First Mining Finance Corp.

Consolidated Annual Financial Statements
For the years ended December 31, 2015 and 2014
(Expressed in Canadian dollars)

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Independent Auditor's Report

To the Shareholders of First Mining Finance Corp.

We have audited the accompanying consolidated financial statements of First Mining Finance Corp. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015, December 31, 2014 and January 1, 2014, and the consolidated statements of comprehensive loss, cash flows and changes in equity for the years ended December 31, 2015 and December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of First Mining Finance Corp. and its subsidiaries as at December 31, 2015, December 31, 2014 and January 1, 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements, which indicates that the Company is dependent upon share issuances, and/or the acquisition of companies with surplus cash, to provide the funding necessary to meet its general operating expenses and to continue to explore its properties and settle liabilities, has incurred losses since inception and has an accumulated deficit of $10,144,241. These conditions, along with other matters as set forth in Note 1, indicate the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

"BDO CANADA LLP"

Chartered Professional Accountants
Vancouver, Canada
March 30, 2016

FIRST MINING FINANCE CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015 AND 2014, AND JANUARY 1, 2014
(Expressed in Canadian dollars unless otherwise noted)

	December 31, 2015	December 31, 2014 RESTATED (Note 23)	January 1, 2014 RESTATED (Note 23)
ASSETS			
Current			
Cash and cash equivalents	$ 683,608	$ 39,914	$ 32,697
Restricted cash (Note 7)	-	2,723,750	-
Accounts receivable (Note 8)	368,502	11,366	2,239
Prepaid expenditures	213,512	29,247	12,707
Marketable securities	8,830	-	-
Total current assets	**1,274,452**	**2,804,277**	**47,643**
Non-current			
Mineral properties (Note 9)	107,592,331	6,563,461	1,930,858
Equipment	70,437	6,016	13,983
Value-added tax receivable (Note 10)	138,166	175,090	82,091
Reclamation deposit (Note 9)	115,215	-	-
Deferred acquisition costs (Note 22)	77,913	-	-
Total non-current assets	**107,994,062**	**6,744,567**	**2,026,932**
TOTAL ASSETS	**$ 109,268,514**	**$ 9,548,844**	**$ 2,074,575**
LIABILITIES			
Current			
Accounts payable and accrued liabilities (Note 11)	$ 2,840,492	$ 1,272,080	$ 1,002,733
Loans payable (Note 12)	1,560,073	626,090	202,914
Debenture liability (Note 6)	307,562	-	-
Derivative liability	-	-	100,930
Total liabilities	**4,708,127**	**1,898,170**	**1,306,577**
SHAREHOLDERS' EQUITY			
Share capital (Note 13)	104,895,131	9,047,179	4,582,429
Subscription receipts in escrow (Note 7)	-	2,723,750	-
Warrant and share-based payment reserve (Note 13)	7,717,255	274,416	274,416
Accumulated other comprehensive income	2,092,242	667,513	250,199
Accumulated deficit	(10,144,241)	(5,062,184)	(4,339,046)
Total shareholders' equity	**104,560,387**	**7,650,674**	**767,998**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 109,268,514**	**$ 9,548,844**	**$ 2,074,575**

Going concern (Note 1)
Commitments and contingencies (Note 21)
Subsequent events (Note 22)

The consolidated financial statements were approved by the Board of Directors:

Signed: "Keith Neumeyer", Director

Signed: "Raymond Polman", Director

The accompanying notes are an integral part of these consolidated financial statements.

FIRST MINING FINANCE CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in Canadian dollars unless otherwise noted)

	Year ended December 31, 2015	Year ended December 31, 2014 RESTATED (Note 23)
GENERAL AND ADMINISTRATIVE EXPENSES		
Administrative and office	$ 175,970	$ 48,315
Depreciation	6,910	8,793
Exploration and evaluation	86,221	107,916
Investor relations and marketing	568,813	-
Professional fees	476,427	232,711
Salaries and consultants	618,892	162,148
Share-based payments (Note 13(c))	1,267,851	-
Transfer agent and filing fees	107,400	4,513
Travel and accommodation	178,115	14,664
Loss before other items	(3,486,599)	(579,060)
Charge related to public company listing (Note 4)	(655,130)	-
Foreign exchange (loss) gain	(271,659)	41,153
Gain on debt settlement (Note 13 (b))	99,764	-
Gain on fair value adjustment of derivative liability	-	104,821
Interest and other expenses	(209,044)	(47,992)
Interest and other income	7,155	-
Write-down of mineral properties (Note 9)	(566,544)	(242,060)
Net loss for the year	**$ (5,082,057)**	**$ (723,138)**
Other comprehensive income for the year		
Currency translation adjustment	1,424,729	417,314
Net loss and comprehensive loss for the year	**$ (3,657,328)**	**$ (305,824)**
Basic and diluted loss per share	$ (0.05)	$ (0.02)
Weighted average number of shares outstanding – Basic and Diluted	**105,473,169**	**36,268,709**

The accompanying notes are an integral part of these consolidated financial statements.

FIRST MINING FINANCE CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in Canadian dollars unless otherwise noted)

	Year ended December 31,	
	2015	**2014 RESTATED** (Note 23)
Cash flows from operating activities		
Net loss for the year	$ (5,082,057)	$ (723,138)
Items not affecting cash:		
Depreciation	6,910	8,793
Gain on fair value adjustment to derivative liability	-	(104,821)
Charge related to public company listing (Note 4)	655,130	-
Unrealized foreign exchange loss	268,181	18,641
Share-based payments (Note 13(c))	1,267,851	-
Accrued interest income	(1,890)	-
Accrued interest expense (Note 12)	130,033	43,837
Write-down of mineral properties (Note 9)	566,544	242,060
Operating cash flows before movements in working capital	**(2,189,298)**	**(514,628)**
Changes in non-cash working capital items:		
(Increase) decrease in accounts receivable and prepaid expenditures	(229,906)	5,876
Increase in accounts payables and accrued liabilities	178,139	298,651
Total cash used in operating activities	**(2,241,065)**	**(210,101)**
Cash flows from investing activities		
Equipment purchases	(8,601)	-
Mineral property expenditures (Note 9)	(1,567,255)	(693,439)
Option payments and expenditures recovered in cash (Note 9)	131,817	-
Value-added tax recovered (incurred) (Note 10)	36,924	(4,339)
Deferred acquisition costs (Note 22)	(77,913)	-
Cash acquired from acquisition of Minera Terra Plata SA de CV and 0924682 BC Ltd.	-	4,939
Cash expended in acquisitions		
Coastal Gold transaction costs (Note 5)	(2,273,541)	-
Gold Canyon transaction costs (Note 6)	(700,041)	-
PC Gold transaction costs (Note 6)	(1,103,261)	-
Cash acquired in acquisitions	247,840	-
Total cash used in investing activities	**(5,314,031)**	**(692,839)**
Cash flows from financing activities		
Issuance of shares for cash (Note 13(b))	5,024,965	524,750
Cash share issuance costs	(546,385)	-
Release of restricted cash (Note 7)	2,723,750	-
Cash acquired in reverse takeover, net of transaction costs (Note 4)	43,278	-
Proceeds from exercise of warrants and share options	344,436	-
Proceeds from promissory notes issued (Note 12)	635,550	386,925
Total cash provided by financing activities	**8,225,594**	**911,675**
Foreign exchange effect on cash	(26,804)	(1,518)
Change in cash and cash equivalents	**643,694**	**7,217**
Cash and cash equivalents, beginning	**39,914**	**32,697**
Cash and cash equivalents, ending	**$ 683,608**	**$ 39,914**

Supplemental cash flow information (Note 17)

The accompanying notes are an integral part of these consolidated financial statements.

FIRST MINING FINANCE CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in Canadian dollars unless otherwise noted)

	Number of common shares	Capital stock	Shares to be issued	Warrant reserve	Share-based payment reserve	Accumulated other comprehensive income	Accumulated deficit	Total
Balance as at January 1, 2014 – RESTATED (Note 23)	**26,600,345**	**$ 4,582,429**	**$ -**	**$ 34,481**	**$ 239,935**	**$ 250,199**	**$ (4,339,046)**	**$ 767,998**
Shares issued from private placement	3,498,333	524,750	-	-	-	-	-	524,750
Shares issued on settlement of debt	266,665	40,000	-	-	-	-	-	40,000
Shares issued on asset acquisitions of Minera Terra Plata and 0924682 BC Ltd.	15,718,387	3,900,000	-	-	-	-	-	3,900,000
Shares to be issued (Note 7)	-	-	2,723,750	-	-	-	-	2,723,750
Loss for the year	-	-	-	-	-	-	(723,138)	(723,138)
Currency translation adjustment	-	-	-	-	-	417,314	-	417,314
Balance as at December 31, 2014 – RESTATED (Note 23)	**46,083,730**	**$ 9,047,179**	**$ 2,723,750**	**$ 34,481**	**$ 239,935**	**$ 667,513**	**$ (5,062,184)**	**$ 7,650,674**
Shares issued from private placement (Note 13(b))	12,562,412	5,024,965	-	-	-	-	-	5,024,965
Less: issue costs – cash	-	(546,385)	-	-	-	-	-	(546,385)
issue costs – non-cash (Note 13(c))	-	(105,946)	-	105,946	-	-	-	-
Conversion of subscription receipts (Note 7)	10,895,000	2,723,750	(2,723,750)	-	-	-	-	-
Shares issued on settlement of debt (Note 13(b))	2,633,389	823,378	-	-	-	-	-	823,378
Shares of Albion upon RTO (Note 4)	2,692,124	673,031	-	-	-	-	-	673,031
Share-based payments (Note 13(d))	-	-	-	-	1,267,851	-	-	1,267,851
Shares issued on acquisition of Coastal Gold (Note 5)	27,499,461	14,024,725	-	-	-	-	-	14,024,725
Options issued on acquisition of Coastal Gold (Note 5)	-	-	-	-	265,549	-	-	265,549
Shares issued on acquisition of PC Gold (Note 6)	28,575,806	11,430,322	-	-	-	-	-	11,430,322
Options issued on acquisition of PC Gold (Note 6)	-	-	-	-	377,718	-	-	377,718
Warrants issued on acquisition of PC Gold (Note 6)	-	-	-	1,478,683	-	-	-	1,478,683
Shares issued on acquisition of Gold Canyon (Note 6)	161,200,447	61,256,170	-	-	-	-	-	61,256,170
Options issued on acquisition of Gold Canyon (Note 6)	-	-	-	-	1,061,683	-	-	1,061,683
Warrants issued on acquisition of Gold Canyon (Note 6)	-	-	-	3,084,915	-	-	-	3,084,915
Exercise of options (Note 13(d))	1,039,090	482,146	-	-	(181,090)	-	-	301,056
Exercise of warrants (Note 13(c))	108,450	61,796	-	(18,416)	-	-	-	43,380
Loss for the year	-	-	-	-	-	-	(5,082,057)	(5,082,057)
Currency translation adjustment	-	-	-	-	-	1,424,729	-	1,424,729
Balance as at December 31, 2015	**293,289,909**	**$ 104,895,131**	**$ -**	**$ 4,685,609**	**$ 3,031,646**	**$ 2,092,242**	**$ (10,144,241)**	**$ 104,560,387**

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

First Mining Finance Corp. (formerly Albion Petroleum Ltd. ("Albion")) (the "Company" or "First Mining") was incorporated pursuant to the provisions of the Business Corporations Act (Alberta) on April 4, 2005 and completed its initial public offering as a Capital Pool Company ("CPC") on September 30, 2005. As a CPC, the Company's only business had been to identify and evaluate businesses or assets with a view of completing a Qualifying Transaction.

On March 30, 2015, the Company completed the acquisition of all of the issued and outstanding shares of a private company, KCP Minerals Inc. ("KCP") (formerly Sundance Minerals Ltd. ("Sundance")) through a reverse takeover arrangement (the "RTO"), constituting its Qualifying Transaction under the applicable policies of the TSX Venture Exchange ("TSXV"). Upon completion of the RTO, the shareholders of KCP obtained control of the consolidated entity. Under the purchase method of accounting, KCP was identified as the acquirer, and accordingly the entity is considered to be a continuation of KCP with the net assets of the Company at the date of the RTO deemed to have been acquired by KCP (Note 4). The consolidated financial statements for the year ended December 31, 2015 include the results of operations of KCP from January 1, 2015 and of the Company from March 30, 2015, the date of the RTO. The comparative figures are those of KCP.

The Company's principal activity is the acquisition of high-quality mineral assets, and exploration and evaluation of its North American property portfolio. During the year, the Company acquired Coastal Gold Corp. ("Coastal") on July 7, 2015, Gold Canyon Resources Inc. ("Gold Canyon") on November 13, 2015, and PC Gold Inc. ("PC Gold") on November 16, 2015. Subsequent to December 31, 2015, the Company completed the acquisition of Goldrush Resources Ltd. ("Goldrush") and announced the acquisition of Clifton Star Resources Inc. ("Clifton")(see Note 22).

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material. The Company is dependent upon share issuances, and/or the acquisition of companies with surplus cash, to provide the funding necessary to meet its general operating expenses and will require additional financing to continue to explore its properties and settle liabilities. The Company has incurred losses since inception and expects to incur further losses in the development of its business. As at December 31, 2015, the Company had an accumulated deficit of $10,144,241, which has been funded primarily by the issuance of equity. These factors may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Subsequent to year end, the acquisition of Goldrush Resources Inc. included cash proceeds of $3.4 million.

First Mining is a public company which is listed on the TSXV under the symbol "FF", on the OTCQB under the symbol "FFMGF", and on the Frankfurt Stock Exchange under the symbol "FMG".

The Company's head office and principal address is located at 925 West Georgia Street, Suite 1805, Vancouver, British Columbia, Canada, V6C 3L2.

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended December 31, 2015.

2. BASIS OF PRESENTATION (continued)

These consolidated financial statements have been prepared on an historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. The consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company's Canadian entities. The functional currency of the Company's non-Canadian subsidiaries is US dollars.

The accounts of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Inter-company transactions, balances and unrealized gains or losses on transactions are eliminated. The Company's principal material subsidiaries are as follows:

Name	Place of Incorporation	Ownership Percentage
First Mining Finance Corp.	Canada	Parent
KCP Minerals Inc.	Canada	100%
Coastal Gold Corp.	Canada	100%
Gold Canyon Resources Inc.	Canada	100%
PC Gold Inc.	Canada	100%
Minera Teocuitla, S.A. de C.V.	Mexico	100%
Impulsora de Proyectos Mineros, S.A. de C.V.	Mexico	100%
Minera Terra Plata, S.A. de C.V.	Mexico	100%
Sundance Minerals USA Inc.	USA	100%

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

These consolidated financial statements were approved by the Board of Directors on March 29, 2016.

3. ACCOUNTING POLICIES

These consolidated financial statements have been prepared using the following accounting policies:

Change in Presentation and Functional Currency
These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company's parent as well as the Company's Canadian subsidiaries. The functional currency of the Company's non-Canadian subsidiaries is US dollars.

The functional currency of both the parent company and the Canadian subsidiaries changed from US to Canadian dollars effective July 1, 2015. This change reflects the Company's financing, and development activities which are now primarily in Canadian dollars and following the announced acquisition of Coastal Gold Corp. ("Coastal"), which closed on July 7, 2015. On July 1, 2015, all assets and liabilities of the foreign subsidiaries were translated into Canadian dollars at the July 1, 2015 rate of 1.2490 CAD per 1.00 USD. All share capital and other components of equity were translated at the historical rates. This change has been accounted for prospectively.

Concurrent with the change in functional currency, on July 1, 2015, the Company changed its presentation currency from US dollars to Canadian dollars. The change in presentation currency is to better reflect the Company's business activities. In making this change to the Canadian dollar presentation currency, the Company followed the guidance in IAS 21*, The Effects of Changes in Foreign Exchange Rates* ("IAS 21") and has thus applied the change retrospectively.

3. ACCOUNTING POLICIES (continued)

Change in Presentation and Functional Currency (continued)

In accordance with IAS 21, the financial statements for all periods presented have been translated to the new Canadian dollar presentation currency (Note 23). For the 2014 comparative balances, assets and liabilities have been translated into the presentation currency at the rate of exchange prevailing at the reporting date. The statements of comprehensive loss were translated at the average exchange rates for the reporting period. Exchange differences arising on translation have been recognized in other comprehensive income and accumulated as a separate component of equity. The Company has presented an opening statement of financial position as at January 1, 2014 without the related notes except for the disclosure requirements outlined in IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* ("IAS 8").

Mineral Properties

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as mineral concession taxes, option payments, wages and salaries, surveying, geological consulting and laboratory, field supplies, travel and administration. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they are incurred.

The Company may occasionally enter into option arrangements, whereby the Company will transfer part of its mineral properties, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the optionee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including mineral properties are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly. An impairment loss is charged to profit or loss.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

3. ACCOUNTING POLICIES (continued)

Impairment of Non-Financial Assets (continued)
Impairment reviews for exploration and evaluation assets are carried out on a property by property basis, with each property representing a single cash generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- The right to explore the area has expired or will expire in the near future with no expectation of renewal;
- Exploration and retention costs associated with royalty and concession tax payments are neither planned nor budgeted;
- No commercially viable deposits have been discovered, and the decision had been made to discontinue exploration in the area; and
- Sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Equipment
On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. Equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated.

Depreciation is recognized in profit or loss and is provided on a straight-line basis over 3 years for office equipment and 5 years for furniture and fixtures, field equipment, and vehicles. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Business Combinations
Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration of each business combination is measured, at the date of the exchange, as the aggregate of the fair value of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. Under the guidance of IFRS 10 *Consolidated Financial Statements*, control is established by having power over the acquiree, exposure or rights to variable returns from its involvement with the acquiree, and the ability to use its power over the acquiree to affect the amount of the acquiror's returns. The acquiree's identifiable assets, liabilities and contingent liabilities are recognized at their fair value at the acquisition date. During the year ended December 31, 2015, the Company's three acquisitions (Coastal, Gold Canyon and PC Gold) were recorded as asset acquisitions given they were not considered to be businesses when applying the guidance within IFRS 3, *Business Combinations* ("IFRS 3").

Financial Instruments
All financial instruments are classified into one of the following categories:

(a) Financial assets or financial liabilities at fair value through profit or loss ("FVTPL")

Financial assets and financial liabilities classified as FVTPL are acquired or incurred principally for the purpose of selling or repurchasing them in the near term. They are initially recognized at fair value based on market prices, with any subsequent fair value gains and losses reflected in net income (loss) for the period in which they arise.

The marketable securities and the derivative liability are classified as financial liabilities at FVTPL and are measured at fair value.

3. ACCOUNTING POLICIES (continued)

Financial Instruments (continued)
(b) Loans and receivables

Loans and receivables are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method.

Cash equivalents are classified as loans and receivables. Cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

The reclamation deposit, as well as receivables and prepaid expenditures, are also classified as loans and receivables.

(c) Other financial liabilities

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs and subsequently carried at amortized cost, using the effective interest rate method.

Accounts payable, accrued liabilities, loan payables and debenture liabilities are classified as other financial liabilities. Accounts payable and accrued liabilities are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers with payments due within the next 12 months. Loan payables are interest bearing promissory notes issued by the Company to another entity or individual that are repayable on demand or over an agreed period of time.

Rehabilitation Provision
The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The present value of the estimated costs of legal and constructive obligations required to restore the exploration sites is recognized in the year in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

A rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When a liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration properties. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur. The Company has no material restoration, rehabilitation or environmental obligation as the disturbance to date is minimal.

Income Taxes
Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

3. ACCOUNTING POLICIES (continued)

Income Taxes (continued)
Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Share Capital
Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Loss per Share
Basic loss per share is calculated by dividing the net loss for the year by the weighted average number of shares outstanding during the year. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted income or loss per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the year, if they are determined to have a dilutive effect. Existing stock options and share purchase warrants have not been included in the current year computation of diluted loss per share as to do so would be anti-dilutive. Accordingly, the current year basic and diluted losses per share are the same.

Share-based Payments
Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss over the remaining vesting period.

3. ACCOUNTING POLICIES (continued)

Share-based Payments (continued)

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in share-based payment reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, together with any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segment.

Critical Judgments in Applying Accounting Policies

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies with the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

Economic Recoverability and Probability of Future Economic Benefits of Mineral Properties

Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geological, technical and economic factors as well as data regarding quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and foreign exchange rates. This process may require complex and difficult geological judgements to interpret data. The Company uses qualified persons (as defined by Canadian Securities Administrators' National Instrument 43-101) to compile this data.

Functional Currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency involves certain judgements to determine the primary economic environment of an entity and this is re-evaluated for each new entity following an acquisition, or if events and conditions change.

Critical Judgments in Applying Accounting Policies (Continued)

Determining if an Acquisition is a Business Combination or an Asset Acquisition

With each acquisition, the Company has to determine whether it should be accounted for as a business combination or an asset acquisition. As dictated by IFRS 3, the components of a business must include inputs, processes and outputs. Management has assessed its acquisitions and has concluded that each did not include all the necessary

3. ACCOUNTING POLICIES (continued)

components of a business. As such, they have been recorded as asset acquisitions, being the purchase of mineral properties and/or working capital.

Identifying the Acquirer in an Acquisition
The Company must determine whether it is the acquirer or acquiree in each acquisition. Under IFRS 3, the acquirer is the entity that obtains control of the acquiree in the acquisition. If it is not clear which company is the acquirer, additional information must be considered, such as the combined entity's relative voting rights, existence of a large minority voting interest, composition of the governing body and senior management, and the terms behind the exchange of equity interests.

Determining amount and timing of rehabilitation costs
Management must determine if estimates of the future costs the Company will incur to complete the rehabilitation work is required to comply with existing laws, regulations and agreements in place at each exploration site. Actual costs incurred may differ from those amounts estimated. Future changes to environmental laws and regulations could increase the extent of rehabilitation work required by the Company. Management determined at the balance sheet date that no material rehabilitation provisions were required under IAS 37.

Going Concern
In preparing these consolidated financial statements on a going concern basis, as is disclosed in Note 1 of these consolidated financial statements, Management's critical judgment is that the Company will be able to meet its obligations and continue its operations for the next twelve months.

Key Sources of Estimation Uncertainty
The preparation of consolidated financial statements requires that the Company's management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Actual future outcomes could differ from present estimates and assumptions, potentially having material future effects on the Company's consolidated financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

The significant assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

Impairment of Mineral Properties
Expenditures on mineral properties are capitalized. The Company makes estimates and applies judgment about future events and circumstances in determining whether the carrying amount of a mineral property exceeds its recoverable amount.

Deferred income taxes
Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates at the reporting date in effect for the period in which the temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized as part of the provision for income taxes in the period that includes the enactment date. The recognition of deferred income tax assets is based on the assumption that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

3. ACCOUNTING POLICIES (continued)

Share-based Payments
Share-based payments are determined using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and are expensed to the statement of loss and comprehensive loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility, expected life of the option, risk free interest rates, and forfeiture rates. Changes in these input assumptions can significantly affect the fair value estimate.

Accounting Standards Issued But Not Yet Applied
The following are accounting standards anticipated to be effective January 1, 2016 or later:

IFRS 7 Financial instruments: Disclosure
Amended to require additional disclosures on transition from IAS 39 to IFRS 9. Effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018. The Company is currently evaluating the impact this standard is expected to have on its consolidated financial statements.

IFRS 9 Financial Instruments
IFRS 9 reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company is currently evaluating the impact this standard is expected to have on its consolidated financial statements.

IFRS 10 Consolidated Financial Statements
The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is held in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if the assets are held in a subsidiary. Upon adoption, the amendments may impact the Company in respect of future sale or contribution of assets with its associates or joint ventures. The amendments are effective for transactions occurring in annual periods beginning on or after January 1, 2016. The Company is currently evaluating the impact this standard is expected to have on its consolidated financial statements.

IFRS *15 Revenue from Contracts with Customers*
The standard replaces IAS 18 Revenue and IAS 11 Construction contracts, and contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on January 1, 2018. Currently, no impact on the Company's consolidated financial statements is expected.

IFRS *16 Leases*
The new standard will replace IAS 17 Leases and eliminates the classification of leases as either operating or finance leases by the lessee. The treatment of leases by the lessee will require capitalization of all leases resulting accounting treatment similar to finance leases under IAS 17 Leases. Exemptions for leases of very low value or short-term leases will be applicable. The new standard will result in an increase in lease assets and liabilities for the lessee. Under the new standard the treatment of all lease expense is aligned in the statement of earnings with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17 Leases. IFRS 16 will be applied prospectively for annual periods beginning on January 1, 2019. The Company is currently evaluating the impact this standard is expected to have on its consolidated financial statements.

3. ACCOUNTING POLICIES (continued)

Amendments to IAS 1 Presentation of Financial Statements
On December 18, 2014 amendments were made to IAS 1 as part of a major initiative to improve disclosure requirements in IFRS financial statements. The amendments clarify the application of materiality to note disclosure and the presentation of line items in the primary statements provide options on the ordering of financial statements and additional guidance on the presentation of other comprehensive income related to equity accounted investments. The effective date for these amendments is January 1, 2016. The Company is currently evaluating the impact this standard is expected to have on its consolidated financial statements.

Initial Adoption of Accounting Standards
Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning before or on January 1, 2015. The following new standards, amendments and interpretations that have been adopted for the Company's current fiscal year have not had a material impact on the Company:

The amendments to IFRS 2 *Share-based payment* clarify vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition. The Company has evaluated the impact of the amendments to IFRS 2 and has determined that it has no material impact on its financial statements.

The amendments to IFRS 8 *Operating Segments* require additional disclosures regarding management judgments when operating segments have been aggregated in determining reportable segments. The Company has evaluated the impact of the amendments to IFRS 8 and has determined that it has no material impact on its financial statements.

The amendments to IFRS 13 *Fair Value Measurement* clarify that short-term receivables and payables with no stated interest rate can still be measured at the invoice amount without discounting, if the effect of discounting is immaterial. It also defines the scope of an exemption that permits an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis. The Company has evaluated the impact of the amendments to IFRS 13 and has determined that it has no material impact on its financial statements.

The amendments to IAS 24 *Related Party Disclosures* clarify the increase in disclosure required for entities that have related party management services provided by a company rather than individuals. The Company has evaluated the impact of the amendments to IAS 24 and has determined that it has no material impact on its financial statements.

4. REVERSE TAKEOVER TRANSACTION

On July 1, 2014, Albion and Sundance entered into an Arrangement Agreement ("Arrangement"), whereby Albion would acquire all of the issued and outstanding shares of Sundance, in exchange for shares of the resulting entity.

On March 11, 2015, Sundance Minerals Ltd. was renamed as KCP Minerals Inc. and on March 30, 2015, Albion Petroleum Ltd. completed the acquisition of all of the issued and outstanding shares of KCP Minerals Inc. on a 1:1 basis, constituting a qualifying transaction under the applicable policies of the TSX Venture Exchange. On the same day, Albion Petroleum Ltd. was renamed as First Mining Finance Corp. Prior to completion of the transaction, Albion consolidated all of its issued and outstanding shares on a four-for-one basis.

In accordance with IFRS 3, the substance of the transaction was a reverse takeover ("RTO") of a non-operating company. The transaction does not constitute a business combination since Albion does not meet the definition of a business under IFRS 3. As a result, the transaction is accounted for as an asset acquisition with KCP being identified as the acquirer (legal subsidiary) and Albion being treated as the accounting subsidiary (legal parent) with the transaction being measured at the fair value of the equity consideration issued to Albion.

(Expressed in Canadian dollars unless otherwise noted)

4. REVERSE TAKEOVER TRANSACTION (continued)

The net assets acquired was the fair value of the net assets of Albion, which on March 30, 2015 was $67,917. The amount was calculated as follows:

Category		**RESTATED** (Note 23)
Cash and cash equivalents	$	93,294
Accounts receivable		2,624
Accounts payable and accrued liabilities		(28,001)
Net assets acquired	**$**	**67,917**
Fair value of 2,692,124 shares issued by KCP at $0.25 per share		673,031
Fair value of consideration paid in excess of net assets acquired		605,114
Transaction costs related to acquisition		50,016
Charge related to public company listing	**$**	**655,130**

5. ACQUISITION OF COASTAL GOLD CORP.

On July 7, 2015, the Company completed the acquisition of all of the outstanding common shares of Coastal Gold Corp. (“Coastal”) on the basis of 0.1625 common share of the Company for each Coastal common share (the “Transaction”). The Transaction was conducted by way of a court-approved plan of arrangement under the *Business Corporations Act* (Ontario), which resulted in Coastal becoming a wholly-owned subsidiary of the Company.

For accounting purposes, the acquisition of Coastal has been recorded as an asset acquisition as Coastal is not considered to be a business when applying the guidance within IFRS 3.

Consideration paid:

Fair value of 27,499,461 common shares issued	$	14,024,725
Replacement share options issued		265,549
Transaction costs incurred by the Company		2,273,541
Total consideration paid	**$**	**16,563,815**

The fair value of identifiable assets acquired and liabilities assumed from Coastal were as follows:

Cash	$	68,933
Receivables and prepaids		98,219
Mineral properties (Book value at acquisition of $3,439,422)		17,466,287
Equipment		84,340
Accounts payable and accrued liabilities		(1,153,964)
Net identifiable assets acquired	**$**	**16,563,815**

During the fourth quarter of 2015, $192,876 in accounts payable was reduced from the identifiable liabilities, as it was determined that these amounts are not payable by Coastal Gold.

(Expressed in Canadian dollars unless otherwise noted)

6. ACQUISITION OF GOLD CANYON RESOURCES INC. AND PC GOLD INC.

On November 13, 2015 the Company completed the acquisition of all of the issued and outstanding common shares of Gold Canyon Resources Inc. ("Gold Canyon"), and on November 16, 2015 all of the issued and outstanding common shares of PC Gold Inc. ("PC Gold"). Under the Agreements, shareholders of Gold Canyon received one common share of the Company for each Gold Canyon share held, in addition to shares in a newly formed spinout company ("Irving Resources Inc."), which holds certain non-gold exploration assets previously held by Gold Canyon, and is an unrelated entity. Shareholders of PC Gold received 0.2571 common shares of the Company for each PC Gold share. The Transactions were conducted by way of a court-approved plan of arrangement under the *Business Corporations Act* (British Columbia) in the case of Gold Canyon, and under the *Business Corporations Act* (Ontario) in the case of PC Gold, which resulted in both Gold Canyon and PC Gold becoming wholly-owned subsidiaries of the Company.

For accounting purposes, the acquisitions of both Gold Canyon and PC Gold have been recorded as asset acquisitions as neither company is considered to be a business when applying the guidance within IFRS 3.

Gold Canyon

Consideration paid:

Fair value of 161,200,447 common shares issued	$	61,256,170
Replacement share options issued		1,061,683
Replacement warrants issued		3,084,915
Transaction costs incurred by the Company		700,041
Total consideration paid	**$**	**66,102,809**

The fair value of identifiable assets acquired and liabilities assumed from Gold Canyon were as follows:

Cash	$	178,592
Receivables and prepaids		162,638
Mineral properties (Book value at acquisition of $74,144,815)		66,170,491
Accounts payable and accrued liabilities		(408,912)
Net identifiable assets acquired	**$**	**66,102,809**

PC Gold

Consideration paid:

Fair value of 28,575,806 common shares issued	$	11,430,322
Replacement share options issued		377,718
Replacement warrants issued		1,478,683
Shares issued for debt (1,057,522 shares @ $0.40 per share)		423,009
Transaction costs incurred by the Company		1,103,261
Total consideration paid	**$**	**14,812,993**

(Expressed in Canadian dollars unless otherwise noted)

6. ACQUISITION OF GOLD CANYON RESOURCES INC. AND PC GOLD INC. (continued)

PC Gold (continued)

The fair value of identifiable assets acquired and liabilities assumed from PC Gold were as follows:

Cash	$	315
Receivables and prepaids		48,014
Mineral properties (Book value at acquisition of $10,572,182)		15,155,418
Equipment		3,248
Reclamation deposit		113,325
Accounts payable and accrued liabilities		(199,765)
Debenture liability		(307,562)
Net identifiable assets acquired	**$**	**14,812,993**

As part of the acquisition of PC Gold, the Company assumed the debenture liability of PC Gold. The debenture bears interest at a rate of 4.0% per annum, payable quarterly in arrears. The maturity date of July 8, 2015 was extended to June 30, 2016 as part of the acquisition and on November 13, 2015, the Company made a payment of $308,482, which included $8,482 interest, representing 50% of the outstanding principal amount. As at December 31, 2015, the remaining principal amount owing on the debenture liability was $300,000 and the interest accrued was $7,562.

7. RESTRICTED CASH

At December 31, 2014 (Restated – Note 23), KCP received $2,723,750 in subscription receipts to purchase 10,895,000 common shares of KCP at $0.25 per share. The subscription receipts were held in escrow until immediately before the completion of the RTO on March 30, 2015, when they were released.

8. ACCOUNTS RECEIVABLE

Category		**December 31, 2015**		**December 31, 2014 RESTATED**		**January 1, 2014 RESTATED**
Accounts receivable	$	368,502	$	11,366	$	2,239
Total	**$**	**368,502**	**$**	**11,366**	**$**	**2,239**

Accounts receivable relate to GST refundable amounts in Canada, as a result of expenditures incurred in the Company's Canadian subsidiaries. Subsequent to the year ended December 31, 2015 and as at the filing date, the Company collected $189,392 in GST taxes receivable from the Canada Revenue Agency.

(Expressed in Canadian dollars unless otherwise noted)

9. MINERAL PROPERTIES

As at December 31, 2015 and December 31, 2014, the Company has capitalized the following acquisition, exploration and evaluation costs on its 100% owned mineral properties:

	Canada				Mexico									USA	
	Hope Brook	Springpole	Pickle Crow	Canada Total	Miranda	Socorro	San Ricardo	Peñasco Quemado	La Frazada	Pluton	Los Lobos	Others[1]	Mexico Total	Turquoise Canyon	Total
Balance December 31, 2013, RESTATED (Note 23)	**$ -**	**$ -**	**$ -**	**$ -**	**$ 335,781**	**$ 194,896**	**$ 268,134**	**$ -**	**$ -**	**$ 525,805**	**$ -**	**$ 153,158**	**$ 1,477,774**	**$ 453,084**	**$ 1,930,858**
Acquisition	-	-	-	-	-	-	-	1,834,140	1,493,651	-	295,242	276,967	3,900,000	-	3,900,000
Mineral concessions and option payments	-	-	-	-	23,833	87,184	76,042	105,930	948	90,807	45,592	98,431	528,767	37,791	566,558
Geological consulting and lab	-	-	-	-	4,418	1,111	1,111	-	-	1,802	-	1,111	9,553	-	9,553
Field supplies and other	-	-	-	-	794	-	-	-	-	-	-	-	794	-	794
Travel and administration	-	-	-	-	3,420	2,638	5,952	1,820	328	4,923	1,131	9,897	30,109	-	30,109
Total expenditures	-	-	-	-	32,465	90,933	83,105	1,941,890	1,494,927	97,532	341,965	386,406	4,469,223	37,791	4,507,014
Option payments and expenditures recovered	-	-	-	-	-	-	(40,247)	-	-	-	-	(6,150)	(46,397)	-	(46,397)
Impact of change in presentation currency	-	-	-	-	32,093	22,249	26,478	110,989	86,042	52,600	19,341	21,252	371,044	43,002	414,046
Write-down of mineral properties	-	-	-	-	-	-	-	-	-	-	-	(242,060)	(242,060)	-	(242,060)
Balance December 31, 2014, RESTATED (Note 23)	**-**	**-**	**-**	**-**	**400,339**	**308,078**	**337,470**	**2,052,879**	**1,580,969**	**675,937**	**361,306**	**312,606**	**6,029,584**	**533,877**	**6,563,461**
Acquisition	17,466,287	66,170,491	15,155,418	98,792,196	-	-	-	-	-	-	-	-	-	-	98,792,196
Mineral concessions	11,844	-	-	11,844	45,863	103,614	113,640	305,359	1,979	107,256	95,208	208,588	981,507	40,730	1,034,081
Wages and salaries	-	34,350	1,263	35,613	20,443	9,787	12,273	1,340	2,203	894	-	21,899	68,839	-	104,452
Surveying, geological consulting and lab	20,323	7,611	19,454	47,388	78,376	38,904	39,068	-	-	53	-	388	156,789	982	205,159
Field supplies and other	32,621	16,858	491	49,970	19,086	33,770	49,681	-	29	990	-	1,859	105,415	-	155,385
Travel and administration	12,291	20,185	-	32,476	20,690	18,009	19,202	330	1,075	122	-	2,665	62,093	262	94,831
Total expenditures	17,543,366	66,249,495	15,176,626	98,969,487	184,458	204,084	233,864	307,029	5,286	109,315	95,208	235,399	1,374,643	41,974	100,386,104
Option payments and expenditures recovered	-	-	-	-	-	-	(8,830)	-	-	-	-	(131,817)	(140,647)	-	(140,647)
Impact of change in presentation currency	-	-	-	-	94,918	75,727	72,404	423,474	305,444	119,040	78,232	75,709	1,244,948	105,009	1,349,957
Write-down of mineral properties	-	-	-	-	-	-	-	-	-	-	(534,746)	(31,798)	(566,544)	-	(566,544)
Balance December 31, 2015	**$17,543,366**	**$66,249,495**	**$15,176,626**	**$98,969,487**	**$ 679,715**	**$ 587,889**	**$ 634,908**	**$ 2,783,382**	**$ 1,891,699**	**$ 904,292**	**$ -**	**$ 460,099**	**$ 7,941,984**	**$ 680,860**	**$ 107,592,331**

(1) Other mineral properties as at December 31, 2015 include the Puertecitos, Los Tamales, Margaritas, Geranio, El Apache, El Roble, Batacosa, Lachatao and Montana Negra.

9. MINERAL PROPERTIES (continued)

Hope Brook, Newfoundland, Canada

The Company acquired 100% interest in the Hope Brook property through the acquisition of Coastal Gold (see Note 5). The property is subject to a 2% net smelter return royalty ("NSR"), and the Company has the option to purchase half of the NSR for $1,000,000 at any time. The Company agreed to pay an advance royalty of $20,000 per annum commencing January 22, 2015 until production is achieved. These advance royalty payments of $20,000 per annum will be deducted from royalty payments due following the commencement of production on the property.

Springpole Gold Project, Ontario, Canada

The Company acquired 100% interest in the Springpole Gold Project ("Springpole") through the acquisition of Gold Canyon (see Note 6). The property is located in the Red Lake Mining District of Ontario. The property is subject to three underlying agreements with certain obligations, which formed part of the acquisition: Minimum annual advance royalty payments, which may vary from year to year due to escalation clauses; and NSR payments varying from 1% – 3% on each of the underlying agreements upon entering production activities. Details on the three agreements are as follows:

i) The Company has a lease agreement on exploration and mining rights to ten patented claims. The lease term expires in April 2031 with remaining lease payments as follows:

- April 15, 2011 to April 14, 2016 - USD$50,000 per year
- April 15, 2016 to April 14, 2021 - USD$60,000 per year
- April 15, 2021 to April 14, 2031 - USD$80,000 per year

The lease is subject to a 3% NSR, of which the Company has the option to acquire up to 2% of the NSR at any time for USD$1,000,000 per 1% of NSR. Within the first five years of the execution of the lease, and renewable for an additional five years by payment of USD$25,000, the Company can purchase the patented claims from the owner and choose one of the following two purchase prices:

- Pay USD$4,000,000 to purchase claims with the vendor retaining a 2% NSR (of original 3% NSR)
- Pay USD$5,000,000 to purchase claims with the vendor retaining a 1% NSR (of original 3% NSR)

Furthermore, if the Company commences commercial production, the vendor has the right to force the Company to purchase the property. The Company may choose one of the two buyout options listed above.

ii) The Company has an agreement with Jubilee Gold Exploration Ltd. ("Jubilee"). The Company will pay Jubilee an annual advanced royalty of $70,000, which will be adjusted by the Consumer Price Index published by Statistics Canada each year, payable within 90 days of each fiscal year end of the Company. The Company will issue 100,000 common shares to Jubilee upon each of the first to fifth anniversaries of the TSX-V approval of the agreement. During the period, the final 100,000 common shares were issued. The claims are subject to a 3% NSR, 1% of such royalty redeemable by the Company at any time upon payment of $1,000,000 to Jubilee.

iii) The Company has a lease agreement with the landowner on 15 Casummit Lake patented claims forming part of Springpole. The annual lease payment is USD$35,000 expiring in September 2019. The Company has the option to purchase these claims for USD$2,000,000, subject to a 1% NSR with an option to buy back the NSR for USD$500,000.

In addition to the above, the Company has a mining claim and lease purchase agreement with the vendor of six mining leases at Springpole. The agreement is for a period of 20 years expiring May 25, 2031. The Company paid the vendor USD$300,000. The agreement is subject to a 3% NSR with annual advanced royalty payments of USD$50,000 due on each anniversary date of May 25. The Company has an option to buy back the NSR at USD$500,000 per each 1% NSR.

9. MINERAL PROPERTIES (continued)

Pickle Crow Property, Ontario, Canada

The Company acquired 100% interest in the former producing Pickle Crow property ("Pickle Crow") located in North Western Ontario through the acquisition of PC Gold (see Note 6). The Company's land holding in the Pickle Lake gold camp comprises 106 patented and 119 unpatented claims totaling 21,690 hectares (53,597 acres).

The Company's interest in the mining lease is subject to two NSRs totaling a combined 1.25% on its original properties, and NSRs of 2% or 3% on certain of the properties acquired in 2014. The optioned claims are subject to a 2% NSR, with the option to buy back 1% of the NSR for a one-time payment of $1,000,000.

In connection with the Exploration Memorandum of Understanding ("Memorandum") with the Mishkeegogamang First Nation, the Company makes a quarterly payment to the Mishkeegogamang Community Fund based on 2% of on-site exploration expenditures incurred. This Memorandum allows the Company to continue exploration until a favourable feasibility study is completed and the Company elects to proceed with a recommissioning, construction or development of the property, at which time, the parties will negotiate an Impact Benefit Agreement.

A reclamation deposit of $115,215 as at December 31, 2015 is held with the Ontario Ministry of Northern Development of Mines, in relation to progressive rehabilitation costs at Pickle Crow, which principally occur as a result of the 225 tonne-per-day gravity processing mill located on site.

San Ricardo, Sonora, Mexico

The Company had optioned the property to Paget Minerals Corp. ("Paget") in 2012, however, in November 2014, Paget provided notice to the Company that it had elected not to incur and fund further work costs for the San Ricardo concessions under the option agreement. In March 2015, the Company received 882,968 shares of Paget at a fair value of $0.01 per share as settlement of the agreement, which is recorded in Marketable Securities.

Pluton, Durango, Mexico

In 2009, the Company entered into an option agreement, which was subsequently amended in January 2015, with the VP Exploration, a related party, to acquire a 100% interest in the Pluton property. In order to exercise the option, the Company must, on or before May 5, 2017, make a final option payment of USD$2,000,000 in cash or shares and satisfy a work commitment to incur USD$500,000 in exploration expenditures.

Puertecitos and Los Tamales, Sonora, Mexico

The Company acquired 100% interest in the Puertecitos and Los Tamales properties in 2009 and 2010, respectively, through staking activities. On November 20, 2015, the Company announced that it had signed an option agreement with Exploraciones Mineras Peñoles, S.A. de C.V., an indirect Mexican subsidiary of Industrias Peñoles S.A.B. de C.V. (Peñoles, BMV: PE) under which Peñoles may acquire the Company's Puertecitos and Los Tamales copper properties located within the prolific Sonora-Arizona, Copper Belt.

Under the option agreement, Peñoles may earn-in up to a 100% interest in Puertecitos and Los Tamales by paying to the Company a total of USD$1,500,000 over five years. If Peñoles completes the acquisition of Puertecitos and Los Tamales, the Company will retain a 2% NSR, of which Peñoles has the right to purchase 50% for USD$1,000,000 and the remaining 50% may be purchased for an additional USD$2,000,000. All mining concession taxes and assessment work for Puertecitos and Los Tamales, as required by law, will be paid by Peñoles under this agreement.

Los Lobos and Tierritas, Sonara, Mexico

During the year ended December 31, 2015 the Company decided to drop the Los Lobos and Tierritas properties as part of a consolidation program following a strategic review of its land packages, and prior to its January 2016 concession tax payments. Total capitalized mineral property costs of $534,746 and $31,798 respectively, were written off.

(Expressed in Canadian dollars unless otherwise noted)

10. VALUE-ADDED TAX RECEIVABLE

The Company, through its Mexican subsidiaries, pays value-added tax on the purchases of goods and services at a rate of 16%. The amount paid or payable is recoverable and the Company has been successful in applying for and receiving refunds in the past from the local tax authorities. However, there is no guarantee this will continue and, as such, these receivables are recorded as a non-current asset.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Category		December 31, 2015		December 31, 2014 RESTATED		January 1, 2014 RESTATED
Accounts payable	$	2,380,489	$	1,059,741	$	723,713
Other accrued liabilities		460,003		212,339		279,020
Total	**$**	**2,840,492**	**$**	**1,272,080**	**$**	**1,002,733**

Other accrued liabilities include a $350,000 payment due to Irving Resources Inc., the newly formed spinout as part of the Gold Canyon acquisition, which was subsequently paid on January 13, 2016.

12. LOANS PAYABLE

Category		December 31, 2015		December 31, 2014 RESTATED		January 1, 2014 RESTATED
First Majestic promissory note	$	1,560,073	$	626,090	$	159,540
Other loans payable		-		-		43,374
Total	**$**	**1,560,073**	**$**	**626,090**	**$**	**202,914**

At January 1, 2014 and December 31, 2014, the Company had received cash and issued promissory notes for a total of $159,540 and $580,050 (USD$150,000 and USD$500,000) respectively, to First Majestic Silver Corp. ("First Majestic"), a related party. The promissory notes carry an interest rate of 9% per annum and are repayable 30 days following the date First Majestic demands repayment.

In January 2015, the Company received cash and issued an additional $635,550 (USD$500,000) promissory note to First Majestic, under similar terms. As at December 31, 2015, the total loan principal outstanding was $1,384,000 (USD$1,000,000) and interest of $176,073 has been accrued (December 31, 2014 - $580,050 and $46,040, respectively).

As at the date of approval of these consolidated financial statements, the lender has not demanded repayment.

13. SHARE CAPITAL

a) Authorized

Unlimited number of common shares with no par value.
Unlimited number of preferred shares with no par value.

b) Issued and Fully Paid

Common shares: 293,289,909 (December 31, 2014 – 46,083,730).
Preferred shares: nil (December 31, 2014 – nil).

During the year ended December 31, 2015, the Company:

- completed a $5,024,965 private placement by issuing 12,562,412 common shares at $0.40 per share;
- issued 10,895,000 common shares at a fair value of $2,723,750 on conversion of subscription receipts at a price of $0.25 per share (see Note 7);
- issued 1,533,185 common shares for the settlement of debt in the amount of $479,410. The common shares issued were recorded at a fair value of $383,296 or $0.25 per share, resulting in a gain on debt settlement of $96,114;
- issued 2,692,124 common shares at a fair value of $673,031, or $0.25 per share in the RTO transaction (see Note 4);
- issued 27,499,461 common shares for the acquisition of Coastal in the amount of $14,024,725 (see Note 5);
- issued 161,200,447 common shares for the acquisition of Gold Canyon in the amount of $61,256,170 (see Note 6);
- issued 28,575,806 common shares for the acquisition of PC Gold in the amount of $11,430,322 (see Note 6);
- issued 1,057,522 common shares for the settlement of debt in the PC Gold acquisition in the amount of $423,009 (see note 6);
- issued 42,682 common shares for the settlement of debt previously held by Coastal, resulting in a gain on debt settlement of $3,650;
- issued 1,039,090 common shares for the exercise of options in the amount of $482,146; and
- issued 108,450 common shares for the exercise of warrants in the amount of $61,796.

There were a total of 7,332,273 common shares of the Company held in escrow under the Escrow Value Security Agreement dated March 30, 2015, on the completion of the RTO. Under this agreement, 10% of the shares were released immediately and 15% will be released every six months thereafter with the final release being on March 30, 2018. As at December 31, 2015, there were 5,499,206 common shares of the Company in escrow (December 31, 2014 – nil).

There were a total of 1,369,500 common shares of the Company held in escrow under the CPC Escrow Agreement dated August 2, 2005. At completion of the RTO, 10% of the common shares were released and 15% will be released every six months thereafter with the final release being March 30, 2018. As at December 31, 2015 there were 1,027,124 common shares of the Company in escrow (December 31, 2014 – 1,369,500 based on 4:1 rollback).

(Expressed in Canadian dollars unless otherwise noted)

13. SHARE CAPITAL (continued)

b) Issued and Fully Paid (continued)

During the year ended December 31, 2014 (restated – Note 23), the Company:

- completed a $524,750 private placement by issuing 3,498,333 common shares at $0.15 per share to certain directors and officers of the Company;
- issued 266,665 common shares for a settlement of promissory notes. The common shares issued were recorded at a fair value of $40,000 or $0.15 per share; and
- completed the acquisition of Minera Terra Plata, S.A. de C.V. and 0924682 BC Ltd. by issuing 15,718,387 common shares of the Company. The common shares issued were valued at $3,900,000 or $0.25 per share.

c) Warrants

The Company's warrants outstanding as at December 31, 2015 and December 31, 2014 and the changes for the years then ended are as follows:

	Number		Weighted Average Exercise Price
Balance as at December 31, 2013	**2,423,281**	**$**	**0.30**
Expired	(2,423,281)		0.30
Balance as at December 31, 2014	**-**	**$**	**-**
Issued – Reverse takeover	623,925		0.40
Issued – Gold Canyon replacement warrants	11,310,000		0.17
Issued – PC Gold replacement warrants	4,958,431		0.20
Exercised	(108,450)		0.40
Balance as at December 31, 2015	**16,783,906**	**$**	**0.19**

The following table summarizes information about the warrants as at December 31, 2015:

Exercise Price Per Share	Number of Warrants Outstanding	Weighted Average Remaining Life (Years)	Expiry Date
$0.40	515,475	0.75	September 30, 2016
$0.17	11,310,000	2.13	February 15, 2018
$0.20	3,188,040	2.35	May 8, 2018
$0.20	1,770,391	3.25	April 2, 2019

The Black-Scholes Pricing Model was used to estimate the fair value of the warrants using the following assumptions:

Issue date	Expected Warrant Life (Years)	Risk Free Interest Rate	Dividend Yield	Expected Volatility	Weighted Average Fair Value
March 30, 2015	1.50	0.78%	nil	90.43%	$0.17
November 13, 2015	2.26	1.03%	nil	104.56%	$0.27
November 16, 2015	2.48	1.03%	nil	104.37%	$0.29
November 16, 2015	3.38	1.03%	nil	98.80%	$0.30

The expense related to the warrants issued March 30, 2015 was treated as a share-issuance cost. The value of the warrants issued on November 13 and November 16, 2015 was included in the consideration paid for the Gold Canyon and PC Gold acquisitions.

(Expressed in Canadian dollars unless otherwise noted)

13. SHARE CAPITAL (continued)

d) Share Options

The Company has adopted a share option plan that allows for the issuance of up to 10% of the issued and outstanding shares as incentive share options to directors, officers, employees and consultants to the Company. Share options granted under the plan may be subject to vesting provisions as determined by the Board of Directors. All options granted and outstanding are fully vested and exercisable.

All share options of the Company prior to the RTO were cancelled effective July 1, 2014 as part of the Arrangement (Note 4).

The Company granted the following options to directors, officers, employees, consultants, and as part of its acquisitions during the year ended December 31, 2015:

	Number		Weighted Average Exercise Price
Balance as at December 31, 2014	-	$	-
Issued – March 30, 2015	2,550,000		0.40
Issued – July 7, 2015 (Replacement Coastal Gold options)	2,121,600		0.87
Issued – July 27, 2015	980,000		0.40
Issued – September 9, 2015	100,000		0.40
Issued – October 27, 2015	200,000		0.47
Issued – November 13, 2015 (Replacement Gold Canyon options)	6,012,500		0.39
Issued – November 16, 2015 (Replacement PC Gold options)	1,786,844		0.31
Issued – December 30, 2015	2,165,000		0.40
Replacement options exercised	(1,039,090)		0.31
Expired (Replacement Coastal Gold options)	(1,260,350)		1.30
Balance as at December 31, 2015	**13,616,504**	**$**	**0.39**

The total share-based payment expense recorded during the year ended December 31, 2015 was $1,267,851 (2014: $nil).

The following table summarizes information about the share options as at December 31, 2015:

Exercise Price Per Share of Options	Number of Options Outstanding	Weighted Average Remaining Life (Years) Options	Weighted Exercise Price of Options	Number of Options Exercisable	Expiry Date
$0.40	2,550,000	4.25	$0.40	2,550,000	March 29, 2020
$0.40	980,000	4.58	$0.40	980,000	July 27, 2020
$0.40	100,000	4.70	$0.40	100,000	September 8, 2020
$0.47	200,000	4.83	$0.47	40,000	October 27, 2020
$0.40	2,165,000	5.00	$0.40	2,085,000	December 30, 2020
$0.18-$2.18(1)	5,937,500	0.87	$0.41	5,937,500	November 13, 2016
$0.20-1.13(2)	1,684,004	0.88	$0.45	1,684,004	November 16, 2016

(1) Originally issued by Gold Canyon with various exercise prices and expiry dates. Following the acquisition of Gold Canyon the share options were replaced with First Mining share options using the transaction share exchange ratio. These options have an expiry date of November 13, 2016, being one year after the transaction, in accordance with First Mining's share option plan.

(2) Originally issued by PC Gold with various exercise prices and expiry dates. Following the acquisition of PC Gold the share options were replaced with First Mining share options using the transaction share exchange ratio. These options have an expiry date of November 16, 2016, being one year after the transaction, in accordance with First Mining's share option plan.

(Expressed in Canadian dollars unless otherwise noted)

13. SHARE CAPITAL (continued)

e) Share Options (continued)

The Black-Scholes Pricing Model was used to estimate the fair value of the share options using the following assumptions:

Issue date	Expected Option Life (Years)	Risk Free Interest Rate	Dividend Yield	Expected Volatility	Weighted Average Fair Value
March 30, 2015	5.00	1.38%	nil	87.67%	$0.27
July 7, 2015	0.25	0.46%	nil	77.44%	$0.13
July 27, 2015	5.00	1.50%	nil	89.69%	$0.28
September 9, 2015	5.00	1.50%	nil	91.96%	$0.28
October 27, 2015	5.00	1.50%	nil	91.28%	$0.33
November 13, 2015	1.00	0.85%	nil	104.56%	$0.18
November 16, 2015	1.00	0.85%	nil	104.56%	$0.21
December 30, 2015	5.00	1.50%	nil	90.79%	$0.12

14. SEGMENT INFORMATION

The Company operates in a single reportable operating segment, being the acquisition, exploration and retention of mineral property assets. Geographic segment information of the Company's non-current assets as at December 31, 2015 and December 31, 2014 is as follows:

Non-current assets	December 31, 2015	December 31, 2014 RESTATED (Note 23)
Canada	$ 99,242,994	$ -
Mexico	8,070,208	6,209,011
USA	680,860	535,556
Total	**$ 107,994,062**	**$ 6,744,567**

(Expressed in Canadian dollars unless otherwise noted)

15. INCOME TAXES

Taxation in the Company and its subsidiaries' operational jurisdictions is calculated at the rate prevailing in the respective jurisdictions. There is no tax charge arising for the year in Canada, Mexico, or the United States.

The difference between tax expense for the year and the expected income taxes based on the statutory tax rate arises as follows:

		Year ended December 31, 2015		Year ended December 31, 2014 RESTATED (Note 23)
Loss before income tax	$	5,082,057	$	723,138
Basic statutory and provincial income tax rate		26.00%		26.00%
Income tax recovery computed at statutory income tax rate		1,321,000		188,000
Reconciling items:				
Impact of asset acquisitions		8,892,000		941,000
Other non-deductible expenses		(531,000)		29,000
Effect of different foreign statutory tax rates on earnings of subsidiaries		33,000		12,000
Change in estimate and other		(450,000)		(36,000)
Changes in unrecognized deferred tax assets		(9,265,000)		(1,134,000)
	$	**-**	**$**	**-**

Effective January 1, 2015, the Canadian Federal corporate tax rate and British Columbia provincial tax rate remained at 15.00% and 11.00%, respectively. The federal statutory rate applicable for the 2015 taxation year is 30.00% for Mexico and 34.00% for the United States.

Deferred tax assets and liabilities are offset if they relate to the same taxable entity and same taxation authority. Future potential tax deductions that do not offset deferred tax liabilities are considered to be deferred tax assets. No deferred tax asset has been recognized in respect to the deferred tax asset losses and temporary differences below, as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

		Year ended December 31, 2015		Year ended December 31, 2014 RESTATED (Note 23)
Deferred income tax assets				
Losses carried forward	$	11,501,000	$	2,362,000
Undeducted financing costs and others		138,000		6,000
Equipment		18,000		87,000
Mineral properties		239,000		176,000
Unrecognized deferred tax assets		(11,896,000)		(2,631,000)
Total unrecognized deferred tax assets	**$**	**-**	**$**	**-**

(Expressed in Canadian dollars unless otherwise noted)

15. INCOME TAXES (continued)

At December 31, 2015, the Company has non-capital losses ("NCL's") of $40,253,000 (2014 - $2,900,000), which may be applied against future year's taxable income in Canada. The NCL's expire as follows:

Year of Expiry		Available Loss Carryforward
2025	$	893,000
2026		2,887,000
2027		3,714,000
2028		2,790,000
2029		4,968,000
2030		5,509,000
2031		5,721,000
2032		6,797,000
2033		2,935,000
2034		1,703,000
2035		2,336,000
Total	**$**	**40,253,000**

16. RELATED PARTY TRANSACTIONS

The Company's related parties consist of the Company's Directors and Officers, and any companies associated with them. The Company incurred the following expenditures during the years ended December 31, 2015 and 2014:

Service or Item	Year ended December 31,			
		2015		2014 RESTATED (Note 23)
Administration and office expenses	$	102,302	$	38,363
Consulting fees		-		148,984
Total	**$**	**102,302**	**$**	**187,347**

Administration and office expenses include amounts paid to First Majestic Silver Corp. ("First Majestic"), a company with three Directors in common, which provides management services, a Chief Financial Officer ("CFO"), Corporate Secretary and office space to the Company.

Prior to July 1, 2014, Seabord Services Corp. ("Seabord") was a management services company which provided a CFO, a Corporate Secretary, accounting and administration staff and office space to the Company. Under this arrangement, the CFO and Corporate Secretary were employees of Seabord and were not paid directly by the Company. Seabord ceased to be a related party on July 1, 2014 after termination of their agreement.

Consulting fees include amounts paid to the Chief Executive Officer and the VP Exploration prior to signing employment agreements with the Company.

As at December 31, 2015, included in accounts payable is an amount of $40,492 (December 31, 2014 - $423,250) due to the Chief Executive Officer and the VP Exploration who were consultants prior to the RTO. Included in current liabilities is an amount of $1,560,073 (December 31, 2014 - $626,090) due to First Majestic relating to the promissory notes (Note 12), as well as $15,000 due to First Majestic for administration and office expenses.

(Expressed in Canadian dollars unless otherwise noted)

16. RELATED PARTY TRANSACTIONS (continued)

Key Management Compensation

Key management includes the Officers and Directors of the Company. The compensation paid or payable to key management for services during the years ended December 31, 2015 and 2014 is as follows:

Service or Item	**Year ended December 31,**	
	2015	**2014 RESTATED** (Note 23)
Directors' fees	$ -	$ 13,164
Salaries and consultants' fees	380,464	148,984
Share-based payments	949,408	-
Total	**$ 1,329,872**	**$ 162,148**

17. SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended December 31, 2015, significant non-cash investing and financing transactions were as follows:

- 10,895,000 subscription receipts were converted into common shares with a value of $2,723,750 (see Note 7);
- Issued 1,533,185 shares for settlement of $479,410 in debt (see Note 13 (b));
- 2,692,124 shares issued as part of the RTO transaction with Albion and Sundance (see Note 4);
- 27,499,461 shares issued as part of the acquisition of Coastal (see Note 5);
- 161,200,447 shares issued as part of the acquisition of Gold Canyon (see Note 6);
- 28,575,806 shares issued as part of the acquisition of PC Gold (see Note 6);
- Issued 42,682 shares for the settlement of debt previously held by Coastal; and
- Paid or accrued $nil for income taxes.

During the year ended December 31, 2014 (restated – note 23), the significant non-cash investing and financing transactions were as follows:

- Issued 266,665 common shares for settlement of $40,000 in promissory notes;
- Issued 15,718,387 common shares for the acquisition of entities with a total value of $3,900,000 (Note 9); and
- Paid or accrued $nil for income taxes.

18. FAIR VALUE

Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

The Company characterizes inputs used in determining fair value using a hierarchy that prioritizes inputs depending on the degree to which they are observable. The three levels of the fair value hierarchy are as follows:

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

The carrying value of cash and cash equivalents, receivables and prepaid expenses, accounts payable and accrued liabilities, loans payable, and the debenture liability approximated their fair value because of the short-term. nature of these instruments

(Expressed in Canadian dollars unless otherwise noted)

18. FAIR VALUE (continued)

The carrying value of marketable securities was based on the quoted market prices of the shares as at December 31, 2015 and is therefore considered to be Level 1.

During the year ended December 31, 2015 there have been no transfers of amounts between Level 1, Level 2, and Level 3 of the fair value hierarchy.

At December 31, 2015				
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:				
Marketable securities	$ 8,830	$ -	$ -	$ 8,830
Total	**$ 8,830**	**$ -**	**$ -**	**$ 8,830**

19. FINANCIAL INSTRUMENTS

The classification of the financial instruments as well as their carrying values as at December 31, 2015 and 2014 is shown in the table below:

At December 31, 2015				
	Loans and Receivables	**FVTPL**	**Other Financial Liabilities**	**Total**
Financial assets				
Cash and cash equivalents	$ 683,608	$ -	$ -	$ 683,608
Marketable securities	-	8,830	-	8,830
Reclamation deposit	115,215	-	-	115,215
Total financial assets	**$ 798,823**	**$ 8,830**	**$ -**	**$ 807,653**
Financial liabilities				
Accounts payable and accrued liabilities	$ -	$ -	$ 2,840,492	$ 2,840,492
Loans payable	-	-	1,560,073	1,560,073
Debenture liability	-	-	307,562	307,562
Total financial liabilities	**$ -**	**$ -**	**$ 4,708,127**	**$ 4,708,127**

At December 31, 2014 – RESTATED (Note 23)				
	Loans and Receivables	**FVTPL**	**Other Financial Liabilities**	**Total**
Financial assets				
Cash and cash equivalents	$ 39,914	$ -	$ -	$ 39,914
Restricted cash	2,723,750	-	-	2,723,750
Total financial assets	**$ 2,763,664**	**$ -**	**$ -**	**$ 2,763,664**
Financial liabilities				
Accounts payable and accrued liabilities	$ -	$ -	$ 1,272,080	$ 1,272,080
Loans payable	-	-	626,090	626,090
Total financial liabilities	**$ -**	**$ -**	**$ 1,898,170**	**$ 1,898,170**

19. FINANCIAL INSTRUMENTS (continued)

At January 1, 2014 – RESTATED (Note 23)		Loans and Receivables		FVTPL		Other Financial Liabilities		Total
Financial assets								
Cash and cash equivalents	$	32,697	$	-	$	-	$	32,697
Total financial assets	**$**	**32,697**	**$**	**-**	**$**	**-**	**$**	**32,697**
Financial liabilities								
Accounts payable and accrued liabilities	$	-	$	-	$	1,002,733	$	1,002,733
Loans payable		-		-		202,914		202,914
Derivative liability		-		-		100,930		100,930
Total financial liabilities	**$**	**-**	**$**	**-**	**$**	**1,306,577**	**$**	**1,306,577**

20. FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include foreign currency risk, interest rate risk, credit risk, liquidity risk, and price risk. Where material, these risks are reviewed and monitored by the Board of Directors.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk includes foreign currency risk and interest rate risk.

Foreign Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada, the United States, and Mexico and a portion of the Company's expenses are incurred in Canadian dollars ("CAD"), US dollars ("USD"), and Mexican Pesos ("MXN"). A significant change in the currency exchange rates between the Canadian, US and Mexican currencies, could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

As at December 31, 2015, the Company is exposed to currency risk on the following assets and liabilities denominated in USD and MXN. The sensitivity of the Company's net earnings due to changes in the exchange rate between the USD and MXN against the Canadian dollar is included in the table below in Canadian dollar equivalents:

		USD Amount		MXN Amount		Total
Cash and cash equivalents	$	202,263	$	166,777	$	369,040
Receivables and prepaid expenditures		62,878		32,423		95,301
Value added tax receivable		-		138,166		138,166
Accounts payable and accrued liabilities		(89,310)		(178,453)		(267,763)
Net exposure	**$**	**175,831**	**$**	**158,913**	**$**	**334,744**
Effect of +/- 10% change in currency	**$**	**17,583**	**$**	**15,891**	**$**	**33,474**

20. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings that are subject to fluctuations in market interest rate. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

b) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents, receivables and value added tax receivables, prepaid expenditures and the reclamation deposit. The Company considers credit risk with respect to its cash and cash equivalents and receivables to be immaterial as cash and cash equivalents are mainly held through large Canadian financial institutions and receivables are comprised mainly of input tax credits due from the Canadian government. The Company is exposed to credit risk related to value added tax collectible from the government of Mexico. The balance is expected to be recoverable in full, however due to the tax rules and the complex collection process, a significant portion of the asset is classified as non-current until the recovery claim is approved by the tax authorities.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. As at December 31, 2015, the Company has outstanding trade payables and accrued liabilities of $2,840,492, which are generally payable within 12 months, and loans payable of $1,560,073 which are repayable on demand by the lender.

Typically, the Company ensures that it has sufficient cash on hand to meet expected operational expenses for a period of 90 days. The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable, which are generally due within 90 days or less.

d) Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of and retention of its mineral properties. The Company has the ability to raise new capital through equity issuances and/or through surplus cash as part of its acquisitions. In the management of capital, the Company includes the components of shareholders' equity as well as cash. The Company prepares annual estimates of exploration and administrative expenditures and monitors actual expenditures compared to the estimates to ensure that there is sufficient capital on hand to meet ongoing obligations. The Company's investment policy is to invest its cash in savings accounts or highly liquid short-term deposits with terms of one year or less and which can be liquidated after thirty days without interest penalty.

The Company is not exposed to any externally imposed capital requirements, nor were there changes in the Company's approach to capital management during the year.

(Expressed in Canadian dollars unless otherwise noted)

21. COMMITMENTS AND CONTINGENCIES

COMMITMENTS

The Company has commitments in respect of office rent, equipment leases, and transaction costs incurred through its acquisitions as follows:

	Expected payments due by period as at December 31, 2015		
	1 year	**2 – 3 years**	**4 – 5 years**
Office premises (PC Gold acquisition)	$ 77,684	$ 129,426	$ -
Equipment leases (Gold Canyon acquisition)	69,081	9,215	-
Contractual payments from acquisitions:			
Coastal	364,184	-	-
PC Gold	621,383	-	-
Gold Canyon	334,500	-	-
Total	**$ 1,466,832**	**$ 138,641**	**$ -**

CONTINGENCY

In 2014, Gold Canyon, a wholly owned subsidiary of the Company since November 2015, was charged under the Occupational Health and Safety Act for a workplace accident relating to the operation of certain equipment at Springpole that resulted in a worker being injured. The Company has engaged legal counsel and will attend a court hearing on May 19, 2016 for the incident which occurred prior to the acquisition. At this time, the Company cannot definitively predict the outcome of this proceeding or the amount of any damages or other penalties which may be charged, however, it is not expected to be material.

22. SUBSEQUENT EVENTS

a) Completion of Acquisition of Goldrush Resources Ltd.

On January 7, 2016, the Company completed an arrangement agreement (the "Arrangement Agreement") with Goldrush Resources Ltd. ("Goldrush") under which the Company would acquire all of the outstanding common shares of Goldrush on the basis of 0.0714 common shares in the capital of the Company for each Goldrush share by way of a plan of arrangement under the Business Corporations Act (British Columbia) (the "Transaction"). The Transaction will be conducted by way of a court-approved plan of arrangement, resulting in Goldrush becoming a wholly owned subsidiary of the Company. No replacement options or warrants were required as part of the transaction.

Transaction costs associated with the Arrangement Agreement will be included in the consideration paid to acquire the net assets of Goldrush. The Company received cash of approximately $3.4 million as a result of this acquisition.

b) Exercise of Warrants and Share Options

Subsequent to December 31, 2015, a total of 5,614,835 warrants of the Company were exercised for gross proceeds of $987,217, and a total of 1,599,139 replacement options of the Company were exercised for gross proceeds of $321,578.

22. SUBSEQUENT EVENTS (continued)

c) Arrangement Agreement with Clifton Star Resources Inc.

On February 12, 2016, the Company entered into a definitive agreement (the "Agreement") pursuant to which the Company has agreed to acquire all of the issued and outstanding common shares of Clifton Star Resources Inc. ("Clifton Star") in exchange for one common share of the Company for each Clifton Star common share held. On completion of the transaction, which is expected to close in mid-April subject to regulatory approval, Clifton Star will become a wholly-owned subsidiary of the Company.

d) Acquisition of Pitt Gold Property from Brionor Resources Inc.

On March 7, 2016, the Company entered into a purchase agreement to acquire the gold development property known as the "Pitt Gold Property" from Brionor Resources Inc. ("Brionor"). The aggregate purchase price is $1,250,000, of which $1,000,000 will be satisfied through the issuance of 2,535,293 First Mining common shares to Brionor, based on the 20-day VWAP, and the remaining $250,000 will be paid in cash. The First Mining common shares issued to Brionor will be subject to a four-month hold period. The Pitt Gold Property purchase will occur following completion of the Clifton acquisition.

23. ADJUSTMENT OF PREVIOUSLY REPORTED FINANCIAL INFORMATION DUE TO CHANGE IN PRESENTATION CURRENCY

For comparative purposes, the consolidated statements of financial position as at December 31, 2014 and January 1, 2014 include adjustments to reflect the change in accounting policy resulting from the change in presentation currency to Canadian dollars. The amounts previously reported in US dollars as shown below have been translated into Canadian dollars at the December 31, 2014 and January 1, 2014 exchange rate of 1.1601 CAD per 1.00 USD and 1.0636 CAD per 1.00 USD, respectively.

	As previously reported USD	**At translated rate of 1.0636 CAD**
As at January 1, 2014		
Current assets	$ 44,794	$ 47,643
Non-current assets	1,905,728	2,026,932
Total assets	**1,950,522**	**2,074,575**
Current liabilities	1,228,448	1,306,577
Total liabilities	$ **1,228,448**	$ **1,306,577**

As at December 31, 2014	**As previously reported USD**	**At translated rate of 1.1601 CAD**
Current assets	$ 2,417,286	$ 2,804,277
Non-current assets	5,813,781	6,744,567
Total assets	**8,231,067**	**9,548,844**
Current liabilities	1,636,208	1,898,170
Total liabilities	$ **1,636,208**	$ **1,898,170**

23. ADJUSTMENT OF PREVIOUSLY REPORTED FINANCIAL INFORMATION DUE TO CHANGE IN PRESENTATION CURRENCY (continued)

For comparative purposes, the consolidated statement of comprehensive loss for the three months and year ended December 31, 2014 includes adjustments to reflect the change in accounting policy resulting from the change in presentation currency to Canadian dollars. The amounts previously reported in US dollars as shown below have been translated into Canadian dollars at the average exchange rate for the year ended December 31, 2014 of 1.1046 CAD per 1.00 USD.

The effect of the translation is as follows:

	Year ended December 31, 2014	
	As previously reported USD	**At translated rate of 1.1046 CAD**
GENERAL AND ADMINISTRATIVE EXPENSES		
Administrative and office	$ 43,739	$ 48,315
Depreciation	7,960	8,793
Exploration and evaluation	97,697	107,916
Professional fees	210,674	232,711
Salaries and consultants	146,793	162,148
Transfer agent and filing fees	4,085	4,513
Travel and accommodation	13,275	14,664
Loss before other items	(524,223)	(579,060)
Foreign exchange gain	39,339	41,153
Gain on fair value adjustment of derivative liability	94,895	104,821
Interest and other expenses	(43,447)	(47,992)
Write-down of mineral properties	(221,221)	(242,060)
Net loss and comprehensive loss for the year	**$ (654,657)**	**$ (723,138)**
Other comprehensive income for the year		
Currency translation adjustment	-	417,314
Net loss and comprehensive loss for the year	**$ (654,657)**	**$ (305,824)**
Basic and diluted loss per share	$ (0.02)	$ (0.02)
Weighted average number of shares outstanding	**36,268,709**	**32,268,709**