
GPM METALS INC.
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED
DECEMBER 31, 2015 AND 2014
(EXPRESSED IN CANADIAN DOLLARS)

Management's Responsibility for Consolidated Financial Statements

The accompanying audited consolidated financial statements of GPM Metals Inc. (the "Company" or "GPM") are the responsibility of management and the Board of Directors.

The audited consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the audited consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the audited consolidated financial statements have been prepared within acceptable limits of materiality and are in compliance with all applicable International Financial Reporting Standards.

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

The Board of Directors is responsible for reviewing and approving the audited consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the audited consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the audited consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) *"J. Patrick Sheridan"*
J. Patrick Sheridan
Chief Executive Officer and President

(signed) *"Paul Murphy"*
Paul Murphy
Chief Financial Officer

Toronto, Canada
April 25, 2016

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of GPM Metals Inc.

We have audited the accompanying consolidated financial statements of GPM Metals Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 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, 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, 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.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of GPM Metals Inc. and its subsidiaries as at December 31, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Collins Barrow Toronto LLP

Chartered Professional Accountants
Licensed Public Accountants
April 28, 2016
Toronto, Ontario

GPM METALS INC.**Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)**

| | As at December 31, 2015 | As at December 31, 2014 |
|---|-------------------------------|-------------------------------|
| ASSETS | | |
| Current assets | | |
| Cash | \$ 1,000,998 | \$ 2,299,287 |
| Short-term investments (note 5) | 17,500 | 25,000 |
| Accounts receivable and other assets (note 6) | 521,792 | 104,625 |
| Total current assets | 1,540,290 | 2,428,912 |
| Non-current assets | | |
| Property and equipment | 4,548 | - |
| Restricted cash | - | 17,402 |
| Total assets | \$ 1,544,838 | \$ 2,446,314 |
| LIABILITIES AND EQUITY | | |
| Current liabilities | | |
| Amounts payable and other liabilities (note 12) | \$ 381,657 | \$ 985,243 |
| Total liabilities | 381,657 | 985,243 |
| Capital and reserves | | |
| Share capital (note 7) | 23,718,447 | 23,165,127 |
| Shares to be issued | - | 6,500 |
| Capital surplus | 8,087,678 | 8,033,943 |
| Warrant reserve (note 9) | 4,996,495 | 4,563,401 |
| Deficit | (35,639,439) | (34,307,900) |
| Total capital and reserves | 1,163,181 | 1,461,071 |
| Total liabilities and equity | \$ 1,544,838 | \$ 2,446,314 |

Nature of operations (note 1)

Subsequent events (note 16)

Approved on behalf of the Board:

(Signed) "J. Patrick Sheridan" , Director

(Signed) "Alan Ferry" , Director

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

GPM METALS INC.**Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)**

| | Year Ended December 31, | |
|---|----------------------------|-----------------------|
| | 2015 | 2014 |
| Operating expenses | | |
| General and administrative (note 11) | \$ 762,366 | \$ 790,736 |
| Foreign exchange gain | (128,825) | (76,534) |
| Exploration and evaluation expenditures (note 13) | 1,924,331 | 1,939,281 |
| Impairment of property and equipment | - | 184,107 |
| Amortization | 633 | 78,807 |
| Operating loss | (2,558,505) | (2,916,397) |
| Interest income | 10,575 | 20,442 |
| Fair value adjustment on short-term investments | (7,500) | (15,000) |
| Gain on sale of properties (note 13(c)) | 632,224 | - |
| Gain on disposal of properties (note 13(a)) | 591,667 | - |
| Net loss and comprehensive loss for the year | \$ (1,331,539) | \$ (2,910,955) |
| Basic and diluted net loss per common share (note 10) | \$ (0.02) | \$ (0.05) |
| Weighted average number of common shares outstanding (note 10) | 58,992,846 | 55,257,257 |

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

GPM METALS INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

| | Year Ended December 31, | |
|--|----------------------------|---------------------|
| | 2015 | 2014 |
| Operating activities | | |
| Net loss for the year | \$ (1,331,539) | \$ (2,910,955) |
| Adjustments for: | | |
| Impairment of property and equipment | - | 184,107 |
| Amortization | 633 | 78,807 |
| Unrealized foreign exchange gain | (128,825) | (76,534) |
| Gain on sale of properties (note 13(c)) | (632,224) | - |
| Gain on disposal of properties (note 13(a)) | (591,667) | - |
| Fair value adjustment on short-term investments | 7,500 | 15,000 |
| Share based payments (note 8) | 53,735 | 159,200 |
| Shares issued for exploration and evaluation expenditures (note 13(f)) | 25,000 | 6,500 |
| Proceeds from sale of properties (note 13(c)) | 350,000 | - |
| Non-cash working capital items: | | |
| Accounts receivable and other assets | (117,167) | (47,192) |
| Amounts payable and other liabilities | (11,919) | 157,203 |
| Net cash used in operating activities | (2,376,473) | (2,433,864) |
| Investing activity | | |
| Purchase of property and equipment | (5,186) | - |
| Net cash provided by investing activity | (5,186) | - |
| Financing activity | | |
| Issue of common shares for private placement, net of costs | 944,914 | - |
| Issue of common shares for exercise of warrants | 10,000 | - |
| Net cash provided by financing activity | 954,914 | - |
| Net change in cash | (1,426,745) | (2,433,864) |
| Cash, beginning of year | 2,299,287 | 4,658,065 |
| Effect of foreign exchange rate fluctuation on cash held | 128,456 | 75,086 |
| Cash, end of year | \$ 1,000,998 | \$ 2,299,287 |

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

GPM METALS INC.

Consolidated Statements of Changes in Equity (Expressed in Canadian Dollars)

| | Share capital | Shares to be issued | Reserves | | | Deficit | Total |
|---|----------------------|---------------------|--------------------------|--------------------------|------------------------|---------------------|-------|
| | | | Capital surplus (note 8) | Warrant reserve (note 9) | | | |
| Balance, December 31, 2013 | \$ 23,165,127 | \$ - | \$ 7,874,743 | \$ 4,563,401 | \$ (31,396,945) | \$ 4,206,326 | |
| Purchase of Pasco Project (note 13(e)) | - | 6,500 | - | - | - | 6,500 | |
| Share based payments (note 8) | - | - | 159,200 | - | - | 159,200 | |
| Net loss and comprehensive loss for the year | - | - | - | - | (2,910,955) | (2,910,955) | |
| Balance, December 31, 2014 | 23,165,127 | 6,500 | 8,033,943 | 4,563,401 | (34,307,900) | 1,461,071 | |
| Common shares issued for private placement (note 7(b)(i)) | 960,000 | - | - | - | - | 960,000 | |
| Cost of issuance | (11,567) | - | - | (3,519) | - | (15,086) | |
| Warrant issued for private placement (note 7(b)(i)) | (438,000) | - | - | 438,000 | - | - | |
| Shares issued on exercise of warrants | 11,387 | - | - | (1,387) | - | 10,000 | |
| Shares issued for Goldeye option agreement (note 13(f)) | 25,000 | - | - | - | - | 25,000 | |
| Shares issued for Pasco Project (note 13(e)) | 6,500 | (6,500) | - | - | - | - | |
| Share based payments (note 8) | - | - | 53,735 | - | - | 53,735 | |
| Net loss and comprehensive loss for the year | - | - | - | - | (1,331,539) | (1,331,539) | |
| Balance, December 31, 2015 | \$ 23,718,447 | \$ - | \$ 8,087,678 | \$ 4,996,495 | \$ (35,639,439) | \$ 1,163,181 | |

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

GPM METALS INC.

Notes to Consolidated Financial Statements Years Ended December 31, 2015 and 2014 (Expressed in Canadian Dollars)

1. Nature of operations and going concern

GPM Metals Inc. (the "Company" or "GPM") was incorporated under the Alberta Business Corporation Act on March 16, 1994 under the name of Minera Sierra Madre Inc. Effective December 15, 1999, the Company changed its name to MSA Capital Corp. and, subsequently, on October 28, 2002, changed its name to Coronation Minerals Inc. On April 5, 2004, the Company filed articles of continuance and was continued under the Business Corporations Act (Ontario). On August 17, 2009, the Company announced that it had filed articles of amendment to change its name to Guyana Precious Metals Inc. Effective August 27, 2013, the Company changed its name to GPM Metals Inc. The primary office is located at 141 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 3L5.

These consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

The Company has not yet realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of \$35,639,439 as at December 31, 2015. The Company's continued existence following planned expenditures is dependent upon its ability to raise additional capital and/or obtaining financing from related parties and develop profitable operations. Management believes that it has the ability to raise the required additional funding. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be able to execute on its business strategy or be successful in future financing activities. As at December 31, 2015, the Company had current assets of \$1,540,290 to cover current liabilities of \$381,657 with cash used in operating activities for the year ended December 31, 2015 of \$2,376,473. Given the above, the Company has material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

The consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments may be necessary in the carrying value of assets and liabilities and the classifications used. These adjustments could be material.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and noncompliance with regulatory and environmental requirements.

2. Significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Committee ("IFRIC"), effective for the Company's reporting for the years ended December 31, 2015 and 2014.

The policies applied in these consolidated financial statements are based on IFRS issued and effective as of December 31, 2015. The Board of Directors approved the statements on April 25, 2016.

(b) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial assets to fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 2(p).

GPM METALS INC.

Notes to Consolidated Financial Statements
Years Ended December 31, 2015 and 2014
(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

The results of subsidiaries acquired or disposed of during the periods presented are included in the consolidated statement of loss and comprehensive loss from the date that control commences until it ceases, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

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

| Corporation | Country of incorporation | Principal activity |
|---|--------------------------|---------------------|
| GPM Metals Inc. | Canada | Parent company |
| 1901743 Ontario Inc. ⁽¹⁾⁽⁴⁾ | Canada | Holding Company |
| DPG Resources Australia Pty Ltd. ⁽²⁾ | Australia | Holding Company |
| Guyana Precious Metals (Barbados) Inc. ⁽¹⁾ (Refer to note 13(c)) | Barbados | Holding company |
| PMG Inc. ⁽³⁾ | Guyana | Exploration company |
| Chaska Resources SAC ⁽³⁾⁽⁵⁾ | Peru | Exploration company |

⁽¹⁾ 100% owned by GPM;

⁽²⁾ 100% owned by 1901743 Ontario Inc.;

⁽³⁾ 100% owned by Guyana Precious Metals (Barbados) Inc.;

⁽⁴⁾ Also referred to as DPG Resources Inc. throughout these financial statements; and

⁽⁵⁾ Also referred to as Chaska throughout these financial statements.

(d) Foreign currencies

The functional currency, as determined by management, of GPM, 1901743 Ontario Inc., Guyana Precious Metals (Barbados) Inc., DPG Resources Australia Pty Ltd., PMG Inc. and Chaska is the Canadian Dollar. For the purpose of the consolidated financial statements, the results of operations and financial position are expressed in Canadian Dollars.

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 year end exchange rates are recognized in the consolidated statement of loss and comprehensive loss.

(e) Financial instruments

Financial assets:

Financial assets are classified into the following categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity investments', 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value.

Financial assets classified as FVTPL are subsequently measured at fair value on each subsequent reporting date with movements in fair value recognized in the consolidated statements of loss and comprehensive loss.

GPM METALS INC.

Notes to Consolidated Financial Statements
Years Ended December 31, 2015 and 2014
(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(e) *Financial instruments (continued)*

Financial liabilities:

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

All financial liabilities including borrowings are initially measured at fair value.

Financial liabilities classified as FVTPL are subsequently measured at fair value on each subsequent reporting date. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on the consolidated statement of loss on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

De-recognition of financial liabilities:

The Company derecognizes financial liabilities when the obligations are discharged, cancelled or expire.

Transaction costs associated with FVTPL financial assets are expensed as incurred while transaction costs associated with all other financial assets and liabilities are included in the initial carrying value of the asset and liability.

The Company's financial instruments consist of the following:

| Financial assets: | Classification: |
|--------------------------|------------------------|
| Cash | FVTPL |
| Short-term investments | FVTPL |
| Restricted cash | FVTPL |

| Financial liabilities: | Classification: |
|---------------------------------------|-----------------------------|
| Amounts payable and other liabilities | Other financial liabilities |

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on 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 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2015 and December 31, 2014, the fair value of the Company's financial instruments approximates the carrying value, due to the short term nature of the instruments.

As of December 31, 2015 and December 31, 2014, cash, restricted cash and the Company's investment in Prophecy Coal Corp. ("Prophecy Coal") (note 5) are recorded at fair value and are considered as Level 1 financial instruments. As at December 31, 2015, Prophecy Coal common shares are carried at a fair value of \$17,500 (December 31, 2014 - \$25,000).

GPM METALS INC.

Notes to Consolidated Financial Statements
Years Ended December 31, 2015 and 2014
(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(f) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment.

(g) 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 activities.

Once a project has been established as commercially viable and technically feasible, related development expenditure is capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

(h) Cash

Cash in the statements of financial position comprise cash at banks and on hand. The Company does not invest in any asset-backed deposits/investments.

(i) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The Company had no material provisions or onerous contracts at December 31, 2015 and December 31, 2014.

(j) Common shares (share capital) and subscriber warrants

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

GPM METALS INC.

Notes to Consolidated Financial Statements
Years Ended December 31, 2015 and 2014
(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(k) Share based payment transactions

Share based payments to employees:

The Company measures share based payments to employees at the fair value of the options at the grant date. The fair value of share options granted to employees is recognized as an expense over the vesting or service period with a corresponding increase in equity. The fair value of the options granted is measured using the Black-Scholes valuation model, taking into account the terms and conditions upon which the options were granted. At each financial reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. 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.

Share based payments to non-employees:

The Company measures share based payments to non-employees at the fair value of the goods or services received at the date of receipt of the goods or services. The fair value of share options granted to non-employees is recognized as an expense over the period the services have been provided. If the fair value of the goods or services cannot be measured reliably, the fair value of the options granted will be used, measured using the Black-Scholes option-pricing model.

Units:

The Company periodically issues units to investors consisting of common shares and common share purchase warrants in private placements. Each whole warrant issued entitles the investor (as holder) to acquire a common share of the Company at a fixed Canadian dollar price over a specified term. These "investor warrants" are measured at fair value using the Black-Scholes option-pricing model and recorded as an allocation of investor proceeds from share capital to the warrant reserve.

(l) Income taxes

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they are realized or settled, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

GPM METALS INC.

Notes to Consolidated Financial Statements
Years Ended December 31, 2015 and 2014
(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(l) Income taxes (continued)

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(m) 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 arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, 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 and 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.

At December 31, 2015 and December 31, 2014, the Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

(n) Interest income

Interest income is recognized on the accrual basis using the effective interest method.

(o) 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. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares. The dilutive effect of outstanding stock options and warrants on earnings per share is calculated by determining the proceeds for the exercise of such securities which are then assumed to be used to purchase common shares of the Company. If the number of common shares outstanding increases or decreases as a result of share split or consolidation, the calculation of basic and diluted loss per share for all periods presented, is adjusted retrospectively.

GPM METALS INC.

Notes to Consolidated Financial Statements
Years Ended December 31, 2015 and 2014
(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(p) 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.

Critical accounting estimates

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, relate to, but are not limited to, the following:

- the inputs used in accounting for share based payment transactions and in valuation of warrants issued in unit financing;
- management assumption of no material restoration, rehabilitation and environmental obligations, based on the facts and circumstances that existed during the period; and
- management's position that there is no income tax asset recognized within these consolidated financial statements.

Management applied judgment in determining the functional currency of the Company as Canadian Dollars.

(q) Change in accounting policies

There have been no changes to accounting policies during the year ended December 31, 2015.

(r) Recent accounting pronouncements

(i) IFRS 9 – Financial Instruments (“IFRS 9”) was issued in final form in July 2014 by the IASB and will replace IAS 39 - Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company is currently assessing the impact of this pronouncement.

GPM METALS INC.

**Notes to Consolidated Financial Statements
Years Ended December 31, 2015 and 2014
(Expressed in Canadian Dollars)**

2. Significant accounting policies (continued)

(r) *Recent accounting pronouncements (continued)*

(ii) IFRS 11 – Joint Arrangements was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted. The Company is currently assessing the impact of this pronouncement.

(iii) IAS 1 – Presentation of Financial Statements was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality considerations apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted. The Company is currently assessing the impact of this pronouncement.

3. Capital risk management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

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.

The Company considers its capital to be equity, which comprises share capital, shares to be issued, reserves and deficit, which at December 31, 2015 is \$1,163,181 (December 31, 2014 - \$1,461,071).

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 activities related to its mineral properties. Selected information is provided to the Board of Directors. The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2015.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSXV Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2015, the Company believes it is compliant with Policy 2.5.

4. Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign currency risk 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.

GPM METALS INC.

**Notes to Consolidated Financial Statements
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(Expressed in Canadian Dollars)**

4. Financial risk management (continued)

(i) 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, restricted cash and accounts receivable. Cash and restricted cash are held with select major Canadian, Barbadian and Australian chartered banks, from which management believes the risk of loss to be minimal.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at December 31, 2015, the Company had cash of \$1,000,998 (December 31, 2014 - \$2,299,287) to settle current liabilities of \$381,657 (December 31, 2014 - \$985,243). All of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

(iii) Market risk

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

(a) Foreign currency risk

The Company's functional and presentation currency is the Canadian Dollar and major purchases are transacted in Canadian Dollars. As of December 31, 2015, the Company funds certain operations, exploration and administrative expenses in Peru and Barbados on a cash call basis using US Dollar currency, and in Australia using the Australian Dollar currency converted from its Canadian Dollar bank accounts held in Canada. The Company maintains US Dollar bank accounts in Canada and Barbados, Australian Dollar bank accounts in Australia. The Company is subject to gains and losses from fluctuations in the US Dollar and the Australian Dollar against the Canadian Dollar.

(b) Equity price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company's investment in the common shares of Prophecy Coal Corp. ("Prophecy Coal") (note 5) are subject to fair value fluctuations arising from changes in the equity market.

Sensitivity analysis

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

(i) The Company holds balances in foreign currencies which could give rise to exposure to foreign exchange risk. Sensitivity to a plus or minus 10% change in the foreign exchange rate against the Canadian Dollar would affect the reported loss and comprehensive loss for the year ended December 31, 2015 by approximately \$24,500 (December 31, 2014 - \$63,600).

(ii) The Company's investment in the common shares of Prophecy Coal (note 5) is subject to fair value fluctuations (included in 'short-term investments'). As at December 31, 2015, sensitivity to a plus or minus 10% change in the quoted market price of Prophecy Coal common shares, with all other variables held constant, would affect reported loss and comprehensive loss for the year ended December 31, 2015 by approximately \$1,750 (December 31, 2014 - \$2,500).

GPM METALS INC.

Notes to Consolidated Financial Statements Years Ended December 31, 2015 and 2014 (Expressed in Canadian Dollars)

5. Short-term investments

| | As at December 31, 2015 | As at December 31, 2014 |
|--|-------------------------------|-------------------------------|
| Prophecy Development Corp. common shares | \$ 17,500 | \$ 25,000 |

6. Accounts receivable and other assets

| | As at December 31, 2015 | As at December 31, 2014 |
|---|-------------------------------|-------------------------------|
| Harmonized sales tax recoverable - (Canada) | \$ 144,075 | \$ 26,677 |
| Sales tax recoverable - (Australia) | 41,117 | 16,565 |
| Accounts receivable | - | 1,610 |
| Prepaid expenses | 36,600 | 59,773 |
| Amount due from Bartica Investments Ltd. ("Bartica") (note 13(c)) | 300,000 | - |
| | \$ 521,792 | \$ 104,625 |

7. Share capital

On July 16, 2015, the Company filed articles of amendment to consolidate the Company's issued and outstanding common shares on the basis of one (1) new common share for every two (2) existing common shares, effective as of July 16, 2015 (the "Consolidation"). Shareholder approval of the Consolidation was obtained at the Company's annual and special meeting of shareholders held on June 24, 2015.

The Consolidation has been reflected in these consolidated financial statements and all applicable references to the number of shares, warrants and stock options and their exercise price and per share information has been restated.

a) Authorized share capital

The authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

At December 31, 2015, the Company issued share capital amounting to \$23,718,447. The changes in issued share capital for the periods were as follows:

| | Number of common shares | Amount |
|---|-------------------------------|---------------|
| Balance, December 31, 2013 and December 31, 2014 | 55,257,257 | \$ 23,165,127 |
| Common shares issued for private placement (i) | 6,000,000 | 960,000 |
| Cost of issuance | - | (11,567) |
| Value allocated to warrants (i) | - | (438,000) |
| Shares issued for exercise of warrants | 50,000 | 10,000 |
| Value allocated to warrants | - | 1,387 |
| Shares issued for Goldeye option agreement (note 13(f)) | 168,100 | 25,000 |
| Shares issued for Pasco Project (note 13(e)) | 50,000 | 6,500 |
| Balance, December 31, 2015 | 61,525,357 | \$ 23,718,447 |

GPM METALS INC.

Notes to Consolidated Financial Statements Years Ended December 31, 2015 and 2014 (Expressed in Canadian Dollars)

7. Share capital (continued)

(i) On May 27, 2015, the Company completed an offering pursuant to which it issued 6,000,000 units ("Units") at a price of \$0.16 per Unit, to raise aggregate gross proceeds of \$960,000. Each Unit consists of one common share of the Company and one-half of one share purchase warrant ("Warrant") of the Company, each whole Warrant entitles the holder to acquire one additional common share for a period of 24 months at an exercise price of \$0.28 per share.

The fair value of the 3,000,000 Warrants was calculated to be \$438,000 using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility based on historical trends of 128.79%; risk-free interest rate of 0.63% and an expected average life of 2 years

8. Stock options

The Company adopted a stock option plan for employees, consultants, officers and directors on April 24, 1995. The number of common shares reserved for issue under the stock option plan may not exceed 10% of the issued and outstanding capital of the Company at any given time. The term of options granted under the stock option plan may not exceed five years from the date of the grant and the option price, which may be determined by the directors of the Company, may not be less than the market price for the common shares at the grant date, less an approved discount.

The Company records a charge to the statements of loss and comprehensive loss using the Black-Scholes valuation model (for options granted to non-employees, the valuation is based on services provided if reliably measurable). The valuation is dependent on a number of estimates, including the risk free interest rate, the level of stock volatility, together with an estimate of the level of forfeiture. The level of stock volatility is calculated with reference to the historic traded daily closing share price of the Company at the date of issue.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

The following tables reflect the continuity of stock options for the periods ended December 31, 2015 and 2014:

| | Number of stock options | Weighted average exercise price (\$) |
|--|----------------------------|---|
| Balance, December 31, 2013 | 3,925,000 | 0.50 |
| Granted (i) | 1,575,000 | 0.20 |
| Expired and cancelled | (781,250) | 0.52 |
| Forfeited | (56,250) | 0.34 |
| Balance, December 31, 2014 | 4,662,500 | 0.40 |
| Weighted average exercise price for vested options | | 0.44 |
| Balance, December 31, 2014 | 4,662,500 | 0.40 |
| Granted (ii) | 500,000 | 0.115 |
| Expired and cancelled | (2,837,500) | 0.52 |
| Balance, December 31, 2015 | 2,325,000 | 0.20 |
| Weighted average exercise price for vested options | | 0.22 |

GPM METALS INC.

Notes to Consolidated Financial Statements
Years Ended December 31, 2015 and 2014
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8. Stock options (continued)

The following table reflects the actual stock options issued and outstanding as of December 31, 2015:

| Expiry date | Exercise price (\$) | Weighted average remaining contractual life (years) | Number of options outstanding | Number of options vested (exercisable) | Number of options unvested |
|-------------------|---------------------|---|-------------------------------|--|----------------------------|
| November 7, 2016 | 0.56 | 0.85 | 125,000 | 125,000 | - |
| February 17, 2017 | 0.20 | 1.13 | 1,575,000 | 1,575,000 | - |
| June 26, 2017 | 0.20 | 1.49 | 125,000 | 125,000 | - |
| September 7, 2020 | 0.115 | 4.69 | 500,000 | 125,000 | 375,000 |
| | | 1.90 | 2,325,000 | 1,950,000 | 375,000 |

(i) On February 17, 2014, the Company granted 1,575,000 options to an officer at a price of \$0.20 per share. The fair value of these options at the date of grant of \$0.1168 was estimated using the Black-Scholes valuation model with the following assumptions: a three year expected term; a 134% expected volatility based on historical trends; risk free interest rate of 1.21%; share price at the date of grant of \$0.16; and an expected dividend yield of 0%. The grant date fair value assigned to these options was \$183,960. These options, which will vest by 25% upon date of grant and by 25% on each of the 6, 12 and 18 month anniversaries of the date of grant, will expire on February 17, 2017. For the year ended December 31, 2015, the impact on salaries and benefits (note 11) was \$17,360 (year ended December 31, 2014 - \$108,200). For the year ended December 31, 2015, the impact on consulting fees (note 11) was \$8,074 (year ended December 31, 2014 - \$50,326).

(ii) On September 7, 2015, the Company granted 500,000 options to certain an officer of the Company at a price of \$0.115 per share. The fair value of these options at the date of grant of \$0.105 was estimated using the Black-Scholes valuation model with the following assumptions: a five year expected term; a 137% expected volatility based on historical trends; risk free interest rate of 0.75%; share price at the date of grant of \$0.12; and an expected dividend yield of 0%. The grant date fair value assigned to these options was \$52,500. These options, which will vest by 25% upon date of grant and by 25% on each of the 6, 12 and 18 month anniversaries of the date of grant, will expire on September 7, 2020. For the year ended December 31, 2015, the impact on salaries and benefits (note 11) was \$28,301.

9. Warrants

The following table reflects the continuity of warrants for the periods ended December 31, 2015 and 2014:

| | Number of warrants | Weighted average exercise price (\$) |
|--|--------------------|--------------------------------------|
| Balance, December 31, 2013 and December 31, 2014 | 9,350,000 | 0.20 |
| Balance, December 31, 2014 | 9,350,000 | 0.20 |
| Issued (note 7(i)) | 3,000,000 | 0.28 |
| Exercised | (50,000) | 0.20 |
| Expired | (9,300,000) | 0.20 |
| Balance, December 31, 2015 | 3,000,000 | 0.28 |

GPM METALS INC.**Notes to Consolidated Financial Statements****Years Ended December 31, 2015 and 2014****(Expressed in Canadian Dollars)**

9. Warrants (continued)

The following table reflects the actual warrants issued and outstanding as of December 31, 2015:

| Number of warrants outstanding | Fair value | Exercise price | Expiry date |
|---|-------------------|-----------------------|--------------------|
| 3,000,000 | \$ 438,000 | \$0.28 | May 27, 2017 |

10. Net loss per common share

The calculation of basic and diluted loss per share for the year ended December 31, 2015 was based on the loss attributable to common shareholders of \$1,331,539 (year ended December 31, 2014 - \$2,910,955) and the weighted average number of common shares outstanding of 58,992,846 (year ended December 31, 2014 - 55,257,257). Diluted loss per share did not include the effect of 2,325,000 stock options (December 31, 2014 - 4,662,500 stock options) and 3,000,000 warrants (December 31, 2014 - 9,350,000 warrants) as they are anti-dilutive or not in the money.

11. General and administrative

| | Year Ended December 31, | |
|--------------------------------|------------------------------------|-------------------|
| | 2015 | 2014 |
| Salaries and benefits (note 8) | \$ 177,769 | \$ 172,386 |
| Consulting fees (note 8) | 132,474 | 189,749 |
| Administrative and general | 107,728 | 151,055 |
| Reporting issuer costs | 54,634 | 43,964 |
| Accounting fees | 74,454 | 74,925 |
| Professional fees | 187,548 | 132,035 |
| Insurance | 27,759 | 26,622 |
| | \$ 762,366 | \$ 790,736 |

12. Related party balances and transactions

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The transactions noted below are in the normal course of business and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

GPM METALS INC.

Notes to Consolidated Financial Statements
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12. Related party balances and transactions (continued)

(a) GPM entered into the following transactions with related parties:

| | Notes | Year Ended December 31, | |
|---|-------|----------------------------|-----------|
| | | 2015 | 2014 |
| Bruce Rosenberg | (i) | \$ 61,954 | \$ 41,547 |
| 1140301 Ontario Ltd. | (ii) | - | 12,000 |
| Grinslade Services Inc. | (ii) | - | 3,060 |
| Doug Lewis | (iv) | 12,000 | - |
| Lewis Downey Tornosky Lassaline & Timpano | (iii) | - | 9,000 |
| Alexander Po | (v) | 40,800 | 28,800 |
| Harry Burgess | (iv) | 12,000 | 12,000 |
| Alan Ferry | (iv) | 12,000 | - |
| J. Patrick Sheridan | (vi) | 120,000 | 120,000 |
| Guyana Goldfields Inc. ("GGI") | (vii) | - | 171,750 |

(i) Bruce Rosenberg is a director of the Company. Fees related to legal services provided by Mr. Rosenberg and director's fees. Director fees were paid to a company controlled by Mr. Rosenberg. As at December 31, 2015, his company was owed \$nil (December 31, 2014 - \$6,505) and these amounts were included in amounts payable and other liabilities.

(ii) Director fees paid to companies controlled by directors of the Company. As at December 31, 2015, these companies were owed \$nil (December 31, 2014 - \$18,789) and these amounts were included in amounts payable and other liabilities.

(iii) Director fees paid to a firm in which a director of the Company is a partner.

(iv) Director fees paid to directors of the Company. As at December 31, 2015, these directors were owed \$nil (December 31, 2014 - \$3,000) and these amounts were included in amounts payable and other liabilities.

(v) Director and consulting fees paid to a director of the Company.

(vi) Chief Executive Officer fees.

(vii) GGI and GPM have common management and directors. During the year ended December 31, 2015, the Company transferred \$nil (year ended December 31, 2014 - \$171,750, respectively) to GGI to be held in trust and used for expenditures on the Peter's property. As at December 31, 2015, amounts payable and other liabilities includes \$nil (December 31, 2014 - \$20,093) payable to GGI.

(viii) The Sale Transaction for the Peters and Aremu properties constitutes a "related party transaction" because Bartica is a company in which Patrick Sheridan, an officer, director and significant shareholder of the Company, holds an interest. (see note 13(c)).

(b) Remuneration of directors and key management personnel of the Company was as follows:

| | Year Ended December 31, | |
|--|----------------------------|------------|
| | 2015 | 2014 |
| Total salaries and benefits ⁽¹⁾ | \$ 180,000 | \$ 180,060 |
| Total share based payments | \$ 45,661 | \$ 112,326 |

GPM METALS INC.

Notes to Consolidated Financial Statements

Years Ended December 31, 2015 and 2014

(Expressed in Canadian Dollars)

12. Related party balances and transactions (continued)

(1) Salaries and benefits include director fees. The Board of Directors and select officers do not have employment or services contracts with the Company. Directors are entitled to director fees and stock options for their services and officers are entitled to stock options for their services.

The above noted transactions are in the normal course of business.

13. Exploration and evaluation expenditures

The Company enters into exploration agreements or permits with other companies or foreign governments pursuant to which it may explore, or earn interests in mineral properties by issuing common shares and/or making option or rental payments and/or incurring expenditures in varying amounts by varying dates. Failure by the Company to meet such requirements can result in a reduction or loss of the Company's ownership interests or entitlements under the agreements or permits.

(a) Coppermine River Project

The Company held a 100% interest in mining lease number 2797 located in the Coronation Gulf area, west of the Coppermine River (Coppermine River Property), southwest of Kugluktuk, Nunavut, Canada. For the year ended December 31, 2015, the Company accrued a required advance of a net smelter royalty fee on the project of \$50,000 (year ended December 31, 2014 - \$100,000).

Pursuant to a settlement, release, and quit claim agreement dated and effective July 3, 2015 the Company, was released from its obligation related to its interest in mining lease number 2797 of the Coppermine River Project. In consideration of the Coppermine River Project, GPM paid Victoria Copper Inc. the sum of \$150,000 on July 27, 2015. GPM was released of any further obligations and has no further liabilities and has no ownership interest pursuant to the original agreements. GGI, which had a residual net smelter royalty interest also released its interest in the property. The Company recognized a gain on disposal of \$591,667.

(b) Rory Group

The Company has a 100% interest in the Rory Group consisting of 40 (2014 - 265) staked claims located in the Yukon Territory, Canada.

(c) Peters and Aremu properties

The Peters Mine Property is located west-southwest of Bartica, a town in north-central Guyana in which the Essequibo, Mazaruni, and Cuyuni rivers meet, and southwest of Georgetown, the capital and largest city of Guyana, located in the Demerara-Mahaica region. The Aremu property comprises ten mining permits located west of Bartica and south of the Aremu River. At March 29, 2015, the Company held a bond for US\$15,000, held in trust for potential future restoration, rehabilitation and environmental obligations on the properties. The bond was disposed of on March 30, 2015. See below for details.

On January 7, 2015, GPM entered into a definitive agreement for the sale of its properties in Guyana, together with the interest of GPM in all property, assets and rights ancillary to the properties, to Bartica for an aggregate cash payment to the Company of \$650,000 (the "Sale Transaction"). The cash consideration shall be paid to GPM as follows:

- (a) \$350,000 to be paid on the closing date of the Sale Transaction (received); and
- (b) \$300,000 to be paid on or prior to the first anniversary of the closing date of the Sale Transaction.

The Sale Transaction constitutes a "related party transaction" because Bartica is a company in which Patrick Sheridan, an officer, director and significant shareholder of the Company, holds an interest.

On March 31, 2015, GPM announced it had completed the Sale Transaction effective March 30, 2015.

GPM METALS INC.

Notes to Consolidated Financial Statements Years Ended December 31, 2015 and 2014 (Expressed in Canadian Dollars)

13. Exploration and evaluation expenditures (continued)

(c) Peters and Aremu properties (continued)

The definitive agreement for the sale of the Peters and Aremu properties was amended to extend the payment terms of the \$300,000 due on or prior to March 30, 2016. The amended payment terms are as follows: \$200,000 payable by April 30, 2016 and \$100,000 payable by May 31, 2016.

(d) Walker Gossan Project

On January 27, 2014, the Company, through its wholly owned subsidiary DPG Resources Australia Pty Limited entered into, an Earn-In/Joint Venture Agreement with Rio Tinto Exploration Pty Limited ("Rio Tinto"), a wholly owned subsidiary of Rio Tinto Limited covering base metal exploration and development rights, in relation to certain granted exploration tenements and tenement applications in McArthur Basin Mining District, Northern Territory, Australia (the "Walker Gossan project").

Rio Tinto and GPM have entered into a definitive Two Stage Earn-In/Joint Venture Agreement granting GPM an initial 51% interest under certain conditions that include:

Stage One

1. Payment of Australian Dollar ("AUD") \$1,000,000 on signing (paid);
2. Minimum expenditure of AUD\$2,000,000 within 3 years of effective date;
3. Combined expenditures of AUD\$20,000,000 over a 10 year period; and
4. Milestone payments within the combined expenditures as follows:
 - (i) AUD\$100,000 upon the grant of licences to all of the properties;
 - (ii) AUD\$1,000,000 upon the completion of the first drill hole on the Walker Gossan project; and
 - (iii) AUD\$4,000,000 upon the completion of a resource study that shows an indicated status for minimum 20 million tons of greater than 8% combined lead and zinc, or lead, zinc and silver, within the licensed area or a Decision to Mine being made.

Stage Two

GPM may increase its interest to 75% by completing a Feasibility Study within 3 years of completing Stage One. Rio Tinto may elect to contribute pursuant to its participating share, not contribute and be diluted or convert its interest into a Net Smelter Return (2.5%) royalty. There are rights of first refusal on purchase and sale of interest for both parties at fair market value. GPM will be responsible for all negotiations with the Northern Land Council for consent to issue the exploration licence applications and work programs to be conducted by GPM under its sole rights or as operator.

(e) Pasco Project

On September 15, 2014, the Company, through its wholly owned subsidiary Chaska Resources SAC, entered into a definite agreement to purchase a 100% interest in the exploration concession known as Pasco Project 1, which consists of 1000 hectares of land, located in the district of Huachon, Province of Pasco, in the Republic of Peru (the "Purchase").

On September 3, 2015, the Company completed the acquisition of the property with total consideration as follows:

- (a) Payment of USD \$16,750 (paid); and
- (b) Issuance of 50,000 common shares of GPM (issued).

GPM METALS INC.

Notes to Consolidated Financial Statements
Years Ended December 31, 2015 and 2014
(Expressed in Canadian Dollars)

13. Exploration and evaluation expenditures (continued)

(f) Weebigee Project

(i) Goldeye Project

On April 15, 2015, the Company announced it had entered into a definitive earn-in option agreement (the "Agreement") with Goldeye Explorations Limited ("Goldeye"), whereby GPM has the right and option (the "50.1% Option") to earn an undivided 50.1% legal and beneficial interest in the Weebigee Project (the "Weebigee Project") located in Ontario and the right and option (the "70% Option") to acquire a further 19.9% legal and beneficial interest in the Weebigee Project for an aggregate undivided 70% legal and beneficial interest in the Weebigee Project.

The details of the Agreement are as follows:

Pursuant to the Agreement, Goldeye, as optionor, has granted to GPM, as optionee, the right to earn up to a 70% legal and beneficial interest in the Weebigee Project under certain conditions.

Stage 1 The 50.1% Option

To exercise the 50.1% Option, GPM must:

1. Make payment of \$50,000 (paid) in cash and issue such number of common shares (the "Consideration Shares") to Goldeye as shall have an aggregate fair market value of \$25,000 (issued), following receipt of all necessary approvals, (based on the volume weighted average price of such Consideration Shares over the next five business days);
2. Make three additional cash payments of an aggregate total of \$500,000 to Goldeye over 3 years; and
3. Complete expenditures on the Project of an aggregate total of \$5,000,000 over 4 years.

Stage 2 The 70% Option

To exercise the 70% Option, GPM, after having exercised the 50.1% Option, must, at its election, either:

1. Deliver a feasibility study to Goldeye on or prior to the date which is five years following the date upon which GPM exercises the 50.1% Option; or
2. Make cash payments to Goldeye and complete exploration expenditures on the Project as follows:
 - a. Three cash payments to Goldeye of an aggregate total of \$1,500,000 over 2 years;
 - b. Complete expenditures on the Project of \$1,000,000 prior to the 1st anniversary of the 70% Option notice date; and
 - c. Complete additional expenditures on the Project of \$2,000,000 prior to the 2nd anniversary of the 70% Option notice date.

In the event GPM exercises the 50.1% Option and/or the 70% Option, GPM and Goldeye shall be deemed to have formed a new joint venture (the "Joint Venture") and shall enter into and deliver a Joint Venture Agreement, which shall govern their relationship in respect of the Project. GPM will be the operator of the Project during the term of the option and the manager of the Project following the formation of the Joint Venture. Under the Joint Venture Agreement, GPM and Goldeye will be required to contribute their pro rata share of further expenditures on the Project based on their respective percentage interest in the Joint Venture from time to time on standard industry terms.

During the year ended December 31, 2015, the Company paid \$60,000 in cash, comprised of \$50,000 pursuant to the 50.1% earn-in and \$10,000 pursuant to a winter road balance payment and issued 168,100 common shares (valued at \$25,000) to Goldeye.

GPM METALS INC.

Notes to Consolidated Financial Statements

Years Ended December 31, 2015 and 2014

(Expressed in Canadian Dollars)

13. Exploration and evaluation expenditures (continued)

(f) Weebigee Project (continued)

(ii) East Block Project

GPM has staked approximately 1,400 additional claim units known as the "East Block" in property surrounding the Weebigee Project. These claims are owned 100% by GPM. Refer to note 16(iv).

(g) The following is a detailed list of expenditures incurred on the Company's mineral properties:

| | Year Ended December 31, | |
|------------------------------|----------------------------|--------------|
| | 2015 | 2014 |
| Guyana, South America | | |
| License renewal fees | \$ - | \$ 10,195 |
| Supplies | - | 43,972 |
| General | - | 71,251 |
| Contractors | - | 59,376 |
| Transportation | - | 27,860 |
| Wages and salaries | - | 2,526 |
| Repairs and maintenance | - | 11,601 |
| | - | 226,781 |
| Canada | | |
| Advance royalty payments | 50,000 | 100,000 |
| Maintenance costs | 32,649 | 14,588 |
| Access fee | 223,953 | - |
| General | 257,102 | - |
| Travel | 63,331 | - |
| Geology | 321,641 | - |
| Transportation | 26,831 | - |
| Wages and salaries | 20,467 | - |
| | 995,974 | 114,588 |
| Australia | | |
| Access fee | - | 998,500 |
| General | 302,594 | 339,740 |
| Consulting | 331,442 | 198,381 |
| | 634,036 | 1,536,621 |
| Peru | | |
| Acquisition costs | - | 20,866 |
| General | 294,321 | 40,425 |
| | 294,321 | 61,291 |
| | \$ 1,924,331 | \$ 1,939,281 |

GPM METALS INC.

Notes to Consolidated Financial Statements Years Ended December 31, 2015 and 2014 (Expressed in Canadian Dollars)

14. Segmented information

As at December 31, 2015, the Company operates primarily in four reportable geographical segments, being the exploration for minerals in Guyana (until January 7, 2015), Canada, Australia and Peru. The Company maintains a head office in Toronto, Canada.

Year ended December 31, 2015

| | Guyana | Canada | Australia | Peru | Total |
|---|------------|--------------|--------------|--------------|----------------|
| Income | \$ - | \$ - | \$ 50 | \$ - | \$ 50 |
| Net income (loss) and comprehensive income (loss) | \$ 628,626 | \$ (977,207) | \$ (688,637) | \$ (294,321) | \$ (1,331,539) |

Year ended December 31, 2014

| | Guyana | Canada | Australia | Peru | Total |
|---------------------------------|--------------|--------------|----------------|-------------|----------------|
| Income | \$ - | \$ 5,358 | \$ 84 | \$ - | \$ 5,442 |
| Net loss and comprehensive loss | \$ (324,739) | \$ (892,116) | \$ (1,633,040) | \$ (61,060) | \$ (2,910,955) |

As at December 31, 2015

| | Guyana | Canada | Australia | Peru | Total |
|--------------------|--------|--------|-----------|------|----------|
| Non-current assets | \$ - | \$ - | \$ 4,548 | \$ - | \$ 4,548 |

As at December 31, 2014

| | Guyana | Canada | Australia | Peru | Total |
|--------------------|-----------|----------|-----------|------|-----------|
| Non-current assets | \$ 10,332 | \$ 7,070 | \$ - | \$ - | \$ 17,402 |

15. Income taxes

(a) Provision for income taxes

Income taxes differ from the amount that would be computed by applying the combined statutory income tax rates of 29.32% (2014 - 28.79%). The reasons for the differences are as follows:

| | Year Ended December 31, | |
|--|----------------------------|----------------|
| | 2015 | 2014 |
| Loss for the year before income taxes | \$ (1,331,539) | \$ (2,910,955) |
| Expected tax recovery at statutory rates | (390,400) | (838,064) |
| Increase (decrease) resulting from: | | |
| Other reconciling items | 602,679 | - |
| Non-deductible stock-based compensation | 14,240 | 42,188 |
| Impairment of property and equipment | - | 48,788 |
| Unrealized loss on short-term investment | 1,988 | 1,988 |
| Unrealized gain on foreign exchange | (38,986) | (20,282) |
| Deferred taxes not recognized | (189,521) | 765,382 |
| | \$ - | \$ - |

GPM METALS INC.

Notes to Consolidated Financial Statements
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15. Income taxes (continued)

(b) Deferred tax balances

The tax effects of temporary differences that give rise to deferred tax assets and deferred income tax liabilities at December 31, 2015 and 2014 are as follows:

| | As at December 31, 2015 | As at December 31, 2014 |
|--|-------------------------------|-------------------------------|
| Future tax assets: | | |
| Non-capital tax losses carry-forward - Canada | \$ 887,181 | \$ 2,786,088 |
| Non-capital tax losses carry-forward - Barbados | 130,055 | 98,228 |
| Non-capital tax losses carry-forward - Guyana | 1,133,673 | 1,306,936 |
| Non-capital tax losses carry-forward - Australia | 803,197 | 576,958 |
| Non-capital tax losses carry-forward - Peru | 82,410 | 18,318 |
| Resource expenditure pools | 1,732,929 | 242,721 |
| Fixed assets | 59,728 | (12,069) |
| Unrealized loss on short-term investment | 130,182 | 129,188 |
| Cost of issue of shares | 14,238 | 16,746 |
| Valuation allowance | (4,973,593) | (5,163,114) |
| Total future tax assets | \$ - | \$ - |

(i) The Company has not recognized deferred tax assets because at present it is not probable that they will be realized.

(c) Non-capital losses

The Company has accumulated non-capital losses for income tax purposes which can be carried forward to be applied against future taxable income. The right to use these losses expires as follows:

| Canada | Year | Tax loss |
|--------|------|---------------------|
| | 2026 | 80,186 |
| | 2027 | 458,287 |
| | 2029 | 441,166 |
| | 2030 | 515,109 |
| | 2031 | 496,372 |
| | 2032 | 454,153 |
| | 2033 | 229,718 |
| | 2034 | 672,860 |
| | | \$ 3,347,851 |

GPM METALS INC.

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15. Income taxes (continued)**(c) Non-capital losses (continued)**

| Barbados | Year | Tax loss |
|-----------------|-------------|-------------------|
| | 2018 | \$ 4,903 |
| | 2019 | 12,492 |
| | 2020 | 3,990 |
| | 2021 | 128,894 |
| | 2022 | 122,822 |
| | 2023 | 119,812 |
| | 2024 | 127,308 |
| | | \$ 520,221 |

| Australia | Year | Tax loss |
|------------------|-------------------|---------------------|
| | Indefinite | \$ 2,677,325 |
| | | \$ 2,677,325 |

| Guyana | Year | Tax loss |
|---------------|-------------------|---------------------|
| | Indefinite | \$ 3,778,909 |
| | | \$ 3,778,909 |

| Peru | Year | Tax loss |
|-------------|-------------------|-------------------|
| | Indefinite | \$ 355,612 |
| | | \$ 355,612 |

16. Subsequent events

(i) On March 29, 2016, the Company announced that it and Lago Dourado Minerals ("Lago") have agreed upon terms of a proposed acquisition (the "Acquisition") by Lago from GPM of GPM's interest in the Weebigee Project in the Sandy Lake district, Northwestern Ontario. These interests include a 100% interest in 1,400 contiguous claim units known as the "East Block" as well as GPM's right to earn up to a 70% interest in the Weebigee Project, also known as the "Northwest" claim block (collectively, the "Project").

GPM has agreed to sell its interests in consideration of the issuance of 40,000,000 common shares of Lago (the "Consideration Shares"). It is a condition to the completion of the Acquisition that GPM shall effect a distribution of the Consideration Shares to its shareholders immediately following the closing of the Acquisition (the "Share Distribution"). Following the closing of the Acquisition, the board of directors of Lago shall be increased to consist of five (5) directors, three (3) of which shall be nominees of Lago and two (2) of which shall be nominees of GPM. In addition, it is proposed that Lago change its name to Sandy Lake Gold Inc.

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16. Subsequent events (continued)

(i)(continued) Concurrently with the Acquisition, Lago will complete a private placement to raise minimum gross proceeds of \$1,000,000, of which a minimum of \$750,000 will be raised pursuant to the sale of "flow-through" securities and a minimum of \$250,000 will be raised pursuant to the sale of non-"flow-through" securities (the "Financing"), upon terms yet to be determined.

The Acquisition will be a "non-arm's length" transaction between the parties within the meaning of the TSXV policies and may be subject to a vote of disinterested shareholders due to the fact that (i) Mr. Daniel Noone serves as a director of both Lago and GPM (Mr. Noone owns 102,300 common shares of Lago representing 1.09% of common shares outstanding and owns 1,642,000 common shares of GPM representing 2.67% of common shares outstanding); and (ii) Rosseau Asset Management Ltd. ("Rosseau") is a significant shareholder of both companies (Rosseau owns 2,374,674 common shares of Lago representing 25.19% of common shares outstanding and owns 9,500,000 common shares of GPM representing 15.44% of common shares outstanding).

Accordingly, Lago will be required to obtain shareholder approval of the Acquisition in accordance with the regulations of the TSXV. In addition, GPM will be required to obtain shareholder approval of the Share Distribution, and may also be required to obtain shareholder approval of the Acquisition if required by the TSXV. The boards of directors of each of Lago and GPM formed special committees comprised entirely of independent directors in order to consider and make recommendations with respect to the proposed Acquisition.

The Acquisition remains subject to various conditions including the execution of a definitive agreement, receipt of all requisite shareholder, third party and regulatory approvals (including, without limitation, the approval of the TSXV), and the receipt of an independent technical report in respect of the Project in a form acceptable to the TSXV.

(ii) On April 18, 2018, the Company announced a non-brokered private placement (the "Offering") pursuant to which it will issue up to 25,000,000 common shares ("Shares") at a price of \$0.15 per Share to raise aggregate gross proceeds of up to approximately \$3,750,000.00. In connection with the Offering, GPM may pay a finder's fee to certain qualified registrants assisting in the Offering in the amount equal to 5% of the gross proceeds raised by such finders, and issue such number of broker warrants ("Broker Warrants") to such finders as is equal to 5% of the number of shares placed by such finders. Each Broker Warrant will entitle the holder thereof to acquire one Share at an exercise price of \$0.15 for a period of 12 months. Insiders of the Company may subscribe for up to 15,000,000 Shares in the Offering.

(iii) During April 2016, the definitive agreement for the sale of the Peters and Aremu properties was amended to extend the payment terms of the \$300,000 due on or prior to March 30, 2016. The amended payment terms are as follows: \$200,000 payable by April 30, 2016 and \$100,000 payable by May 31, 2016.

(iv) On April 22, 2016, Goldeye issued a press release asserting their belief that they should be a 50/50 participant in the East Block claims. In the original agreement Goldeye was to make a payment at the end of September 2015. As this payment was not made by Goldeye, it is management's view that the terms of the original agreement were not complied with and as a result, the additional interests (the 1,400 claims) would not be part of this agreement.