FIRST POINT MINERALS CORP.

Consolidated Financial Statements

December 31, 2015 & 2014

(Stated in Canadian Dollars)

DeVISSERGRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of First Point Minerals Corp.

We have audited the accompanying consolidated financial statements of First Point Minerals Corp. and its subsidiaries which comprise the consolidated statements of financial position as at December 31, 2015 and 2014 and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the years then ended, 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 as issued by the International Accounting Standards Board, 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.

Auditors' 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 whether the consolidated financial statements are free of material misstatement.

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

We believe that the audit evidence we have obtained 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 Point Minerals Corp. and its subsidiaries as at December 31, 2015 and 2014 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 its ability to raise adequate financing and generate profitable operations in the future. These conditions indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern.

De Visser Gray LLP

CHARTERED ACCOUNTANTS
Vancouver, Canada
March 29, 2016

FIRST POINT MINERALS CORP.
Consolidated Statements of Financial Position
(Stated in Canadian Dollars)

	Dec. 31 2015	Dec. 31 2014
	$	$
ASSETS		
Current		
Cash and cash equivalents (note 4)	890,435	1,930,883
Amounts receivable (note 5)	14,261	12,633
Prepaid expenses (note 6)	9,919	20,539
Total Current Assets	914,615	1,964,055
Equipment (note 7)	3,553	12,652
Reclamation deposits (note 8)	94,738	23,036
Marketable securities (note 9)	179,213	103,892
Exploration and evaluation assets (note 10)	8,166,991	1,782,061
Total Assets	9,359,110	3,885,696
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 11)	93,809	46,272
Severance payable (note 15)	499,579	-
Interest payable (note 12)	12,167	-
Total Current Liabilities	605,555	46,272
Severance payable (note 15)	174,171	-
Loan payable (note 12)	6,960,744	-
Total Liabilities	7,740,470	46,272
EQUITY		
Share capital (note 13)	28,606,814	28,606,814
Other equity reserve (note 13)	5,157,495	5,157,495
Deficit	(31,963,703)	(29,667,598)
Accumulated other comprehensive loss	(181,966)	(257,287)
Total Shareholders' Equity	1,618,640	3,839,424
Total Liabilities and Shareholders' Equity	9,359,110	3,885,696

Nature and continuance of operations (note 1)

Commitments (note 16)

Approved and authorized by the Board of Directors:

/s/ Peter M. D. Bradshaw — Peter M.D. Bradshaw, Director

/s/ Robert A. Watts — Robert A. Watts, Director

See notes to the consolidated financial statements

FIRST POINT MINERALS CORP.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended December 31
(Stated in Canadian dollars)

	2015	2014
EXPENSES	**$**	$
Accounting, legal and audit	**73,854**	74,294
Amortization	**9,099**	20,344
Communications	**15,181**	44,456
Foreign exchange loss	**242,605**	2,758
General exploration	**159,411**	160,769
Insurance	**6,032**	6,642
Interest expense (note 12)	**319,076**	-
Management fees	**205,565**	181,900
Office and administration	**43,972**	22,092
Rent	**53,752**	42,531
Severance	**673,750**	-
Share-based compensation	**-**	143,164
Travel and promotion	**38,394**	46,068
Trust and filing fees	**43,814**	32,971
Wages and benefits	**472,443**	523,660
Loss before other items	**(2,356,948)**	(1,301,649)
OTHER ITEMS		
Interest income	**20,661**	43,785
British Columbia mineral exploration tax credits	**40,182**	16,081
Properties/costs written off	**-**	(2,659,202)
	60,843	(2,599,336)
Net loss for the year	**(2,296,105)**	(3,900,985)
Other comprehensive loss		
Items that may be reclassified to income:		
Unrealized gain (loss) on marketable securities	**75,321**	(31,167)
Comprehensive loss for the year	**(2,220,784)**	(3,932,152)
Basic and diluted loss per share (note 14)	**$0.02**	$0.04
Weighted average number of common shares outstanding	**105,804,339**	105,804,339

See notes to the consolidated financial statements

FIRST POINT MINERALS CORP.

Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2015 and December 31, 2014
(Stated in Canadian Dollars)

	Share Capital		Other		Accumulated Other	
	Number of Shares	Amount	Equity Reserve	Deficit	Comprehensive Loss	Total
	#	$	$	$	$	$
Balance, December 31, 2013	**105,804,339**	**28,606,814**	**5,014,331**	**(25,766,613)**	**(226,120)**	**7,628,412**
Share-based compensation	-	-	143,164	-	-	143,164
Loss for the year	-	-	-	(3,900,985)	-	(3,900,985)
Other comprehensive loss	-	-	-	-	(31,167)	(31,167)
Balance, December 31, 2014	**105,804,339**	**28,606,814**	**5,157,495**	**(29,667,598)**	**(257,287)**	**3,839,424**
Loss for the year	-	-	-	(2,296,105)	-	(2,296,105)
Other comprehensive gain	-	-	-	-	75,321	75,321
Balance, December 31, 2015	**105,804,339**	**28,606,814**	**5,157,495**	**(31,963,703)**	**(181,966)**	**1,618,640**

See notes to the consolidated financial statements

FIRST POINT MINERALS CORP.
Consolidated Statements of Cash Flows
For the Years Ended December 31
(Stated in Canadian Dollars)

	2015	2014
	$	$
Cash provided by (used for):		
Operating activities		
Net loss for the year	**(2,296,105)**	(3,900,985)
Add items not involving cash:		
Amortization	**9,099**	20,344
Accrued interest included in loan payable	**40,744**	-
Unrealized foreign exchange loss on loan payable	**243,500**	-
Share-based compensation	**-**	143,164
Properties/costs written off	**-**	2,659,202
	(2,002,762)	(1,078,275)
Changes in non-cash working capital components:		
Amounts receivable	**(1,628)**	(562)
Prepaid expenses	**10,620**	45,820
Accounts payable and accrued liabilities	**47,537**	(24,276)
Severance payable	**673,750**	-
Interest payable	**12,167**	-
	(1,260,316)	(1,057,293)
Financing activities *		
Proceeds from long-term debt	**6,676,500**	-
Investing activities *		
Reclamation deposits	**(71,702)**	(201)
Exploration and evaluation expenditures	**(181,158)**	(833,552)
Recovery of property costs incurred	**152,598**	111,974
Acquisition of mineral properties	**(6,356,370)**	-
	(6,456,632)	(721,779)
Net cash and cash equivalents used during year	**(1,040,448)**	(1,779,072)
Cash and cash equivalents – beginning of year	**1,930,883**	3,709,955
Cash and cash equivalents - end of year	**890,435**	1,930,883

**** Supplemental disclosure of non-cash financing and investing activities:***

Interest received	**22,050**	43,956
Accounts payable related to mineral properties	**-**	5,803

See notes to the consolidated financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

First Point Minerals Corp. (the "Company") is incorporated under the *Business Corporations Act* (Alberta) and is involved in the acquisition and exploration of mineral property interests that are considered potential sites of economic mineralization. At the date of these consolidated financial statements, the Company has not identified a known body of commercial grade ore on any of its properties and the ability of the Company to recover the costs it has incurred to date on these properties is dependent upon the Company being able to identify a commercial ore body, to finance its exploration and development costs and to resolve any environmental, regulatory, or other constraints which may hinder the successful development of the property.

On November 18, 2015, the Company closed a transaction with Cliffs Natural Resources Inc. ("Cliffs") to purchase Cliffs' 60% ownership of First Point's flagship Decar nickel project, located in central British Columbia, for an acquisition price of US $4.75 million (CDN $6.27 million) ("the Transaction"). Completion of the Transaction has resulted in First Point owning 100% of the Decar project. To finance the Transaction, First Point entered into an arm's-length loan agreement with an individual shareholder of First Point ("the Lender"), through which the Lender lent US $5.0 million (CDN $6.68 million) to the Company for a five-year period at a 6.5% headline interest rate. Of this, 1.5% will be paid currently, on a semi-annual basis, and the remaining 5% interest will be accrued and paid at the end of the loan term. In addition, the Lender received a drawdown fee equal to 4% of the loan amount and received a 1% net smelter return ("NSR") royalty over the Decar project.

The Company has not generated revenue from operations. The Company incurred a net loss of $2,296,105 during the year ended December 31, 2015 and as of that date the Company's deficit was $31,963,703. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties.

The Company's working capital position at December 31, 2015 was $309,060. The Company's ability to continue future operations and fund its exploration, evaluation and development activities is dependent on management's ability to secure additional financing in the future, which may be completed in a number of ways including, but not limited to, the issuance of debt or equity instruments, expenditure reductions, or a combination of strategic partnerships, joint venture arrangements, debt financing, royalty financing and other capital markets alternatives. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company. If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these consolidated financial statements. These circumstances indicate the existence of material uncertainties that cast significant doubt upon the Company's ability to continue as a going concern and accordingly, the appropriateness of the use of International Financial Reporting Standards ("IFRS") applicable to a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

These consolidated financial statements include the financial statements of the Company and its subsidiaries. They are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

The head office and principal address of the Company is Suite 725 – 1155 West Pender Street, Vancouver, British Columbia V6E 2P4. The Company's registered and records office is 4500 Bankers Hall East, 855 Second Street SW, Calgary, Alberta T2P 4K7.

(Stated in Canadian Dollars)

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements of the Company for the year ended December 31, 2015, including comparatives for the prior year, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

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

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical costs basis except for financial instruments classified as financial instruments at fair value through profit or loss or available-for-sale, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the period. Although management uses historical experience and its best knowledge of the amounts, events or actions to form the basis for judgments and estimates, actual results could differ from these estimates. See also Note 3 (t).

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

(a) Basis of consolidation

The consolidated financial statements include the accounts of the parent company, First Point Minerals Corp. and its subsidiaries as listed below:

Name of Subsidiary	Jurisdiction	Nature of Operations	Equity Interest
Epic Resources LLC	United States	Exploration	100%
First Point International Corp.	Barbados	Holding company	100%
First Point Mexico, S.A. de C.V.	Mexico	Exploration	100%
First Point Honduras, S.A. de C.V.	Honduras	Exploration	100%
First Point NiFe One Corp.	Barbados	Holding company	100%
First Point NiFe Two Corp.	Barbados	Holding company	100%
First Point NiFe Pacific Corp.	Barbados	Holding company	100%
Hastings Minerals Pty. Ltd.	Australia	Exploration	100%
Pender Mineral Madencilik AS	Turkey	Exploration	100%

The financial statements of the Company's subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company has the power, directly or indirectly, to determine the financial and operating policies of an entity so as to obtain benefits from its activities. All intercompany balances and transactions have been eliminated.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) ***Foreign currencies***

The functional currency of the Company and its subsidiaries is the Canadian dollar and unless otherwise specified, all dollar amounts in these consolidated financial statements are expressed in Canadian dollars. The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21 **-** *The Effects of Changes in Foreign Exchange Rates*.

The accounts of foreign operations are translated into Canadian dollars as follows: monetary assets and liabilities at the rates of exchange prevailing at the statement of financial position date; non-monetary assets and liabilities at applicable historical exchange rates; revenues and expenses at the average rate of exchange for the year, except for non-monetary expenses which are recorded at the rates used for the translation of the related assets. Foreign exchange translation gains and losses are included in the statement of loss and comprehensive loss.

(c) ***Financial instruments***

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired, as follows:

Fair value through profit or loss **-** This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing such financial assets in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statements of loss and comprehensive loss.

Loans and receivables **-** These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments **-** These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statements of loss and comprehensive loss.

Available-for-sale – Marketable securities and other non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statements of loss and comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) ***Financial instruments*** *(continued)*

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired, as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing such financial liabilities in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statements of loss and comprehensive loss.

Other financial liabilities - This category includes accounts payable and accrued liabilities, severance payable, interest payable, and loan payable, all of which are recognized at amortized cost.

The Company has classified its cash and cash equivalents as fair value through profit or loss, marketable securities as available-for-sale and receivables, exclusive of GST receivable, and reclamation deposits as loans and receivables. The Company's accounts payable and accrued liabilities, severance payable, interest payable, and loan payable are classified as other financial liabilities.

(d) ***Cash and cash equivalents***

Cash and cash equivalents include cash on hand and highly liquid investments having maturity dates of one year or less from the date of acquisition, which are readily convertible to known amounts of cash.

(e) ***Equipment***

Assets are measured at historical cost less accumulated amortization and impairment losses. Amortization is charged on a straight-line basis over the useful lives of these assets. Residual values, amortization methods and useful economic lives are reviewed and adjusted if appropriate, at each reporting date.

Amortization is recognized using the following rates:

Computer hardware and software	Straight-line over three years
Office furniture and equipment	Straight-line over ten years
Field equipment	Straight-line over three years

Equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, is regularly identified and written off. Subsequent expenditures relating to an item of equipment are capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance.

(f) ***Impairment of equipment and intangible assets (excluding goodwill)***

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) ***Impairment of equipment and intangible assets (excluding goodwill)*** *(continued)*

time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(g) ***Reclamation deposits***

Cash which is subject to contractual restrictions on use imposed by government agencies as a condition of granting permits in connection with exploration and evaluation assets is classified separately as reclamation deposits.

(h) ***Exploration and evaluation assets***

Once the legal right to explore a property has been acquired, the acquisition costs, including legal and other directly related fees, and the costs directly related to exploration and evaluation assets are recognized and capitalized. These direct expenditures include such costs as materials used, surveying costs, drilling costs, and payments made to contractors. Costs not directly attributable to exploration and evaluation assets activities, including general administrative costs, are expensed in the period in which they occur.

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

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation asset expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation asset expenditures in excess of estimated recoveries are written off to the statements of loss and comprehensive loss.

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.

Once the technical feasibility and commercial viability of extracting the mineral resource has been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized costs. Exploration and evaluation assets are classified as intangible assets.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Government assistance

Government assistance received in respect to exploration and evaluations asset expenditures is offset against the costs incurred, or included in income if the costs applicable to such properties have been written off.

(j) Option agreements – exploration and evaluation assets

From time to time, the Company may acquire or dispose of exploration and evaluation assets pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation expenditures or recoveries when the payments are made or received.

(k) Comprehensive loss

Comprehensive income is the change in shareholders' equity during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The statements of loss and comprehensive loss lists unrealized gains and losses for classifications of financial instruments that do not require such gains and losses to be included in net income.

(l) Income taxes

The Company accounts for and measures deferred tax assets and liabilities in accordance with the asset and liability method.

Under this method, deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively-enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment of the change. When the future realization of income tax assets does not meet the test of being more likely than not to occur, no net asset is recognized. Accordingly, the Company's accounting policy for deferred income taxes currently has no effect on the financial statements of any of the fiscal periods presented.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(m) Share capital

Common shares issued for non-monetary consideration are recorded at their fair market value based upon the date of share issuance.

Costs incurred to issue common shares are deducted from share capital.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Flow-through shares

The Company from time to time issues flow-through common shares to finance a significant portion of its exploration programs. Pursuant to the terms of the applicable flow-through share subscription agreements, the tax deductibility of qualifying resource expenditures funded from the proceeds of the sales of such shares is transferred to the investors who purchased the flow-through shares. Under IFRS, on issuance of such shares, the Company bifurcates the flow-through share into: (i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and (ii) share capital. As the related exploration expenditures are incurred, the Company derecognizes the liability and recognizes an income tax recovery.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the "Look-back" Rule, in accordance with flow-through regulations pursuant to the *Income Tax Act (Canada)*. When applicable, this tax is accrued as a financial expense until paid.

(o) Share-based payment transactions

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

(p) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributed to common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted earnings (loss) per share are calculated in a manner similar to that used to calculate basic earnings (loss) per share except that the weighted average shares outstanding are increased to include the additional shares resulting from the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. Diluted loss per share does not adjust the loss attributed to common shareholders or the weighted average number of common shares outstanding when the effect of such adjustments is anti-dilutive.

(q) Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) ***Provision for environmental rehabilitation*** *(continued)*

The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

At December 31, 2015, the Company does not have any provision for environmental rehabilitation.

(r) ***Provisions***

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions for environmental restoration, legal claims, onerous leases and other onerous commitments are recognized at the best estimates of the expenditures required to settle the Company's liability.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible capital assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as an accretion expense.

(s) ***Related party transactions***

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(t) ***Significant accounting judgments and estimates***

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

(Stated in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) ***Significant accounting judgments and estimates*** *(continued)*

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statements of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability and probability of future economic benefits of amounts capitalized as exploration and evaluation assets; and
- the inputs used in determining the various commitments which are accrued in the consolidated statements of financial position.

(u) ***Anticipated changes to International Financial Reporting Standards***

The Company does not expect that the changes to IFRS that are effective as of January 1, 2016 will have a significant impact on the Company's results of operations or financial position.

4. CASH AND CASH EQUIVALENTS

	2015	2014
Cash on deposit	$ 159,941	$ 150,828
Liquid short-term investments	730,494	1,780,055
Cash and cash equivalents	$ 890,435	$ 1,930,883

5. AMOUNTS RECEIVABLE

The Company's receivables arise mainly from GST receivable due from Canadian government taxation authorities.

6. PREPAID EXPENSES

The Company's prepaid expenses consist of the following:

	2015	2014
Insurance	$ 1,670	$ 1,920
Vendor prepayments	8,249	18,619
Total	$ 9,919	$ 20,539

(Stated in Canadian Dollars)

7. EQUIPMENT

	Computer hardware and software	Office furniture and equipment	Field equipment	Total
Cost at December 31, 2013	$ 81,285	$ 80,058	$ 92,050	$ 253,393
Additions	-	-	-	-
Cost at December 31, 2014	81,285	80,058	92,050	253,393
Accumulated amortization at December 31, 2013	74,570	75,080	70,747	220,397
Amortization/depletion	4,672	995	14,677	20,344
Accumulated amortization at December 31, 2014	79,242	76,075	85,424	240,741
Net book value December 31, 2014	$ 2,043	$ 3,983	$ 6,626	$ 12,652

	Computer hardware and software	Office furniture and equipment	Field equipment	Total
Cost at December 31, 2014	$ 81,285	$ 80,058	$ 92,050	$ 253,393
Additions	-	-	-	-
Cost at December 31, 2015	81,285	80,058	92,050	253,393
Accumulated amortization at December 31, 2014	79,242	76,075	85,424	240,741
Amortization/depletion	1,841	797	6,461	9,099
Accumulated amortization at December 31, 2015	81,083	76,872	91,885	249,840
Net book value December 31, 2015	$ 202	$ 3,186	$ 165	$ 3,553

8. RECLAMATION DEPOSITS

The Company has provided deposits as security against potential future reclamation work relating to two of its mineral properties. As at December 31, 2015, a total of $94,738 (2014 - $23,036) has been provided in the form of cash and Guaranteed Investment Certificates posted with the Minister of Finance for the Province of British Columbia for the benefit of the provincial Ministry of Energy and Mines.

9. MARKETABLE SECURITIES

Marketable securities consist of equity securities over which the Company does not have control or significant influence. Marketable securities are designated as available-for-sale. Unrealized gains and losses due to period end revaluations to fair value are included in other comprehensive loss for the period. At December 31, 2015, the Company owned 1,038,916 (2014 - 1,038,916) shares of Aquila Resources Inc., the shares of which are traded on the Toronto Stock Exchange.

	2015	2014
Marketable securities – fair value	$ 179,213	$ 103,892
Marketable securities – cost	361,165	361,165

10. EXPLORATION AND EVALUATION ASSETS

As at December 31, 2015, the Company holds interests in five nickel properties, four of which are located in British Columbia, and one of which is located in the Yukon Territory. The Company has a 100% interest in each of the properties. With the exception of the Decar property located in central British Columbia, the Company's nickel properties are all in the early stage of exploration. The Company also holds one concession in Honduras that is presently on "care and maintenance" but which has been explored for gold in the past.

Canada

Nickel Properties, British Columbia and Yukon Territory

Under the terms of an option agreement entered into in November 2009, Cliffs held the right to earn an initial 51% interest in the Decar property by spending US$4,500,000 on the property over four years. In mid-September, 2011, Cliffs committed to completing a National Instrument 43-101 compliant preliminary economic assessment ("PEA") on the Decar property. Pursuant to an amended agreement dated September 21, 2011, by agreeing to complete the scoping study within 18 months, Cliffs was deemed to have earned an initial 51% interest in the Decar property and the Company was deemed to have earned a 1% NSR royalty in the Decar property. On delivery of the PEA in April 2013, Cliffs earned an additional 9% interest in the Decar property, bringing its aggregate interest to 60%. In August 2015, the structure of ownership of the Decar project converted to a contractual joint venture, with initial ownership interests fixed at 60% for Cliffs and 40% for First Point.

On November 18, 2015, the Company closed the Transaction with Cliffs to purchase Cliffs' 60% ownership of the Decar project for an acquisition price of US $4.75 million (CDN $6.27 million). Completion of the Transaction has resulted in First Point owning 100% of the Decar project. To finance the Transaction, First Point entered into an arm's-length loan agreement with an individual shareholder of First Point, through which the Lender lent US $5.0 million (CDN $6.68 million) to the Company for a five-year period at a 6.5% headline interest rate. Of this, 1.5% will be paid currently, on a semi-annual basis, and the remaining 5% interest will be accrued and paid at the end of the loan term. In addition, the Lender received a drawdown fee equal to 4% of the loan amount and received a 1% NSR royalty over the Decar project.

During the year ended December 31, 2014, deferred acquisition and exploration costs incurred on three of the Company's British Columbia nickel properties (Wale, Orca and Klow) totaling $2,441,636 were written off as the Company has no plans at this time to perform significant work on those properties. The Company retains the underlying mineral claims for the Wale, Orca, and Klow nickel properties in good standing. As of December 31, 2015, the Wale, Orca and Klow properties are carried at a nominal value of $1 per property.

During the year ended December 31, 2014, the Company dropped the mineral claims for the Letain nickel property in British Columbia and wrote off deferred acquisition and exploration costs totaling $41,185.

Norway

Fera & Leka Exploration Concessions

In 2012, the Company acquired mining licenses comprising the Fera and Leka exploration concessions, covering approximately 160 square kilometres ("sq km"). During the year ended December 31, 2012, when it was determined that the resource potential of certain concessions was unlikely to warrant further expenditures, the Company dropped the Leka property and reduced its holdings at Fera. During the year ended December 31, 2014, when it was determined that the resource potential of the remaining Fera concessions was unlikely to warrant further expenditures, the Company dropped those concessions and wrote off deferred acquisition and exploration costs totaling $176,381.

10. EXPLORATION AND EVALUATION ASSETS *(continued)*

Honduras

Camporo Property

The Company acquired a 60% interest in the Camporo property in southern Honduras, subject to a 0.6% NSR royalty interest, from Minera Battle Mountain Gold Company ("BMG") by incurring exploration expenditures of US$1,000,000 (incurred) and issuing 700,000 common shares (issued). The Company has an option to earn the remaining 40% interest in this property from a Honduran subsidiary of Breakwater Resources Ltd. The consideration to be paid to acquire Breakwater's interest in the property will consist of: (i) 500,000 First Point common shares ("Common Shares") if the value of a Common Share is $0.20 or higher to a maximum of $1.00 per Common Share provided that the number of Common Shares to be issued will have a maximum fair market value of not more than $500,000, or (ii) if the fair market value of a Common Share is less than $0.20, a combination of 500,000 Common Shares and a cash payment in an amount equal to $100,000 less the value of the 500,000 Common Shares, which value shall be determined using the weighted average price per Common Share calculated over the five trading days preceding the relevant date.

Breakwater will retain a sliding scale royalty of 0.4% of the gross gold sale proceeds starting at US$325 per ounce and rising to a maximum of 1.2% of the gross gold sale proceeds at US$400 per ounce and of 0.4% of the gross silver sale proceeds starting at US$5.25 per ounce and rising to a maximum of 1.2% of the gross silver sale proceeds at US$7.00 per ounce. The property is carried at a nominal value of $1.

(Stated in Canadian Dollars)

10. EXPLORATION AND EVALUATION ASSETS *(continued)*

Consolidated Schedule of Costs – Exploration and Evaluation Assets

	Balance Dec. 31, 2013 $	Acquisition Costs $	Exploration Costs $	Recoveries $	Costs Written Off $	Balance Dec. 31, 2014 $
CANADA						
Decar	686,222	-	242,900	(401)	-	928,721
Wale	1,718,095	-	8,272	(39,688)	(1,686,678)	1
Orca	119,120	-	3,383	(1,960)	(120,542)	1
Klow	703,078	-	225	(68,886)	(634,416)	1
Mich	284,926	-	568,410	-	-	853,336
Letain	42,224	-	-	(1,039)	(41,185)	-
Subtotal, Canada	3,553,665	-	823,190	(111,974)	(2,482,821)	1,782,060
NORWAY						
Fera	160,216	12,306	3,859	-	(176,381)	-
Subtotal, Norway	160,216	12,306	3,859	-	(176,381)	-
HONDURAS						
Camporo	1	-	-	-	-	1
Subtotal, Honduras	1	-	-	-	-	1
Total Costs – Exploration & Evaluation Assets	**3,713,882**	**12,306**	**827,049**	**(111,974)**	**(2,659,202)**	**1,782,061**

(Stated in Canadian Dollars)

10. EXPLORATION AND EVALUATION ASSETS *(continued)*

Consolidated Schedule of Costs – Exploration and Evaluation Assets

	Balance Dec. 31, 2014 $	Acquisition Costs $	Exploration Costs $	Recoveries $	Costs Written Off $	Balance Dec. 31, 2015 $
CANADA						
Decar	928,721	6,356,370	150,213	(102,599)	-	7,332,705
Wale	1	-	-	-	-	1
Orca	1	-	-	-	-	1
Klow	1	-	-	-	-	1
Mich	853,336	-	30,946	(50,000)	-	834,282
Subtotal, Canada	1,782,060	6,356,370	181,159	(152,599)	-	8,166,990
HONDURAS						
Camporo	1	-	-	-	-	1
Subtotal, Honduras	1	-	-	-	-	1
Total Costs – Exploration & Evaluation Assets	**1,782,061**	**6,356,370**	**181,159**	**(152,599)**	**-**	**8,166,991**

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are broken down as follows:

	2015	2014
Trade payables	$ 73,597	$ 19,284
Accrued liabilities	20,212	26,988
Total	$ 93,809	$ 46,272

12. LOAN PAYABLE

On September 4, 2015, First Point entered into an arm's-length loan agreement with an individual shareholder of the Company, through which the Lender lent US $5.0 million (CDN $6.68 million) to the Company for a five-year period at a 6.5% headline interest rate. Of this, 1.5% will be paid currently, on a semi-annual basis, and the remaining 5% interest will be accrued and paid at the end of the loan term. At December 31, 2015, the fair value of the loan payable was approximately $5,379,000. Fair value was determined using an income approach. An income approach is a present value technique that takes into account the future cash flows that would be expected to be received from holding the loan payable as an asset. Present value was calculated using the following attributes – future lump sum of $6,920,000, 56 months to maturity, and a discount rate of 6.5% discounted annually. In addition, the Lender received a drawdown fee equal to 4% of the loan amount and received a 1% NSR royalty over the Decar project.

(Stated in Canadian Dollars)

12. LOAN PAYABLE (*continued*)

The loan matures on September 4, 2020 and is carried at amortized cost. There are no covenant provisions associated with the loan, which is secured against the Decar project. The loan may be repaid, in whole or in part, prior to maturity and without penalty, at the option of First Point. As of December 31, 2015, interest payable on the loan in the next twelve months in the amount of $12,167 has been accrued and classified as a current liability. As at December 31, 2015, the loan payable balance includes accrued interest of $40,744 and interest expense includes the drawdown fee of $267,060.

13. SHARE CAPITAL

(a) Authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of first and second preferred shares. None of the preferred shares have been issued.

(b) Issued and outstanding

During the years ended December 31, 2014 and 2015, the Company issued no common shares.

(c) Stock options

The Company has an incentive stock option plan that conforms to the requirements of the Toronto Stock Exchange. Options to purchase common shares have been granted to directors, employees and consultants of the Company at exercise prices determined by their market value on the date of the grant. The options vest immediately on the date of the grant or as otherwise determined at the discretion of the Board. Stock option transactions during the years ended December 31, 2014 and 2015 and the number of stock options outstanding and exercisable at December 31, 2015 are summarized as follows:

	Number of Options	Weighted-Average Exercise Price ($)	Weighted-Average Contractual Remaining Life (Years)
Balance, December 31, 2013	**8,903,000**	**0.63**	**2.39**
Granted	1,375,000	0.15	
Cancelled	(86,000)	0.65	
Expired	(1,600,000)	0.35	
Balance, December 31, 2014	**8,592,000**	**0.61**	**2.17**
Expired	(1,625,000)	0.68	
Balance, December 31, 2015	**6,967,000**	**0.59**	**1.58**
Exercisable at December 31, 2015	**6,967,000**		

(Stated in Canadian Dollars)

13. SHARE CAPITAL *(continued)*

Summary of stock options outstanding at December 31, 2015:

Number Outstanding	Exercise Price ($)	Expiry Date
75,000	0.85	January 5, 2016*
1,800,000	0.80	April 14, 2016
150,000	0.95	June 30, 2016
2,267,000	0.75	February 14, 2017
200,000	0.50	September 1, 2017
850,000	0.50	February 8, 2018
250,000	0.20	August 19, 2018
1,375,000	0.15	September 5, 2019
6,967,000		

* Subsequently expired unexercised

(d) Share-based compensation

On September 5, 2014, the Company granted directors, officers, and employees an aggregate of 1,375,000 options to purchase shares at an exercise price of $0.15 per share, all of which vested immediately. The options will expire on September 5, 2019. The fair value of the options granted was $123,289, or $0.0897 per option.

There were no stock options granted in 2015. The weighted average fair value of stock options granted during the years ended December 31, 2014 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2014
Expected dividend yield	0%
Risk-free interest rate	1.58%
Expected stock price volatility	106%
Expected life of options	5 years
Weighted average fair value per stock option	$0.0897

Share-based compensation expense of nil was recorded during the year ended December 31, 2015 (2014 - $143,164). The offsetting credit was to other equity reserve.

Option pricing models require the input of highly subjective assumptions, particularly as to the expected price volatility of the stock. Changes in these assumptions can materially affect the fair value estimate and therefore it is management's view that the existing models do not necessarily provide a single reliable measure of the fair value of the Company's stock option grants.

(Stated in Canadian Dollars)

13. SHARE CAPITAL *(continued)*

(e) Warrants

Warrant transactions during the years ended December 31, 2014 and 2015 and the number of warrants outstanding at December 31, 2015 are summarized as follows:

	Number of Warrants	Weighted-Average Exercise Price ($)	Weighted-Average Contractual Remaining Life (Years)
Balance, December 31, 2013	**5,268,110**	**0.27**	**2.81**
Expired	(189,525)	0.72	
Balance, December 31, 2014	**5,078,585**	**0.25**	**1.89**
Balance, December 31, 2015	**5,078,585**	**0.25**	**0.89**

Warrants outstanding at December 31, 2015:

Number Outstanding	Exercise Price ($)	Expiry Date
210,190 (1)	0.25	Nov. 18, 2016
2,633,940	0.25	Nov. 18, 2016
210,194 (1)	0.25	Nov. 26, 2016
2,024,261	0.25	Nov. 26, 2016
5,078,585		

Notes (1) Finders' warrants with a fair value of $0.0712 per warrant

(f) Other equity reserve

The following is a summary of the components of other equity reserve at December 31, 2014 and 2015:

	2015	2014
Share options	$ 4,799,848	$ 4,799,848
Finders' warrants	357,647	357,647
Total other equity reserve	$ 5,157,495	$ 5,157,495

14. LOSS PER SHARE

Loss per share has been calculated using the weighted-average number of common shares outstanding during the year. Diluted loss per share has not been calculated as it is anti-dilutive.

(Stated in Canadian Dollars)

15. RELATED PARTY TRANSACTIONS

At December 31, 2015, liabilities included $686,324 (2014 – $15,639) due to related parties. Amounts due to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

During the year ended December 31, 2015, the Company entered into the following related party transactions:

- paid or accrued $102,915 (2014 - $114,400) in fees to Martin Turenne Consulting Ltd., a private company controlled by Martin Turenne, the Company's President and Chief Executive Officer, for management and administrative services.

- paid or accrued $96,650 (2014 - $67,500) in fees to Adera Company Management Inc., a private company controlled by J. Christopher Mitchell, the Company's Chief Financial Officer and Corporate Secretary, for management and administrative services.

- paid or accrued $59,008 (2014 - $91,000) in salary and fees to Trevor Rabb and Rad Minerals Corp., a private company controlled by Trevor Rabb, the Company's Vice President - Exploration, for management and administrative services.

- paid or accrued $15,000 (2014 - $30,000) in salary to Peter M.D. Bradshaw, the Company's Non-executive Chairman, for management and administrative services.

- paid $230,208 (2014 - $325,000) in salary and paid or accrued $325,000 in severance payable to James S. Gilbert, the Company's former President and Chief Executive Officer.

- paid $135,680 (2014 - $190,000) in salary and paid or accrued $380,000 in severance payable to Ronald M. Britten, the Company's former Vice President - Exploration.

- paid $47,725 (2014 - $58,700) in salary to Rob Robertson, the Company's former Vice President – Corporate Development, for management and administrative services.

The amounts charged to the Company for the services provided have been determined by negotiations between the parties and are covered by a signed agreement. These services were in the normal course of operations and management believes that they were incurred on a basis consistent with comparable transactions between other non-related parties.

The Company considers its Officers to be key management personnel. Amounts paid to the key management personnel during the years ended December 31, 2014 and 2015 are shown in the following table:

	2015	2014
Salaries or fees	$ 687,186	$ 785,600
Share-based payments	-	77,480
Total key management personnel	$ 687,186	$ 863,080

(Stated in Canadian Dollars)

16. COMMITMENTS

As of December 31, 2015 the Company's aggregate commitments are as follows:

	< 1 year	1 – 3 years	4 -5 years	Total
Accounts payable and accrued liabilities	$ 93,809	$ -	$ -	$ 93,809
Office lease	48,987	6,268	-	55,255
Severance payable	499,579	174,171	-	673,750
Interest payable and loan payable	103,806	207,612	8,858,131	9,169,549
Totals	$ 746,181	$ 388,051	$8,858,131	$9,992,363

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in 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 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments measured at fair value on the consolidated statements of financial position are summarized in levels of fair value hierarchy as follows:

	December 31, 2015	December 31, 2014
	Level 1	Level 1
Cash and cash equivalents	$ 890,435	$ 1,930,883
Marketable securities	179,213	103,892

The carrying value of receivables, reclamation bonds and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Risk Management

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by management under the direction and guidance of the Board of Directors. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meets its contractual obligations. The Company's credit risk is limited to the carrying amount on the statements of financial position and arises from the Company's cash and cash equivalents, marketable securities, receivables, excluding GST receivable, and reclamation deposits.

The Company's cash and cash equivalents and marketable securities are held in accounts with Canadian chartered banks and a brokerage firm. Cash in excess of the amounts needed to fund the Company's day-to-day operating expenses is invested in securities guaranteed by the federal or British Columbia government. The reclamation deposits are in the form of Guaranteed Investment Certificates pledged to the Minister of Finance for the Province of British Columbia to cover the estimated cost of reclaiming the Company's exploration projects.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2015, the Company had cash balances of $890,435 to settle current liabilities of $605,555. All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

Since inception, the Company has financed its cash requirements primarily by issuing securities. On September 4, 2015, First Point entered into an arm's-length loan agreement with an individual shareholder of the Company, through which the Lender lent US $5.0 million to the Company for a five-year period at a 6.5% headline interest rate. Of this, 1.5% will be paid currently, on a semi-annual basis, and the remaining 5% interest will be accrued and paid at the end of the loan term.

The timing of cash outflows relating to financial liabilities are outlined in Note 16 – Commitments. At December 31, 2015, the Company had met all the obligations associated with its financial liabilities.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk

The Company has cash and cash equivalents balances and periodically monitors the investments it makes and is satisfied with the credit ratings of the financial institutions it deals with and the securities in which its funds are invested. The interest rate on the Company's loan payable, which matures on September 4, 2020, is 6.5%, and the loan is repayable before maturity at any time at the Company's option without penalty.

(b) Foreign currency rate risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. In addition, the Company's loan payable, which matures on September 4, 2020 is denominated in United States dollars. The Company funds certain operations, exploration and administrative expenses in the United States and other foreign countries by converting funds from its Canadian dollar bank accounts and wiring US funds to the foreign counterparty. Management does not currently hedge its foreign exchange risk.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

Sensitivity Analysis

The Company works toward its capital management objectives to the extent possible while facing the challenges of market conditions and the public's assessment of the Company's risk profile. Its capital management objectives have not changed over the period presented.

The carrying value of cash and cash equivalents, marketable securities, receivables, reclamation bond, accounts payable and current liabilities approximate their fair values due to the relatively short periods to maturities of these financial instruments.

Based on management's knowledge of and experience in the financial markets, management does not believe that the Company's current financial instruments will be materially affected by credit risk, liquidity risk or market risk.

The Company is not subject to any financial covenants. The Company monitors its financing requirements through cash forecasting, consideration of current economic conditions and reviews of economic and political commentaries in respect of future developments. Financing decisions are based on the timing and extent of expected operating and capital cash outlays. Factors considered when determining whether to issue equity include the amount of cash sought, the availability of these sources and their terms.

18. CAPITAL MANAGEMENT

At December 31, 2015, the Company had working capital of $309,060. The Company manages its cash, cash equivalents and common shares as capital. The Company's objectives in managing its capital are to:

- Maintain sufficient cash and cash equivalents to last a minimum of one year;
- Have the flexibility to achieve its on-going business objectives, including but not limited to funding work programs on its exploration and evaluation assets and pursuing new business opportunities as they arise, and
- Minimize dilution to existing shareholders.

The Directors have not specified a quantitative return on capital criteria for management, but rather rely on the expertise of management to sustain future development of the business.

The Company's exploration and evaluation assets are in the development stage and the Company does not generate a positive cash flow. As a consequence, the Company relies on accessing the capital markets to obtain the funds needed to carry on its business. It is the Company's intention to utilize its existing working capital and to raise additional funds as needed. The additional funds will be raised primarily through the issuance of its securities in private placements.

(Stated in Canadian Dollars)

19. INCOME TAXES

The tax effects of temporary differences between amounts recorded in the Company's accounts and the corresponding amounts as computed for income tax purposes give rise to deferred tax assets as follows:

		2015		2014
Equipment	$	63,543	$	61,598
Mineral properties and deferred exploration costs		660,085		883,367
Share issue and finance costs		79,099		40,589
Non-capital loss carryforwards		2,913,560		2,284,880
Unrecognized benefit of tax assets		(3,716,287)		(3,270,434)
Net deferred income tax assets	$	-	$	-

A reconciliation of the income tax expense for the year is as follows:

		2015		2014
Net loss for the year	$	(2,296,105)	$	(3,900,985)
Expected income tax rate		25.67%		26.00%
Expected income tax recovery		(589,475)		(1,014,256)
Net effect of non-deductible amounts		43,196		733,905
Deferred tax assets not recognized		546,279		280,351
Income tax expense for the year	$	-	$	-

As at December 31, 2015, the Company has accumulated non-capital losses for Canadian income tax purposes totalling approximately $11.2 million. The losses expire in the following periods:

Year of Origin	Year of Expiry		Non capital losses
2005	2025	$	366,000
2006	2026		452,000
2007	2027		344,000
2008	2028		194,000
2009	2029		159,000
2010	2030		690,000
2011	2031		1,848,000
2012	2032		2,279,000
2013	2033		1,927,000
2014	2034		1,237,000
2015	2035		1,710,000
		$	11,206,000

(Stated in Canadian Dollars)

20. SEGMENTED INFORMATION

The Company operates in one reportable operating segment being the exploration of mineral properties. A geographic summary of mineral properties and net loss by country, as at and for the year ended December 31, 2015 and 2014, is as follows:

December 31, 2015

	Canada	Honduras	Consolidated
Net loss for the year	$2,296,105	$ -	$2,296,105
Mineral properties	8,166,990	1	8,166,991

December 31, 2014

	Canada	Honduras	Consolidated
Net loss for the year	$3,900,985	$ -	$3,900,985
Mineral properties	1,782,060	1	1,782,061