ALDRIDGE
MINERALS INC.

Consolidated Financial Statements

For the Year Ended December 31, 2015
(Expressed in United States Dollars)

March 24, 2016

Independent Auditor's Report

To the Shareholders of
Aldridge Minerals Inc.

We have audited the accompanying consolidated financial statements of Aldridge Minerals Inc. 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 loss and comprehensive loss, changes in equity and cash flows for the years ended December 31, 2015 and December 31, 2014, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), 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 consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Aldridge Minerals Inc. and its subsidiaries as at December 31, 2015, December 31, 2014 and January 1, 2014, and their financial performance and their cash flows for the years ended December 31, 2015 and December 31, 2014 in accordance with IFRS.

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

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Aldridge Minerals Inc.
Consolidated Statements of Financial Position
(Expressed in United States dollars)

	As at December 31 2015	As at December 31 2014	As at January 1 2014
ASSETS			
Current			
Cash and cash equivalents	**$ 8,520,566**	$ 14,331,409	$ 6,597,969
Other receivables (Note 6)	**292,239**	435,012	401,572
Prepaid expenses	**184,037**	173,518	173,955
	8,996,842	14,939,939	7,173,496
Non-Current			
Licence deposits (Note 7(b))	**34,697**	35,587	67,127
Mineral property under development (Note 7(a))	**11,433,524**	6,721,165	2,315,749
Property and equipment (Note 8)	**10,327,156**	4,106,827	804,483
Other assets (Note 9)	**21,814**	25,811	91,561
	$ 30,814,033	$ 25,829,329	$10,452,416
LIABILITIES			
Current			
Accounts payable and accrued liabilities	**$ 639,454**	$ 733,362	$ 675,027
Due to related parties (Note 16)	**16,337**	102,937	29,817
Borrowings (Note 4(c))	**18,346,881**	-	-
	19,002,672	836,299	704,844
Non-Current			
Borrowings (Note 4(c))	-	8,236,628	-
Deferred revenue (Note 4(d))	**2,114,617**	2,114,617	-
Environmental rehabilitation provision (Note 17)	**35,549**	42,400	46,082
Warrants (Note 4)	-	47,887	-
Other liabilities (Note 11)	**126,974**	161,064	115,740
	21,279,812	11,438,895	866,666
SHAREHOLDERS' EQUITY			
Share capital (Note 12)	**67,502,385**	67,502,385	58,772,906
Contributed surplus	**13,714,090**	13,473,024	13,175,702
Deficit	**(69,807,550)**	(64,527,552)	(61,336,375)
Accumulated other comprehensive loss	**(1,874,704)**	(2,057,423)	(1,026,483)
	9,534,221	14,390,434	9,585,750
	$ 30,814,033	$ 25,829,329	$10,452,416

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 21)

Approved by the Board of Directors: *"Barry Hildred"* Barry Hildred, Director   *"Ed Guimaraes"* Ed Guimaraes, Director

Aldridge Minerals Inc.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in United States dollars)

	Year Ended December 31 2015	December 31 2014
EXPENSES		
Exploration and evaluation expenditures (Note 7)	$ -	$ 4,564
General and administrative (Note 13)	**3,802,894**	2,980,408
	(3,802,894)	(2,984,972)
OTHER INCOME (EXPENSE)		
Interest income (Note 10)	**93,383**	115,890
Interest expense (Note 10)	**(326,225)**	(874,007)
Other income (Note 10)	**79,845**	277,171
Other expense	**(2,734)**	(142,004)
Foreign exchange gain/(loss)	**(1,321,373)**	416,745
	(1,477,104)	(206,205)
Net loss for the period before income tax	**$ (5,279,998)**	$ (3,191,177)
Net loss for the period	**(5,279,998)**	(3,191,177)
Items that may be reclassified to net loss:		
Change in unrealized foreign currency translation gains/(losses) on foreign operations	**161,148**	(1,029,788)
Items that will not be subsequently reclassified to net loss:		
Changes in gains/(losses) on employment termination benefits	**21,571**	(1,152)
Comprehensive loss for the period	**$ (5,097,279)**	$ (4,222,117)
Basic and diluted net loss per share	**$ (0.05)**	$ (0.04)
Weighted average number of shares outstanding – basic and diluted	**106,955,881**	90,639,292

Aldridge Minerals Inc.
Consolidated Statements of Changes in Equity
(Expressed in United States dollars)

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income/(loss)	Deficit	Total
Balance, January 1, 2014	**$ 58,772,906**	**$13,175,702**	**$ (1,026,483)**	**$ (61,336,375)**	**$ 9,585,750**
Net loss for the period	-	-	-	(3,191,177)	(3,191,177)
Change in unrealized foreign currency translation losses on foreign operations	-	-	(1,029,788)	-	(1,029,788)
Change in gains/ (losses) on employment termination benefits	-	-	(1,152)	-	(1,152)
Comprehensive gain/(loss) for the period	$ 58,772,906	$13,175,702	$ (2,057,423)	$ (64,527,552)	$ 5,363.633
Stock based compensation	-	297,322	-	-	297,322
2014 Financing (Note 4)	8,729,479	-	-	-	8,729,479
Balance, December 31, 2014	**$ 67,502,385**	**$13,473,024**	**$ (2,057,423)**	**$ (64,527,552)**	**$ 14,390,434**
Net loss for the period	-	-	-	(5,279,998)	(5,279,998)
Change in unrealized foreign currency translation loss on foreign operations	-	-	161,148	-	161,148
Change in gains/ (losses) on employment termination benefits			21,571	-	21,571
Comprehensive gain/ (loss) for the period	-	-	182,719	(5,279,998)	(5,097,279)
Stock based compensation	-	241,066	-	-	241,066
Balance, December 31, 2015	**$ 67,502,385**	**$13,714,090**	**$ (1,874,704)**	**$ (69,807,550)**	**$ 9,534,221**

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

Aldridge Minerals Inc.
Consolidated Statements of Cash Flows
(Expressed in United States dollars)

		Year ended December 31 2015	Year ended December 31 2014
Cash Flows from (used in) Operating Activities			
Net loss from operations	**$**	**(5,279,998)**	$(3,191,177)
Add (deduct) items not affecting cash:			
Amortization		**78,154**	54,091
Stock-based compensation		**199,651**	166,681
Foreign exchange loss/(gain)		**1,807,162**	(128,501)
Interest accrual and accretion on borrowings		**326,225**	874,006
Gain on warrant revaluation (Note 10)		**(43,597)**	(267,490)
		(2,912,403)	(2,492,390)
Changes in non-cash operating assets and liabilities (Note 20)		**(26,242)**	2,237,340
		(2,938,645)	(255,050)
Cash Flows from (used in) Financing Activities			
Issuance of shares		-	8,729,479
Share issue costs		-	316,849
Borrowings		**7,500,000**	7,007,717
		7,500,000	16,054,045
Cash Flows from (used in) Investing Activities			
Investment in mineral property under development		**(4,053,655)**	(4,186,091)
Licence deposits		**1,963**	29,394
Purchase of property and equipment		**(5,136,726)**	(3,366,277)
		(9,188,418)	(7,522,974)
Impact of foreign exchange on cash balances		**(1,183,780)**	(542,581)
Net change in cash and cash equivalents		**(5,810,843)**	7,733,440
Cash and cash equivalents, beginning of year		**14,331,409**	6,597,969
Cash and cash equivalents, end of year	**$**	**8,520,566**	$14,331,409
Total interest paid	**$**	**-**	$ -
Total income taxes paid	**$**	**7,080**	$ -

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Aldridge Minerals Inc. (the "Company") is listed on the TSX Venture Exchange (TSX-V: AGM). During the year ended December 31, 2015, the Company's principal business activities were the exploration and development of mineral properties in Turkey. As at December 31, 2015, the Company is incorporated under the Canadian Business Corporations Act, and its head office is located at 10 King Street East, Suite 300, Toronto, Ontario, M5C 1C3.

The economic recoverability of the mineral properties is dependent upon prevailing market conditions and metal prices, successful acquisition of the land in which the minerals are located and the ability of the Company to obtain necessary financing to bring the property to commercial production.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. The Company has incurred a net loss of $5,279,998 in the current year (December 31, 2014 - $3,191,177) and has an accumulated deficit of $69,807,550 (December 31, 2014 - $64,527,552). As the Company progresses through the development stage of its Yenipazar Project, it will need to secure additional funding to advance the mine towards production, meet its obligations and keep its mineral claims in good standing. Although the Company has been successful in these activities in the past, there can be no assurance on the success and sufficiency of these initiatives in order to realize the economic value of the Yenipazar Project. The Company is pursuing financing alternatives to refinance the current Borrowings which are coming due on August 29, 2016 (Note 4). These circumstances may cast significant doubt as to the Company's ability to continue as a going concern and the ultimate appropriateness of the use of accounting principles applicable to a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The Company's 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 Financing Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part I of the Chartered Professional Accountants of Canada Handbook - Accounting. The Board of Directors approved the consolidated financial statements for issuance on March 24, 2016.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and liabilities to fair value.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

(Expressed in United States Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Basis of consolidation (Continued)

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases.

The following entities have been consolidated within the consolidated financial statements:

	Country of incorporation	**Principal activity**	**Ownership %**
Aldridge Mineral Madencilik Sanayi Ticaret Ltd. Sti.	Turkey	Development company	100%
Aldridge Minerals Canada Inc.	Canada	Holding company	100%
Aldridge Netherlands B.V.	The Netherlands	Holding company	100%
Aldridge Minerals Netherlands Cooperatie U.A	The Netherlands	Holding company	100%

(d) Foreign currencies

Under IAS 21, an entity's functional currency should reflect the underlying transactions, events, and conditions relevant to the entity. On January 1, 2015 the functional currency of the Turkish subsidiary, Aldridge Mineral Madencilik Ltd. Şti. ("Aldridge Turkey"), changed from the Canadian Dollar ("CAD") to the United States Dollar ("USD"). The change is based on management's evaluation, taking into consideration the currency that most strongly influences primary operating and capital decisions in addition to the currency in which funding requirements are met. This change in accounting treatment is applied prospectively. The assets and liabilities of the Turkish subsidiary were translated from CAD to USD at the exchange rate in effect on the date of change in functional currency. The functional currencies remained the same for the Company's entities domiciled in Canada (CAD) and in the Netherlands (EUR).

For reasons similar to those necessitating the functional currency change to the Turkish subsidiary, the Company changed its reporting currency from CAD to USD effective January 1, 2015. For comparative purposes, historical financial statements were translated into the reporting currency of USD whereby assets and liabilities were translated at the closing rate in effect at the end of the comparative periods; expenses and cash flows were translated at the average rate in effect for the comparative periods; and equity transactions were translated at historical rates. The changes have been applied retrospectively and an opening balance sheet at January 1, 2014 has been included. Cumulative translation adjustments of $1,895,181 are recognized in the accumulated other comprehensive loss as at December 31, 2015 (December 31, 2014 - $2,056,329 and January 1, 2014 - $1,026,483).

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in the consolidated statement of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
ii. Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
iii. All resulting exchange differences are recognized in other comprehensive loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash, and have an initial maturity of less than 90 days, and are subject to an insignificant risk of change in value.

(f) Financial instruments

As at December 31, 2015, the Company's financial instruments consisted of the following:

Financial assets:	Classification:
Cash and cash equivalents	Borrowings and receivables
Long-term investments:	
Anatolia Energy Ltd. – Class A performance shares	Fair value through profit and loss
Other receivables	Borrowings and receivables

Financial liabilities:	Classification:
Amounts payable and other liabilities	Other financial liabilities
Due to related parties	Other financial liabilities
Borrowings	Other financial liabilities
Warrants	Fair value through profit and loss

The Company recognizes financial assets and financial liabilities when the Company becomes a party to a contract. Financial assets and financial liabilities are measured at fair value on initial recognition. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the Company's obligations are discharged, cancelled or expire.

Measurement in subsequent periods depends on the classification of the financial instrument.

(i) Financial assets and liabilities at fair value through profit or loss ("FVTPL")

Financial assets and liabilities are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management (fair value option), or if they are derivative assets and liabilities that are not part of an effective and designated hedging relationship. Financial assets and liabilities classified as FVTPL are measured at fair value, with changes in fair value recognized in the consolidated statements of loss. Financial assets and liabilities at FVTPL are classified as current except for the portion expected to be realized beyond twelve months of the balance sheet date which is classified as non-current.

The investment in Uranium Resources Inc. (formerly Anatolia Energy Limited ("Anatolia")) Class A performance shares and the Warrants (Note 10) issued in contingent with the Borrowings (Note 4) are accounted for as financial derivatives with changes in fair value being recorded in the statement of loss. The Class A shares expired on February 10, 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) Borrowings and receivables

Borrowings and receivables are non-derivative financial assets that have fixed or determinable payments and are not quoted in an active market. Subsequent to initial recognition, borrowings and receivables are carried at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of an instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including transaction costs and other premiums or discounts) through the expected life of the instrument to the net carrying amount on initial recognition. Cash and cash equivalents and other receivables are classified as borrowings and receivables.

(iii) Other financial liabilities

Other financial liabilities are financial liabilities that are not classified as FVTPL. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method. Amounts payable, other liability, due to related party and Company's borrowings are classified as other financial liability.

(iv) Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of loss.

(g) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized costs; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of debt facilities are recognized as transaction costs of the Borrowings to the extent that it is probable that some or all of the facility will be drawn down.

(h) Borrowing costs

General borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Deferred revenue

Deferred revenues are recognized on the statement of financial position for certain offtake agreements for future lead concentrate and gold production (Note 4). Deferred revenues will be recognized in the consolidated statement of loss as deliveries are made.

(j) Exploration and evaluation expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activity.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Depreciation on capitalized expenditures begins when commercial levels of production are capable of being achieved, as determined by management judgement.

From July 1, 2013, the Company began capitalizing expenditures with respect to the Yenipazar Project.

(k) Property and equipment

Property and equipment ("PE") are carried at cost, less accumulated amortization and accumulated impairment losses. The cost of an item of PE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the statement of loss in the period in which they are incurred.

Amortization is recognized based on the cost of an item of property and equipment, less its estimated residual value, over its estimated useful life at the following rates:

Furniture and equipment	30% per annum, declining balance
Computer & software equipment	30% per annum, declining balance
Building	10% per annum, Straight line over the useful life 10 years
Leasehold improvements	Straight line over the term of the lease

Land is not amortized. An asset's residual value, useful life and amortization method are reviewed, and adjusted if appropriate, on an annual basis.

Gains and losses on disposals of PE are determined by comparing the proceeds with the carrying amount of the asset and are included as part of gain or loss on sale of equipment in the statement of loss.

(l) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its PE to determine whether there is any indication that those assets are impaired. Where such an indication exists, the recoverable amount of the asset is estimated. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Leases

Operating leases are not recognized on the Company's balance sheet. Payments made under operating leases are expensed in profit or loss in general and administrative expenses on a straight-line basis over the term of the lease.

(n) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity or other comprehensive loss, in which case it is recognized in equity or other comprehensive loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are presented as non-current.

(o) Share based payment transactions

The fair value of share options granted to employees is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in contributed surplus. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using an appropriate option-pricing model, taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest based on an estimate of the forfeiture rate.

Cancelled options are accounted for as an acceleration of vesting and the amount that otherwise would have been recognized for services received over the vesting period is recognized immediately.

(p) Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs are discounted to their net present value using a risk-free rate and are provided for as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Loss per share

The Company presents basic loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on basic loss per share is recognized on the use of the proceeds that could be obtained upon exercise of these instruments. It assumes that the proceeds would be used to purchase common shares at the weighted average market price during the period. Diluted earnings loss per share is not adjusted when the impact of the share issuances would be anti-dilutive.

(r) Significant accounting judgments and estimates

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 financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates that, 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 future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

<u>Critical accounting estimates</u>

Significant assumptions about the future that management has made 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 include but are not limited to, the following:

- All inputs used in the option pricing models for determining the fair value of share based payment transactions and warrants issued. (Note 10).
- The estimated useful lives and residual value of PE used for calculating the amortization. (Note 8).
- Discount rate and other inputs used to assign a fair value to borrowings, which in turn affect the value of deferred revenues recognized with respect to the offtake agreements associated with such borrowings (Note 4).

<u>Critical accounting judgments</u>

- Management's assumptions in determining the functional currencies of the Company's subsidiaries.
- Going concern presentation of the financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.
- Management’s assessment of impairment indicators for long-lived assets
- Assessment of the recoverability of deferred tax assets.

(s) Accounting standards and amendments issued and adopted

The Company identified no significant Accounting standards and amendments to be adapted for year ended December 31, 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Accounting standards and amendments issued but not yet adopted

(i) IAS 1, as amended is to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. IAS 1 as amended is effective for years beginning on or after January 1, 2016. The Company is currently assessing the impact of this standard.

(ii) IFRS 9 - The final version of IFRS 9, Financial Instruments, was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however is available for early adoption. In addition, the own credit risk changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Company is in the process of assessing the impact of IFRS 9 and has not yet determined when it will adopt the new standard.

(iii) IFRS 15, issued in May 2014, establishes the principles that an entity shall apply to report the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. IFRS 15 replaces IAS 11, Construction contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers and Standard Interpretations Committee interpretation 31, Revenue – Barter Transactions Involving Advertising Services. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. On September 2015, on amendment to IFRS 15 was issued to defer the effective for annual periods beginning on or after January 1, 2018. The Company is currently assessing the impact of this standard.

(iv) In January 2016, the IASB issued IFRS 16, replacing IAS17, "Leases". IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its balance sheet providing the reader with greater transparency of an entity's lease obligations. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption provided. The Company is currently evaluating the impact of this standard.

(v) IAS 16 & IAS 38, amends IAS16 Property Plant and Equipment and IAS 38 Intangible Assets to (i) clarify that the use of a revenue-based depreciation and amortization method is not appropriate, and (ii) provide a rebuttable presumption for intangible assets. IAS 16 & IAS 38, are effective for years beginning on or after January 1, 2016. The Company is currently evaluating the impact of this standard.

3. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

a) to safeguard its ability to continue as a going concern;
b) to continue the development and exploration of its mineral properties; and
c) to maintain a capital structure which optimizes the cost of capital at an acceptable level of risk.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the board of directors on an ongoing basis. Additional information regarding capital management is disclosed in Note 1.

(Expressed in United States Dollars)

3. CAPITAL MANAGEMENT (continued)

The Company considers its capital to be (1) equity, comprising share capital, contributed surplus, accumulated other comprehensive loss and deficit which at December 31, 2015 totaled $9,534,221 (December 31, 2014 - $14,390,434 and January 1, 2015 $9,585,750), (2) borrowings, which at December 31, 2015 was $18,346,881 (December 31, 2014- $8,236,628), and (3) Warrants, which at December 31, 2015 was $nil (December 31, 2014 - $47,887).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on its exploration and development activities. The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2015. As at December 31, 2015, the Company is subject to certain debt covenants. (Note 4).

4. 2014 FINANCING

On September 25, 2014 the Company closed a financing (the "2014 Financing") comprised of a $10 million equity private placement (the "Private Placement"), a $35,000,000 borrowings facility (the "Borrowings"), and offtake agreements for future lead concentrate and gold production (the "Offtakes").

Details of the 2014 Financing are as follows:

a) Share Purchases

Under the Private Placement agreements, an affiliate of Orion Mine Finance ("Orion") purchased 11,660,611 common shares, ANT Holding Anonim Sti. ("ANT") 6,696,732 common shares and APMS Investment Fund Ltd. (formerly Mavi Investment Fund Ltd.) ("APMS") 3,864,879 common shares at $0.45, for gross proceeds of $9,332,772 and transaction costs of $603,293 (net proceeds of $8,729,479).

As a result of an equity position greater than 10%, Orion was granted one nominee to the Company's board of directors, for a period of 24 months until September 25, 2016 and to continue as long as ownership meets or exceeds the 10% requirement.

b) Warrants

ANT and APMS have received one common share purchase warrant ("Warrant") for each common share purchased through the Private Placement agreements for a total of 10,561,611 Warrants. The Warrant exercise price is $1.00 and the Warrants expire on September 25, 2016.

On September 25, 2014, the Warrants were valued at $316,849 using the Black-Scholes Options Pricing Model. Although the Warrants were issued as part of the Private Placement, the Warrants are classified as liabilities due to the exercise price being denominated in a currency that is not the functional currency of the Company. The fair value of the warrants was estimated to be $nil as at December 31, 2015.

c) Borrowings

	As at December 31 2015	**As at December 31 2014**	**As at January 1 2014**
Carrying value of borrowings	**$18,346,881**	$8,236,628	-

4. 2014 FINANCING (continued)

The $35,000,000 Borrowings carries an interest rate of 9% per annum, plus the greater of the 3 month USD LIBOR rate and 1%, and a maturity date of August 29, 2016. Interest accrues over the term of the Borrowings and is capitalized monthly. Early repayment of the Borrowings may occur at any time without charges (other than customary breakage costs). On closing $10,000,000 was drawn down less financing costs of $1,211,056 (net proceeds of $7,007,717). The financing costs will be amortized over the term of the Borrowings using the effective interest rate method. During the current year an additional amount $7,500,000 was drawn down. During the year the Company recognized accelerated effective interest of $692,199 (December 31, 2014 - $950,502) due to changes in expected cash flows and effective interest (net of amortized financing cost) of $1,918,054 (December 31, 2014 - $443,065). As at December 31, 2015, the Company has undrawn borrowing facilities of $17,500,000.

Orion has first priority interest in all of the material assets of the Company. Such security will be released following full repayment of the Borrowings plus all accrued interest. A debt covenant is in place for the Company, restricting the ratio of liabilities to equity to a maximum of 5:1 for FY2015 and thereafter until the Borrowings and all accrued interest are repaid fully. The Company has been in compliance with the debt covenant from the inception of the borrowings.

d) Offtake Agreements

An Orion affiliate entered into a purchase agreement with the Company, on a take-or-pay basis, to buy certain lead concentrate and gold offtakes produced at the Yenipazar Project. Under the agreement, the Company will sell and Orion will purchase, 50% of the gold produced (subject to a minimum of 237,089 ounces) and 5,000 dry metric tonnes of lead concentrate per annum (subject to a minimum total delivery of 50,000 dry metric tonnes), over the first ten years of the mine plan at Yenipazar. Payment price for both the gold and lead concentrate will be determined at the time of delivery by market values, subject to specific quotational periods. Deferred revenues relating to the offtakes totaling $2,114,617 have been recorded and will be taken into profit and loss as deliveries are made. Deferred revenues have been calculated as the net residual value after deducting the fair market values of all other individual financing components, excluding the offtakes, from the gross proceeds of the Borrowings. On closing, transaction costs totaling $118,369, which relate to the Offtakes, were recognized as other expenses in the statement of profit and loss.

5. FINANCIAL RISK FACTORS

(a) Financial risk

The Company’s activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate and commodity and equity price risk). Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

Credit risk is the risk of loss associated with a counterparty’s inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, which are held in financial institutions in Canada, Turkey, and The Netherlands and other receivables. The Company has no significant concentration of credit risk arising from operations. The Company’s policy is to invest excess cash in fixed interest investment-grade short-term deposit certificates and overnight deposits in Canada and Turkey. Management believes the risk of loss to be minimal given the apparent financial strength of the financial institutions with whom the Company transacts.

Other receivables consist of harmonized sales tax, accrued interest and value added tax receivable from government authorities in Canada and Turkey, respectively. Management believes that the credit risk concentration with respect to other receivables is minimal.

5. FINANCIAL RISK FACTORS (Continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to 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 and cash equivalents of $8,520,566 (December 31, 2014 - $14,331,409) to settle current liabilities of $19,002,672 (December 31, 2014 - $836,299). The Company is obligated to repay borrowings and accrued interest on August 29, 2016.

All of the Company's current financial liabilities excluding borrowings have contractual maturities of less than 30 days and are subject to normal trade terms. Although the Company has successfully raised additional funding in the past, there can be no assurance that sufficient new funding will be obtained. These circumstances may cast significant doubt as to the Company's ability to continue as a going concern and the ultimate appropriateness of the use of accounting principles applicable to a going concern.

Market risk

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

i) Interest rate risk

The Company has cash balances and interest bearing debt. The Company's policy is to invest excess cash in fixed interest investment-grade short-term deposit certificates and overnight deposits. The Company regularly monitors its cash management policy. The Company has risk on its interest bearing debt which carries an interest rate of 9% per annum plus the greater of the 3 months USD LIBOR rate and 1%. The Company closely monitors the LIBOR rate and will take appropriate mitigating actions should interest rate risk become material.

ii) Foreign currency risk

On January 1, 2015 the functional currency of Aldridge Turkey changed from the CAD to USD. The functional currency remained the same for the Company's entities domiciled in Canada (CAD) and in the Netherlands (EUR). The Company's reporting currency changed from CAD to USD. Major purchases are transacted in CAD, Turkish Lira ("TRY"), British Pound Sterling ("GBP"), Euros, and USD. The Company also has borrowings in USD. The Company funds exploration expenditures in Turkey. In Turkey, the Company maintains separate bank accounts for TRY, Euro, GBP, USD and CAD with sufficient funds to support monthly forecasted cash outflows over the following month. Management monitors the foreign currency risk closely and takes necessary mitigating activities.

iii) Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of commodities for which it is exploring. The Company closely monitors commodity prices, particularly as they relate to precious minerals, individual equity movements, and the stock market in general to determine the appropriate course of action to be taken by the Company.

(Expressed in United States Dollars)

5. FINANCIAL RISK FACTORS (Continued)

(b) Sensitivity analysis

Based on management's knowledge of and experience with the financial markets, the Company believes the following movements are "reasonably possible" over a one year period:

(i) Short-term investments are subject to fixed interest rates. The Company receives low interest rates on its cash balances. The Company has a risk on its borrowing which carries an interest rate of 9% per annum plus the greater of the 3 month USD LIBOR rate and 1%. If the LIBOR rate had been 100 basis points higher than December 31, 2015 rate of 0.26%, the accrued interest would have been $42,906 higher for the year ended December 31, 2015.

(ii) The Company maintains bank accounts, and has other current assets and current liabilities denominated in TRY, EUR, GBP, and USD and is subject to foreign currency risk. As at December 31, 2015, had these foreign currencies weakened/strengthened by 10% against the USD with all other variables held constant, the Company's loss would have been approximately $374,063 higher and reported shareholders' equity would have been approximately $374,063 lower. During the year ended December 31, 2015, the TRY depreciated from 2.32 TRY/USD to 2.91 TRY/USD and CAD depreciated from $1.16 to $1.39. Management is sensitive to the potential impact of exchange fluctuations to the currencies needed in its 2015 development plans. As a result at December 31, 2015 approximately 62% of its cash is in USD and 37% in TRY.

(c) Fair value hierarchy

The different levels of fair value hierarchy are defined as follows:

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

As at December 31, 2015, the Company held 3,051,196 Class A Performance Shares in Uranium Resources Limited (formerly Anatolia) valued at $nil (December 31, 2014 – 3,051,196 valued at $nil). Such shares are classified as Level 3 fair value measurements. The Class A shares expired on February 10, 2016.

The Warrants issued to ANT and APMS as part of the 2014 Financing (Note 4), are classified as financial liabilities at fair value through profit or loss due to their exercise price being denominated in a currency that is not the functional currency of the Company. The warrants are classified as level 2 fair value measurements. As at December 31, 2015, the Warrants were valued at $nil (December 31, 2014 - $47,887) using the Black-Scholes Option pricing Model. The carrying value of the Warrants were $nil as at December 31, 2015.

The fair value of cash and cash equivalents, other receivables, accounts payable and accrued liabilities, borrowings and due to related parties approximates their carrying value and are classified as level 2 fair value measurements.

6. OTHER RECEIVABLES

	As at December 31 2015	As at December 31 2014	As at January 1 2014
Deferred rent	**$ -**	$ -	$ 6,096
Interest receivable	**100**	136	59,011
Sales taxes receivable	**292,139**	434,876	336,465
	$ 292,239	$ 435,012	$ 401,572

(Expressed in United States Dollars)

7. MINERAL PROPERTY UNDER DEVELOPMENT

a) Yenipazar Project, Turkey

Mineral Property Under Development	**Yenipazar Project**
Balance, January 1, 2014	**$ 2,315,749**
Additions	4,832,486
Impact of foreign exchange	(427,070)
Balance, December 31, 2014	**$ 6,721,165**
Additions	5,066,014
Impact of foreign exchange	(353,655)
Balance, December 31, 2015	**$ 11,433,524**

The Company's wholly-owned subsidiary in Turkey holds an Operational Licence for the Yenipazar Project. On May 21, 2014 the Company's Operational Licence and related mining permits for the Yenipazar Project were renewed for 5 years.

While the Company advances the Yenipazar Project towards development and production, the Company is operating under a temporary shutdown permit. The temporary shutdown permit is renewed annually and the Company's renewal application was approved in January 2016 and expires in December 2016.

During the year ended December 31, 2015, additions to the mineral property under development mainly related to the completion of the Value Engineering Study and operational costs for the Yenipazar Project.

(Expressed in United States Dollars)

7. MINERAL PROPERTY UNDER DEVELOPMENT (continued)

a) Yenipazar Project, Turkey (continued)

The additional expenditures on the mineral property during year ended December 31, 2015 and December 31, 2014 in Yenipazar were as follows:

	Year ended December 31 2015	Year ended December 31 2014
Yenipazar Property		
Analytical	$ -	$ 3,899
Amortization	**95,934**	105,709
Drilling	**280,751**	1,761
Drilling site access fees	**4,026**	16,422
Engineering consulting	**925,081**	1,364,590
Environmental consulting	**16,000**	76,258
Land acquisition planning and development	**176,892**	-
Licence	**4,454**	9,523
Metallurgical consulting	-	95,323
Permitting	**42,287**	162,348
Professional expenses	**167,007**	445,016
Employee costs	**1,803,183**	1,844,941
Community relations	**353,682**	59,814
Resource estimate and mine design	-	23,891
Travel	**71,928**	265,300
Vehicles and equipment maintenance	**77,746**	71,826
Interest capitalization	**879,535**	172,819
Camp costs	**129,260**	88,421
Other	**38,248**	24,625
	$ 5,066,014	$ 4,832,486

During the year ended December 31, 2015, the Company capitalized borrowing costs amounting to $879,535 on qualifying assets ($172,819 during year ended December 31, 2014). A capitalization rate of 21.5% (December 31, 2014 - 19.07%), representing the weighted average cost of general borrowing, was applied.

(Expressed in United States Dollars)

7. MINERAL PROPERTY UNDER DEVELOPMENT (continued)

b) Licence Deposits, Turkey

Licence deposits

Balance, January 1, 2014	**$**	**67,127**
Refunded on abandoned licences		(29,932)
Impact of foreign exchange		(1,608)
Balance, December 31, 2014	**$**	**35,587**
Addition		1,963
Impact of foreign exchange		(2,853)
Balance, December 31, 2015	**$**	**34,697**

Exploration and evaluation expenditures for the year ended December 31, 2015 include amounts related to other licences fees of $4,454 (December 31, 2014 - $9,523).

(Expressed in United States Dollars)

8. PROPERTY AND EQUIPMENT

Cost	Furniture and Equipment	Computer & software equipment	Land	Leasehold Improvements	Building	Total
Balance, January 1, 2014	**$ 663,608**	**$ 110,176**	**$ 60,501**	**$ 19,534**	**$ 316,102**	**$ 1,169,921**
Additions	49,457	249,702	3,261,599	36,603	89,662	3,687,023
Impact of foreign exchange	(55,539)	(21,310)	(152,095)	(3,394)	(29,755)	(262,093)
Balance, December 31, 2014	**$ 657,526**	**$ 338,568**	**$ 3,170,005**	**$ 52,743**	**$ 376,009**	**$ 4,594,851**
Additions	33,709	120,669	6,276,756	-	-	6,431,134
Disposal	-	(1,256)	-	-	-	(1,256)
Impact of foreign exchange	(4,567)	(45,074)	-	(1,613)	-	(51,254)
Balance, December 31, 2015	**$ 686,668**	**$ 412,907**	**$ 9,446,761**	**$ 51,130**	**$ 376,009**	**$10,973,475**

Accumulated amortization	Furniture and Equipment	Computer & software equipment	Land	Leasehold Improvements	Building	Total
Balance, January 1, 2014	**$ 299,745**	**$ 49,547**	**$ -**	**$ 5,861**	**$ 10,285**	**$ 365,438**
Additions	99,952	24,922	-	3,736	31,266	159,876
Impact of foreign exchange	(29,010)	(5,220)	-	(657)	(2,403)	(37,290)
Balance, December 31, 2014	**$ 370,687**	**$ 69,249**	**$ -**	**$ 8,940**	**$ 39,148**	**$ 488,024**
Additions	67,671	61,325	-	9,498	35,594	174,088
Disposal	-	(816)	-	-	-	(816)
Impact of foreign exchange	(3,775)	(10,137)	-	(1,065)	-	(14,977)
Balance, December 31, 2015	**$ 434,583**	**$ 119,621**	**$ -**	**$ 17,373**	**$ 74,742**	**$ 646,319**

Balance, January 1, 2014	$ 363,863	$ 60,629	$ 60,501	$13,673	$ 305,817	$ 804,483
Balance, December 31, 2014	$ 286,839	$ 269,319	$ 3,170,005	$43,803	$ 336,861	$ 4,106,827
Balance, December 31, 2015	**$ 252,085**	**$ 293,286**	**$9,446,761 (1)**	**$33,757**	**$ 301,267**	**$10,327,156**

(1) During the year the Company capitalized borrowing costs amounting to $1,388,873. (December 31, 2014 - $320,725)

(Expressed in United States Dollars)

9. RESTRICTED CASH AND OTHER ASSETS

	As at December 31 2015	As at December 31 2014	As at January 1 2014
Rent deposits held by lessor	$ -	$ -	$ 63,508
Restricted cash	**21,814**	25,811	28,053
	$ 21,814	$ 25,811	$ 91,561

As at December 31, 2015, the restricted cash includes $21,814 (December 31 2014 - $25,811) held as collateral for the corporate credit card. The restricted cash agreement has no scheduled expiry date. The short-term restricted cash of $600,000 held as collateral for the foreign currency hedging has expired as at December 31, 2015 and was subsequently reinstated in February 2016 pursuant to a Borrowings amendment. During the year the Company recognized a loss of $42,110 from foreign currency hedging contracts.

10. FINANCIAL INSTRUMENTS

(a) Financial assets

The Company holds Class A Performance shares in Uranium Resources Inc. (formerly Anatolia). Shareholders of these Performance shares are entitled to be issued common shares in Anatolia if Anatolia issues Australian Joint Ore Reserves Committee ("JORC") Code compliant resource estimates that meet predetermined thresholds. As at December 31, 2015, the Company continued to hold the Class A Performance shares at an estimated fair value of $nil (December 31, 2014 - $nil and January 1, 2014 - $nil) based on the assessment of the likelihood of Anatolia achieving the minimum performance requirement. The valuation processes and results are reviewed and approved by Management. The shares are classified as Level 3 fair value measurements. The Class A shares expired on February 10, 2016.

(b) Financial liabilities

(i) Borrowings

On September 25, 2014 the Company entered into the Borrowings (Note 4). The Borrowings are classified as a financial liability measured at amortized cost. As at December 31, 2015 their carrying value is $18,346,881 (December 31, 2014 - $8,236,628 and January 1, 2014 - $nil) and the undrawn amount of borrowing is $17,500,000 (December 31, 2014 - $25,000,000 and January 1, 2014 - $nil).

The initial fair value of the Borrowings were determined by discounting the proceeds of the Borrowings and expected interest costs at an appropriate discount rate. An appropriate discount rate was determined with reference to the interest rates and arrangement costs of comparable transactions. If the discount rate had been 100 basis points higher with all other variables held constant, the initial fair value of the Borrowings would have been approximately $445,070 lower. If the discount rate had been 100 basis points lower with all other variables held constant, the initial fair value of the Borrowings would have been $455,890 higher. The initial recognition of the Borrowings is classified as a Level 3 fair value measurement.

Drawdowns are at the discretion of the Company and the expected drawdown schedule was revised as at September 30, 2015. The change in expected cash flows resulted in the recognition of accelerated effective interest totaling $692,199 as at December 31, 2015 ($950,502 as at December 31, 2014 and $nil as at January 1, 2014). Total effective interest recognized during the year ended December 31, 2015 totaled $2,594,633 ($1,393,567 for the year ended December 31, 2014). Of this, $879,535 was capitalized to mineral property under development, $1,388,873 was capitalized to land purchased with respect to the Yenipazar Project and the balance of $326,225 was recognized in the statement of loss.

As at December 31, 2015, all the Company's shares in wholly-owned Aldridge Turkey and land with a net book value of $4,443,549 was pledged as collateral for the Company's borrowings.

(Expressed in United States Dollars)

10. FINANCIAL INSTRUMENTS (continued)

b) Financial liabilities (continued)

(ii) Warrants

Concurrently with the Borrowings, the Company closed the 2014 Financing (Note 4). ANT and APMS received one common share purchase Warrant for each common share purchased through the Private Placement agreements for a total of 10,561,611 Warrants. The Warrant exercise price is $1.00 and the Warrants expire on September 25, 2016. The fair value of the Warrants of $nil as at December 31, 2015 was determined using the Black-Scholes Options Pricing Model. On revaluation of the Warrants, $43,597 was recognized as other income in the statement of loss for the year ended December 31, 2015 ($267,490 for the year ended December 31, 2014).

Although the Warrants were issued as part of the Private Placement, they are classified as financial liabilities at fair value through profit or loss due to their exercise price being denominated in a currency that is not the functional currency of the Company. The Warrants are classified as Level 2 fair value measurements.

Fair values were determined using the Black-Scholes Options Pricing Model with the following assumptions:

	As at December 31, 2015	**As at December 31, 2014**
Exercise price	CAD **$1.16**	CAD $1.16
Share price at grant date	CAD **$0.19**	CAD $0.19
Risk-free interest rate	**0.48%**	1.01%
Expected life of options	**0.73 years**	1.75 years
Expected volatility	46**%**	73%
Dividend yield	**Nil**	Nil

11. OTHER LIABILITIES

	As at December 31 2015	**As at December 31 2014**	**As at January 1 2014**
Deferred rent and sales tax	**$ 8,283**	$ 14,951	$ 15,048
Statutory employee termination benefits	**118,691**	146,113	100,692
	$ 126,974	$ 161,064	$ 115,740

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(Expressed in United States Dollars)

12. SHARE CAPITAL

(a) Authorized

Authorized share capital is unlimited, 106,955,881 issued and outstanding with no par value.

(b) Issued

	Number of Shares	Amount
Balance, January 1, 2014	**84,733,660**	**$ 58,772,906**
Issued (Note 4)	22,222,222	9,332,772
Share issuance costs	-	(603,293)
Balance, December 31, 2014	**106,955,882**	**$ 67,502,385**
Cancellation	(1)	-
Balance, December 31, 2015	**106,955,881**	**$ 67,502,385**

(c) Warrants

The following table shows the continuity of warrants.

	Number of Warrants	Weighted Average Exercise Price
Balance, January 1, 2014	**738,213**	**CAD$ 0.475**
Expired	-	-
Issued	10,561,611	$ 1.00
Balance, December 31, 2014	**11,299,824**	**$ 0.92**
Expired	(738,213)	CAD$ (0.475)
Balance, December 31, 2015	**10,561,611**	**$ 1.00**

As at December 31, 2015, the following warrants were outstanding:

Description	Expiry date	Weighted Average Exercise Price	Warrants Outstanding	Value Assigned on Issue Date
Warrants (Note 4)	September 25, 2016	$ 1.00	10,561,611	$316,849

The outstanding warrants as at December 31, 2015 relate to the Warrants issued as part of the 2014 Financing (Note 4).

(Expressed in United States Dollars)

12. SHARE CAPITAL (continued)

(d) Stock options

The Company has a Stock Option Plan (the "Plan") to promote the interests of the Company to assist the Company in attracting, retaining and motivating its directors, officers, employees and consultants by providing greater incentive to further develop and promote the business and financial success of the Company. Pursuant to the Plan, the Company may grant options to purchase common shares of the Company to directors, officers, employees and consultants. As at December 31, 2015, the maximum number of shares that may be issuable pursuant to the options granted under the Plan is 10% of the Company's issued share capital, or 10,695,588 shares (December 31, 2014 – 10,695,588 shares and January 1, 2014 – 8,473,366 shares).

The following table shows the continuity of stock options for the period ended December 31, 2015:

	Number of Stock Options	Weighted Average Exercise Price
Balance, January 1, 2014	**5,038,000**	CAD $ 0.85
Issued	4,060,938	CAD $ 0.21
Expired	(1,517,500)	CAD $ 1.23
Forfeiture	(7,500)	CAD $ 0.20
Balance, December 31, 2014	**7,573,938**	**CAD $ 0.44**
Issued	1,450,000	CAD $ 0.19
Expired	(955,500)	CAD $ 0.80
Balance, December 31, 2015	**8,068,438**	**CAD $ 0.33**

The Company granted 750,000 stock options on March 26, 2015, 200,000 on June 1, 2015 and 500,000 on December 15, 2015. The options granted on March 26, 2015 and June 1, 2015 are exercisable at a price of CAD$0.20 per common share and options granted on December 15, 2015 are exercisable at a price of CAD$0.17 per common share. One quarter of the options vest immediately, one quarter on the first anniversary, one quarter on the second anniversary and the balance on the third anniversary. They expire in 5 years. The fair value of the 750,000 stock options granted on March 26, 2015 was $61,496 on the date of issuance, the fair value of the 200,000 stock options granted on June 1, 2015 was $18,120 on the date of issuance and the fair value of the 500,000 stock options granted on December 15, 2015 was $21,499.

The fair value of stock options was estimated on the measurement date using a Black-Scholes model and is amortized over the vesting period of the underlying options. The weighted average assumptions used to calculate the fair value were as follows:

	Year ended December 31, 2015	Year ended December 31, 2014
Share price at grant date	**CAD $0.17**	CAD $0.20
Risk-free interest rate	**0.76%**	1.50%
Expected life of options	**5 years**	5 years
Expected volatility	**73%**	75%
Dividend yield	**Nil**	Nil
Estimated forfeiture rate	**Nil**	Nil

The weighted average per share fair value of options granted was CAD$0.17 (2014 - CAD$0.12). During the year ended December 31, 2015, stock-based compensation of $199,651 (December 31, 2014 - $166,681) was expensed in the consolidated statement of loss and $41,415 (December 31, 2014 - $130,641) was capitalized under mineral property under development.

(Expressed in United States Dollars)

12. SHARE CAPITAL (continued)

(d) Stock options (continued)

As at December 31, 2015, the following stock options were outstanding:

Expiry Date	Exercise Price (CAD)	Number Outstanding	Number Exercisable	Weighted Average Remaining Contractual Life (years)
February 22, 2016	1.46	50,000	50,000	0.15
March 21, 2016	1.06	50,000	50,000	0.22
March 30, 2016	1.29	47,000	47,000	0.25
June 15, 2016	1.25	400,000	400,000	0.46
June 20, 2016	1.05	200,000	200,000	0.47
August 3, 2016	0.80	110,000	110,000	0.59
February 28, 2017	0.54	75,000	75,000	1.16
March 24, 2017	0.42	370,000	351,250	1.23
March 28, 2017	0.64	203,000	203,000	1.24
November 26, 2018	0.20	1,255,000	1,255,000	2.91
April 7, 2019	0.24	1,000,000	500,000	3.27
December 18, 2019	0.20	2,858,438	1,770,938	3.97
March 26, 2020	0.20	750,000	187,500	4.24
June 1, 2020	0.20	200,000	50,000	4.42
December 15, 2020	0.17	500,000	125,000	4.96
	$0.33	**8,068,438**	**5,374,688**	**3.22**

13. GENERAL AND ADMINISTRATIVE

	Year ended December 31 2015	Year ended December 31 2014
Amortization	**$ 78,154**	$ 54,091
Directors' fees and expenses	**195,301**	259,133
Office and sundry	**524,074**	563,772
Professional fees	**796,779**	442,183
Salaries and benefits	**1,581,204**	1,117,659
Shareholder information	**190,339**	241,404
Stock-based compensation	**199,651**	166,681
Transfer and filing	**29,852**	33,585
Travel and promotion	**207,540**	101,900
General and administrative expenses	**$ 3,802,894**	$ 2,980,408

(Expressed in United States Dollars)

14. COMMITMENTS

On July 31, 2015 the Company extended its office lease in Ankara for a period of one year. The commitment for the gross rent, operating costs and realty taxes is estimated to be approximately $9,431 per month, or $113,167 per annum.

On July 26, 2012, the Company entered into a lease agreement for smaller office premises in Toronto, Ontario, in conjunction with a sublet agreement for its existing office premises in order to realize cost savings on rental payments. The new lease agreement is effective from September 1, 2012 to March 31, 2018. The commitment for the gross rent, including operating costs and realty taxes is estimated at $8,604 per month or $103,247 per annum for the for the balance of the term.

The Company has certain obligations pursuant to the Option Agreement with Alacer Gold Corp. ("Alacer"). Once the Yenipazar Project is in production, the Company will pay Alacer a 6% Net Profit Interest ("NPI") until such time as operational revenues reach the amount of $165 million, and a 10% NPI thereafter.

In December 31, 2015, the Company committed to $3,483 per month for the next two years for IT support services.

The Company's Borrowings (Note 4) matures August 29, 2016.

As at December 31, 2015 the future minimum payments with respect to office leases, vehicle leases, borrowings and ERP purchase commitments total $18,658,244 and are to be paid as follows:

Fiscal year ending December 31, 2016	$	18,497,245
Fiscal year ending December 31, 2017		135,727
Fiscal year ending December 31, 2018		25,272

15. MINERAL PROPERTY LICENCES IN TURKEY

As at December 31, 2015, the Company held one operational licence for Yenipazar project. The operation licence holders are required to submit annual reports on operation projects to the relevant departments. To obtain the appropriate licences, deposits must be made based on a per hectare fee. The applicable deposits are proportional to the size of the mining area and are determined each year or re-valued according to prevailing economic conditions. In the event the required reports and projects are not submitted on time, deposits for that period are forfeited. If a site is abandoned, the remaining part of the deposit is returned.

As at December 31, 2015, the Company is in compliance with reporting and licence fees requirements. Licence fees paid during the fiscal year ended December 31, 2015 totaled $4,454 ($9,523 during the year ended December 31, 2014). Licence deposits recorded on the balance sheet as at December 31, 2015 totaled $34,697 ($35,587 as at December 31, 2014).

While the Company advances the Yenipazar Project towards development and production, the Company is operating under a temporary shutdown permit that expired in December 2015. The temporary shutdown permit is renewed annually and the Company's renewal application was approved in January 2016 and expires in December 2016.

(Expressed in United States Dollars)

16. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Related party transactions include consulting fees, management fees and compensation paid to key management personnel or to companies controlled by such individuals. Key management personnel are defined as officers and directors of the Company.

	Year ended December 31 2015	Year ended December 31 2014
Salaries and benefits [1]	**$ 717,971**	$ 705,196
Share based payments	**181,168**	240,209
Termination and Retirement benefits	**-**	90,572
Total compensation	**$ 899,139**	$ 1,035,977
Consulting and management fees[2]	**628,635**	641,650
Finder's fee[3]	-	333,817
Total transactions with key management personnel	**$ 1,527,774**	$ 2,011,444

(1) Directors do not have employment or service contracts with the Company, but may be entitled to director fees while officers have employment contracts and earn salaries and benefits for their services. Both directors and officers are also eligible for share-based payments.
(2) These amounts represent consulting fees paid or payable to various current and former officers and directors of the Company or to companies controlled by such individuals.
(3) On closing of the Private Placement on September 25, 2014, a board member received a finder's fee.

Amounts owed to key management personnel were $16,337 as at December 31, 2015 (December 31, 2014 - $102,937 and January 1, 2014 - $29,817).

17. ENVIRONMENTAL REHABILITATION

The Company's asset retirement obligations ("ARO") are based on management's estimates of costs to abandon and reclaim mineral properties and facilities, as well as an estimate of the future timing of costs to be incurred.

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the ARO associated with the retirement of the Company's Yenipazar property

	Year ended December 31, 2015	Year ended December 31, 2014
Balance, beginning of year	**$ 42,400**	$ 46,083
Impact of foreign exchange	**(6,851)**	(3,683)
Balance, end of year	**$ 35,549**	$ 42,400

This obligation pertains to the exploration shaft on the Yenipazar Property in Turkey.

(Expressed in United States Dollars)

18. SEGMENTED INFORMATION

Segmented information is provided on the basis of geographical segments as the Company operates in one industry, exploration and evaluation of mineral properties and manages its business and exploration activities in one geographical region, namely Turkey. The business segments presented reflect the management structure of the Company and the way in which the Company's Board of Directors review business performance. The Company evaluates performance of its operating and reportable segments as noted below:

Year ended December 31, 2015		**Corporate**	**Turkey**	**Total**
Exploration and evaluation expenditures	**$**	**-**	**$ -**	**$ -**
General and administrative		**2,291,402**	**1,511,492**	**3,802,894**
	$	**(2,291,402)**	**$ (1,511,492)**	**$ (3,802,894)**
Interest expense		**(326,225)**	**-**	**(326,225)**
Interest income		**3,112**	**90,271**	**93,383**
Other income		**43,523**	**36,322**	**79,845**
Other expenses		**(365)**	**(2,369)**	**(2,734)**
Foreign exchange gain/(loss)		**(712,171)**	**(609,202)**	**(1,321,373)**
Net loss – Year ended December 31, 2015	**$**	**(3,283,528)**	**$ (1,996,470)**	**$ (5,279,998)**

Year ended December 31, 2014		**Corporate**	**Turkey**	**Total**
Exploration and evaluation expenditures	$	-	$ 4,564	$ 4,564
General and administrative		1,913,068	1,067,340	2,980,408
	$	(1,913,068)	$ (1,071,904)	$ (2,984,972)
Interest expense		(874,007)	-	(874,007)
Interest income		25,353	90,537	115,890
Other income		267,496	9,675	277,171
Other expenses		-	(142,004)	(142,004)
Foreign exchange gain/(loss)		427,095	(10,350)	416,745
Net loss – Year ended December 31, 2014	$	(2,067,131)	$ (1,124,046)	$ (3,191,177)

(Expressed in United States Dollars)

18. SEGMENTED INFORMATION (continued)

	Corporate	Turkey	Total
Mineral property under development	**$ -**	**$ 11,433,524**	**$ 11,433,524**
Corporate and other assets	**7,696,484**	**11,684,025**	**19,380,509**
Total assets –As at December 31, 2015	**$ 7,696,484**	**$ 23,117,549**	**$ 30,814,033**

	Corporate	Turkey	Total
Mineral property under development	$ -	$ 6,721,165	$ 6,721,165
Corporate and other assets	11,079,306	8,028,858	19,108,164
Total assets – As at December 31, 2014	$ 11,079,306	$ 14,750,023	$ 25,829,329

	Corporate	Turkey	Total
Mineral property under development	$ -	$ 2,315,749	$ 2,315,749
Corporate and other assets	6,846,590	1,290,077	8,136,667
Total assets – As at January 1, 2014	$ 6,846,590	$ 3,605,826	$ 10,452,416

	Corporate	Turkey	Total
Borrowings	**$ 18,346,881**	**$ -**	**$ 18,346,881**
Other liabilities	**1,909,147**	**1,023,784**	**2,932,931**
Total liabilities – As at December 31, 2015	**$ 20,256,028**	**$ 1,023,784**	**$ 21,279,812**

	Corporate	Turkey	Total
Borrowings	$ 8,236,628	$ -	$ 8,236,628
Other liabilities	644,631	2,557,636	3,202,267
Total liabilities – As at December 31, 2014	$ 8,881,259	$ 2,557,636	$ 11,438,895

	Corporate	Turkey	Total
Borrowings	$ -	$ -	$ -
Other liabilities	333,079	533,587	866,666
Total liabilities – As at January 1, 2014	$ 333,079	$ 533,587	$ 866,666

(Expressed in United States Dollars)

18. SEGMENTED INFORMATION (continued)

Geographic Information

		Canada		Turkey	Total
Exploration licence deposits	**$**	**-**	**$**	**34,697**	**$ 34,697**
Mineral property under development		**-**		**11,433,524**	**11,433,524**
Property and equipment		**1,993,494**		**8,333,662**	**10,327,156**
Other assets		**21,814**		**-**	**21,814**
Total non-current assets – As at December 31, 2015	**$**	**2,015,308**	**$**	**19,801,883**	**$21,817,191**

		Canada		Turkey	Total
Exploration licence deposits	$	-	$	35,587	$ 35,587
Mineral property under development		-		6,721,165	6,721,165
Property and equipment		564,795		3,542,032	4,106,827
Other assets		25,811		-	25,811
Total non-current assets – As at December 31, 2014	$	590,606	$	10,298,784	$ 10,889,390

		Canada		Turkey	Total
Exploration licence deposits	$	-	$	67,127	$ 67,127
Mineral property under development		-		2,315,749	2,315,749
Property and equipment		58,745		745,738	804,483
Other assets		91,561		-	91,561
Total non-current assets – As at January 1, 2014	$	150,306	$	3,128,614	$ 3,278,920

19. INCOME TAXES

The following table reconciles the expected income tax recovery at the Canadian Federal and Provincial statutory rate to the amounts recognized in the statements of loss and comprehensive loss:

For the fiscal year		**2015**		**2014**
Net loss before income taxes	**$**	**(5,279,988)**	$	(3,191,177)
Expected income tax recovery		**(1,399,199)**		(845,662)
Expenses/gains not deductible/taxable		**86,833**		70,312
Effect of foreign tax rate difference		**85,488**		80,461
Effect of current and future tax rate difference		**-**		-
Unrecognized benefit of deferred tax assets		**1,226,878**		694,889
Income tax recovery reflected in the statements of loss and comprehensive loss	**$**	**-**	$	-

The applicable tax rate was 26.5% (2014 - 26.5%).

(Expressed in United States Dollars)

19. INCOME TAXES (continued)

	As at December 31, 2015	As at December 31 2014
Current tax expense	**$ -**	$ -
Deferred tax recovery:		
Origination and reversal of temporary differences	-	-
Income tax recovery	**$ -**	$ -

The gross movement on the deferred income tax asset account, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Year Ended December 31, 2015	Year Ended December 31, 2014
Balance at the beginning of the period	**$ 389,539**	$ 8,904
Non-capital gains/(losses) used to shelter the gross deferred tax liability	**(77,020)**	380,635
Balance at the end of the period	**$ 312,519**	$ 389,539

The gross movement on the deferred income tax liability account, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Year Ended December 31, 2015	Year Ended December 31, 2014
Balance at the beginning of the period	**$ 389,539**	$ 8,904
Financing expenses to be amortized for accounting	**(343,008)**	343,008
Accelerated tax depreciation charged to the Statement of loss	**265,988**	37,627
Balance at the end of the period	**$ 312,519**	$ 389,539

Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The Company did not recognize deferred income tax assets with respect to the following deductible temporary differences:

(Expressed in United States Dollars)

19. INCOME TAXES (continued)

	As at December 31, 2015	As at December 31, 2014
Non-capital losses	**$ 19,503,322**	$ 17,665,078
Mineral properties	**9,792,495**	14,435,640
Un-deducted share issue costs	**1,409,145**	2,636,038
Other	**1,719,344**	108,290
Total	**$ 32,424,306**	$ 34,845,046

The Company's non-capital income tax losses total $20,931,461 and expire as follows:

Year of expiry	Amount
2015	224,689
2016	845,034
2017	544,094
2018	1,327,215
2019	571,088
2020	1,346,555
2022	-
2023	130,958
2024	62,595
2025	431,101
2026	530,695
2027	393,958
2028	1,035,535
2029	985,479
2030	1,513,760
2031	2,413,183
2032	312,531
2033	1,936,513
2034	2,630,341
2035	3,696,137
Total	**$20,931,461**

20. CHANGES IN NON-CASH OPERATING ASSETS AND LIABILITIES

	Year ended December 31, 2015	Year ended December 31, 2014
Changes in non-cash operating assets and liabilities:		
Other receivables	**$ 134,012**	$ (1,319)
Prepaid expenses	**(21,844)**	(14,177)
Accounts payable, accrued liabilities, and other liabilities	**(51,810)**	2,179,716
Due to related parties	**(86,600)**	73,120
	$ (26,242)	$ 2,237,340

21. SUBSEQUENT EVENTS

1. In January 2016 the Company's temporary shutdown permit for its Yenipazar operating license was renewed for a period of one year with a new expiry date of December 2016.

2. The short-term restricted cash held as collateral for the foreign currency hedging has expired as at December 31, 2015 and was subsequently reinstated in February 2016 pursuant to a Borrowings amendment.

3. On February 22, 2016, 50,000 stock options with an exercise price of CAD$1.46 expired and on March 21, 2016, 50,000 stock options with an exercise price of CAD$1.06 expired.