, the following number of common shares of the Company and other securities of the Company exercisable for common shares of the Company are outstanding (on a post-consolidation basis):

Securities	Common shares on exercise
Common shares	11,377,792
Stock options	113,000
Convertible debentures	150,958,681
Fully diluted share capital	**162,449,473**

Disclosure Controls and Procedures

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's accounting policies.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Forward-looking Information

Certain information in this MD&A, including all statements that are not historical facts, constitutes forward-looking information within the meaning of applicable Canadian securities laws. Such forward-looking information includes, but is not limited to, information that reflects management's expectations regarding Era's future growth, results of operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities. Often, this information includes words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

In making and providing the forward-looking information included in this MD&A, the Company has made numerous assumptions. The assumptions include, among other things, assumptions regarding: (i) the accuracy of exploration results

received to date; (ii) anticipated costs and expenses; (iii) the accuracy of the Company's mineral resource estimate; (iv) the future price of copper, molybdenum and gold; and (v) that the supply and demand for copper, gold, molybdenum, and other metals develop as expected. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or industry results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include, among other things, the following: (i) need for additional financing to develop the Yandera Project; (ii) decreases in the price of copper and molybdenum; (iii) exploration risk; (iv) the risk that the Company will not be able to obtain or renew the requisite permits and licenses to carry out its planned exploration activities; (v) dependence on the Yandera Project; (vi) PNG State equity interest; and (vii) the ability of the Company to satisfy its debt obligations.

The Company's AIF dated October 5, 2016, contains additional information on risks, uncertainties and other factors relating to the forward-looking information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be as anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward-looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this MD&A is qualified by this cautionary statement.

Additional Information

Additional information about the Company and its business activities is available under the Company's profile on the Canadian SEDAR website at www.sedar.com.

Qualified Person and Technical Information

The scientific and technical information contained in this MD&A was prepared by or under the supervision of and reviewed and approved by Dr. Nathan Chutas. Dr. Chutas is a Certified Professional Geologist with the American Institute of Professional Geologists in the US and he provides technical advisory consultancy services to Era. Dr. Chutas is a "**Qualified Person**" as defined by NI 43-101. Dr. Chutas verified the data underlying the information in this MD&A.

For further information relating to the Yandera Project, please see the technical report titled "Technical Report Updated Resource Estimate Yandera Copper Project Papua New Guinea" dated June 19, 2015 prepared by SRK Consulting (U.S.) Inc. which is available under the Company's issuer profile on SEDAR at sedar.com.