

# **Ironside Resources Inc.**

(Formerly Papuan Precious Metals Corp.)

## **Consolidated Financial Statements**

**For the Year Ended**

**June 30, 2015**

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of  
Ironside Resources Inc.  
(formerly Papuan Precious Metals Corp.)

We have audited the accompanying consolidated financial statements of Ironside Resources Inc. (formerly Papuan Precious Metals Corp.), which comprise the consolidated statement of financial position as at June 30, 2015, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the year 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 auditors' 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 auditors consider 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 audit is sufficient and appropriate to provide a basis for our audit opinion.



***Opinion***

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Ironside Resources Inc. (formerly Papuan Precious Metals Corp.) as at June 30, 2015 and its financial performance and its cash flows for the year 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 describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Ironside Resources Inc. (formerly Papuan Precious Metals Corp.) to continue as a going concern.

***Other Matters***

The consolidated financial statements of Ironside Resources Inc. for the year ended June 30, 2014 were audited by another auditor who expressed an unmodified opinion on those statements on September 12, 2014.

**“DAVIDSON & COMPANY LLP”**

Vancouver, Canada

Chartered Professional Accountants

October 28, 2015

# **Ironside Resources Inc.**

(Formerly Papuan Precious Metals Corp.)

## **Consolidated Financial Statements For the Year Ended June 30, 2015**

### **Table of Contents**

|   |      |
|---|------|
| Consolidated Statements of Financial Position ..... | 1    |
| Consolidated Statements of Comprehensive Loss ..... | 2    |
| Consolidated Statements of Changes in Equity .....  | 3    |
| Consolidated Statements of Cash Flows.....          | 4    |
| Notes to the Consolidated Financial Statements..... | 5-20 |

**Ironside Resources Inc.**  
**Consolidated Statements of Financial Position**

(Formerly Papuan Precious Metals Corp.)

(Expressed in Canadian Dollars)

TSX.V: IRC

|   | Note  | June 30, 2015       | June 30, 2014       |
|---|-------|---------------------|---------------------|
| <b>Assets</b>                                     |       |                     |                     |
| <b>Current assets</b>                             |       |                     |                     |
| Cash and cash equivalents                         | 12    | \$ 27,719           | \$ 902,507          |
| Amounts receivable                                | 6     | 5,029               | 53,139              |
| Prepaid expenses                                  |       | 23,581              | 126,933             |
| Deferred financing fees                           | 10    | 26,862              | -                   |
|   |       | <b>83,191</b>       | 1,082,579           |
| Advances to related party                         | 13    | 52,283              | -                   |
| Property and equipment                            | 7     | 2,206               | 12,733              |
| Exploration and evaluation assets                 | 8     | 5,384,466           | 4,918,665           |
| <b>Total assets</b>                               |       | <b>5,522,146</b>    | <b>6,013,977</b>    |
| <b>Liabilities</b>                                |       |                     |                     |
| <b>Current liabilities</b>                        |       |                     |                     |
| Accounts payable and accrued liabilities          | 9, 13 | 534,527             | 335,497             |
| Note payable to related party                     | 13    | 50,666              | -                   |
| <b>Total liabilities</b>                          |       | <b>585,193</b>      | <b>335,497</b>      |
| <b>Shareholders' Equity</b>                       |       |                     |                     |
| Share capital                                     | 10    | 14,668,300          | 14,720,632          |
| Shares held in escrow                             | 8     | (6,833)             | (59,165)            |
| Other capital reserves                            | 10    | 5,800,194           | 5,789,546           |
| Accumulated deficit                               |       | (15,524,708)        | (14,772,533)        |
| <b>Total shareholders' equity</b>                 |       | <b>4,936,953</b>    | <b>5,678,480</b>    |
| <b>Total liabilities and shareholders' equity</b> |       | <b>\$ 5,522,146</b> | <b>\$ 6,013,977</b> |

Nature and continuance of operations (Note 1)

Subsequent events (Note 18)

Approved on October 28, 2015 by the Board of Directors:

**"Devinder Randhawa"**

Devinder Randhawa, Director

**"Ross McElroy"**

Ross McElroy, Director

**Ironside Resources Inc.**  
**Consolidated Statements of Comprehensive Loss**

(Formerly Papuan Precious Metals Corp.)

(Expressed in Canadian Dollars)

TSX.V: IRC

|   |      | For the years ended June 30 |                     |
|---|------|-----------------------------|---------------------|
|   | Note | 2015                        | 2014                |
| <b>General and administrative expenses</b>                  |      |                             |                     |
| Business development  |      | \$ 15,573                   | \$ 32,862           |
| Consulting and management fees                              | 13   | 230,150                     | 250,250             |
| Depreciation  |      | 972                         | 1,571               |
| Office and administration                                   |      | 22,592                      | 31,232              |
| Professional fees   |      | 124,194                     | 80,682              |
| Public relations and communications                         |      | 15,436                      | 7,960               |
| Regulatory fees   |      | 20,945                      | 32,436              |
| Rent  |      | 7,215                       | 13,260              |
| Share-based compensation                                    | 10   | 10,648                      | 235,371             |
| Transfer agent  |      | 9,345                       | 13,685              |
| Wages and benefits  | 13   | 191,988                     | 159,559             |
|   |      | <b>649,058</b>              | <b>858,868</b>      |
| Interest  |      | 3,307                       | 7,262               |
| Foreign exchange loss                                       |      | (522)                       | (7,157)             |
| Write off of prepaid amount                                 |      | (100,000)                   | -                   |
| Gain on sale of property                                    | 12   | 30,340                      | -                   |
| Loss on disposal of property and equipment                  |      | (4,090)                     | (5,460)             |
| <b>Loss and comprehensive loss for the year</b>             |      | <b>\$ (720,023)</b>         | <b>\$ (864,223)</b> |
| <b>Basic and diluted loss per common share</b>              |      | <b>\$ (0.05)</b>            | <b>\$ (0.06)</b>    |
| <b>Weighted average number of common shares outstanding</b> |      | <b>15,038,701</b>           | <b>13,736,685</b>   |

**Ironside Resources Inc.**

(Formerly Papuan Precious Metals Corp.)

**Consolidated Statements of Changes in Equity**

(Expressed in Canadian Dollars)

TSX.V: IRC

|   | Note  | Common Shares     |                      | Common Shares<br>Held in Escrow | Other Capital<br>Reserves | Deficit                | Total            |
|---|-------|-------------------|----------------------|---------------------------------|---------------------------|------------------------|------------------|
|   |       | Shares            | Amount               |                                 |                           |                        |                  |
| <b>Balance as at June 30, 2013</b>                      |       | <b>13,896,051</b> | <b>\$ 14,058,149</b> | <b>\$ (106,896)</b>             | <b>\$ 5,542,037</b>       | <b>\$ (13,908,310)</b> | <b>5,584,980</b> |
| Exercise of option/warrants                             |       | 10,000            | 4,895                | -                               | (2,395)                   | -                      | 2,500            |
| Private placements                                      | 10(a) | 1,940,000         | 776,000              | -                               | -                         | -                      | 776,000          |
| Share issuance costs                                    |       | 1,750             | (56,148)             | -                               | -                         | -                      | (56,148)         |
| Warrants  |       | -                 | (14,533)             | -                               | 14,533                    | -                      | -                |
| Common shares held in escrow                            | 8     | (477,313)         | (47,731)             | 47,731                          | -                         | -                      | -                |
| Share-based compensation                                | 10(c) | -                 | -                    | -                               | 235,371                   | -                      | 235,371          |
| Loss and comprehensive loss                             |       | -                 | -                    | -                               | -                         | (864,223)              | (864,223)        |
| <b>Balance as at June 30, 2014</b>                      |       | <b>15,370,488</b> | <b>14,720,632</b>    | <b>(59,165)</b>                 | <b>5,789,546</b>          | <b>(14,772,533)</b>    | <b>5,678,480</b> |
| Common shares in escrow cancelled                       | 8     | (523,313)         | (52,332)             | 52,332                          | -                         | -                      | -                |
| Share-based compensation                                | 10(c) | -                 | -                    | -                               | 10,648                    | -                      | <b>10,648</b>    |
| Loss and comprehensive loss                             |       | -                 | -                    | -                               | -                         | (720,023)              | <b>(720,023)</b> |
| Transaction costs relating to divestiture of subsidiary | 11    | -                 | -                    | -                               | -                         | (32,152)               | <b>(32,152)</b>  |
| <b>Balance as at June 30, 2015</b>                      |       | <b>14,847,175</b> | <b>\$ 14,668,300</b> | <b>\$ (6,833)</b>               | <b>\$ 5,800,194</b>       | <b>\$ (15,524,708)</b> | <b>4,936,953</b> |

**Ironside Resources Inc.**  
**Consolidated Statements of Cash Flows**  
(Expressed in Canadian Dollars)

(Formerly Papuan Precious Metals Corp.)

TSX.V: IRC

|   | For the years ended June 30, |                   |
|---|------------------------------|-------------------|
|   | 2015                         | 2014              |
| <b>Cash used in operating activities</b>                    |                              |                   |
| Loss and comprehensive loss for the year                    | \$ (720,023)                 | \$ (864,223)      |
| Items not affecting cash:                                   |                              |                   |
| Depreciation  | 972                          | 1,571             |
| Share-based compensation                                    | 10,648                       | 235,371           |
| Write off of prepaid amount                                 | 100,000                      | -                 |
| Gain on sale of property                                    | (30,340)                     | -                 |
| Loss on disposal of property and equipment                  | 4,090                        | 5,460             |
|   | <b>(634,653)</b>             | <b>(621,821)</b>  |
| <b>Changes in non-cash working capital items</b>            |                              |                   |
| (Increase) decrease in amounts receivable                   | (4,173)                      | 22,386            |
| (Increase) in prepaid expenses                              | 3,352                        | (80,399)          |
| Increase in accounts payable and accrued liabilities        | 86,171                       | 165,497           |
| Cash used in operating activities                           | <b>(549,303)</b>             | <b>(514,337)</b>  |
| <b>Investing activities</b>                                 |                              |                   |
| Property and equipment purchased                            | (663)                        | (2,580)           |
| Sale of property  | 30,340                       | -                 |
| Exploration and evaluation additions                        | (448,010)                    | (56,988)          |
| Cash used in investing activities                           | <b>(418,333)</b>             | <b>(59,568)</b>   |
| <b>Financing activity</b>                                   |                              |                   |
| Proceeds from issuance of common shares                     | -                            | 776,000           |
| Proceeds from exercise of stock options                     | -                            | 2,500             |
| Loan proceeds   | 50,000                       | -                 |
| Advance from Ballyliffin                                    | 75,000                       | -                 |
| Transaction costs relating to divestiture of subsidiary     | (32,152)                     | -                 |
| Share issuance costs  | -                            | (56,148)          |
| Cash provided by financing activities                       | <b>92,848</b>                | <b>722,352</b>    |
| <b>Net Increase/(decrease) in cash and cash equivalents</b> | <b>(874,788)</b>             | <b>148,447</b>    |
| Cash and cash equivalents, beginning of year                | 902,507                      | 754,060           |
| <b>Cash and cash equivalents, end of the year</b>           | <b>\$ 27,719</b>             | <b>\$ 902,507</b> |

Supplemental disclosure with respect to cash flows (Note 12).



---

# **Ironside Resources Inc.** (formerly Papuan Precious Metals Corp.)

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2015 and 2014

(Expressed in Canadian Dollars)

TSX.V: **IRC**

---

## **1. Nature and Continuance of Operations**

Ironside Resource Inc. (the "Company") is a company incorporated under the Business Corporation Act of British Columbia, Canada. With an effective date of April 20, 2015 the name of the Company was changed from Papuan Precious Metals Corp. to Ironside Resources Inc. The registered office of the Company is 700-595 Howe Street, Vancouver, British Columbia, V6C 2T5. The Principal address and records office of the Company is 700-1620 Dickson Ave., Kelowna, British Columbia, V1Y 9Y2. The Company's shares are publicly listed on the TSX Venture ("TSX-V") under the symbol "IRC" (previously "PAU"). The Company is engaged in the acquisition, exploration and development of exploration and evaluation assets in Papua New Guinea ("PNG") and Saudi Arabia. The Company is considered to be in the exploration stage and to date has not generated significant revenues from operations. The Company has yet to determine whether its exploration and evaluation assets contain economically viable ore reserves and there is no guarantee that mineral deposits will be discovered in the future. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon proving the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production and/or proceeds from the disposition thereof.

On May 10, 2015, the Company consolidated its share capital on a five to one basis. All references to common shares reflect this consolidation. See Note 10.

The Company has inconsiderable sources of revenue and has significant cash requirements to maintain its mineral property interests and to meet its administrative overhead. These consolidated financial statements have been prepared on a going concern basis and do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. The Company's ability to continue as a going concern is dependent on its ability to secure equity, debt or joint venture financing and generate profitable future operations. These material uncertainties may cast significant doubt on the ability of the Company to continue as a going concern.

These consolidated financial statements for the years ended June 30, 2015 and 2014 were approved and authorized for issuance by the Board of Directors on October 28, 2015.

## **2. Basis of Presentation**

These consolidated financial statements of the Company and its subsidiaries, including comparative figures, have been prepared using accounting policies in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations by the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements have been prepared in Canadian dollars ("CAD") being the Company's presentation and functional currency and are based on a historical cost basis. Unless otherwise noted all figures are in Canadian dollars. These consolidated financial statements include the financial information of the 100% wholly owned subsidiaries of Papuan Precious Metals Ltd. ("PPM"), located in PNG and Adan Ventures Limited ("Adan") incorporated in the British Virgin Islands. The functional currency of the Company's subsidiaries are that of the parent company.

Transactions in foreign currencies are translated into the functional currency at exchange rates at the date of the transactions. Foreign currency differences arising on translation are recognized in profit or loss. Foreign currency monetary assets and liabilities are translated at the functional currency exchange rate at the statement of financial position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when acquired. All gains and losses on translation of these foreign currency transactions are included in the statement of comprehensive loss.

**3. Significant Accounting Policies***(a) Principles of Consolidation*

The Company's consolidated financial statements include the accounts of all subsidiaries subject to control by the Company. Control is achieved when the Company has the power to, directly or indirectly, govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. Intercompany balances, transactions and unrealized intercompany gains and losses are eliminated upon consolidation.

*(b) Significant Accounting Judgments, Estimates and Assumptions*

The preparation of consolidated financial statements in accordance with IFRS requires estimates, judgments, and assumptions that are based on management's experience and knowledge of the relevant facts and circumstance and are continuously evaluated. These can affect the reported amounts, the valuation of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements as well as the reported amounts of revenues and expenses during the year. Due to market changes and other factors beyond the control of the Company, results may differ from the estimates, judgments and assumptions used at the reporting date.

Significant assumptions about the future and other sources of estimation uncertainty that could result in material adjustments to the carrying value of assets and liabilities relate to, but are not limited to, the following:

- non-current asset impairment tests;
- the valuation of share-based payments and warrants in private placements;
- the determination of functional currencies for the Company and its subsidiary.

*(c) Financial Assets*

Financial assets are initially recorded at fair value and designated upon initial recognition into one of the following categories based on the purpose for which the asset was acquired: *Financial Assets at fair value through profit or loss ("FVTPL")*, *Held-to-Maturity ("HTM")*, *Loans & Receivables*, *Available-for-sale ("AFS")*.

A financial asset is classified as FVTPL if it is held for trading or designated as FVTPL upon initial recognition. If the Company manages such investments and makes purchases and sales decisions based on their fair value in accordance to the Company's risk management policy, these assets are designated FVTPL and are measured at fair value with changes recognized in profit or loss. Attributable transaction costs are recognized in profit and loss when incurred while all other financial assets include these costs in the assets' initial carrying cost.

The Company has classified its cash and cash equivalents as FVTPL. Financial assets designated as loans and receivables and assets held to maturity are measured at amortized cost. Amounts receivable are classified as loans and receivables. Financial assets designated as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income or loss except for losses in value considered other than temporary which are recognized in profit or loss. The Company has not classified any financial assets as available for sale at June 30, 2015 or June 30, 2014.

*(d) Cash and Cash Equivalents*

Cash and Cash Equivalents include deposits and redeemable term deposits with major financial institutions with original maturities of less than 90 days and readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

---

**Ironside Resources Inc.** (formerly Papuan Precious Metals Corp.)

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2015 and 2014

(Expressed in Canadian Dollars)

TSX.V: **IRC**

---

*(e) Foreign Currency Translation*

Functional currency is the currency of the primary economic environment in which an entity operates and it has been determined that for the Company and its subsidiaries, the Canadian dollar are the functional currency. These determinations were conducted through an analysis of the consideration factors identified in IAS 21 - *The Effects of Changes in Foreign Exchange Rates*.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses are recognized in the consolidated statement of comprehensive loss upon settlement of such transactions. Translation of monetary assets and liabilities denominated in foreign currencies at exchange rates prevailing at the reporting date are also recognized in the consolidated statements of comprehensive loss.

*(f) Property and Equipment*

Property and Equipment is stated at historical cost less accumulated depreciation. Depreciation is calculated on a straight line basis at the following annual rates:

|                        |     |
|------------------------|-----|
| • Geological equipment | 20% |
| • Office equipment     | 20% |
| • Motor Vehicles       | 30% |
| • Computer equipment   | 30% |
| • Computer software    | 50% |

When an item of property and equipment comprises major components with different useful lives, the components are accounted for as separate items of property and equipment. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Property and equipment is reviewed for indications of impairment at the end of each reporting period. If there are indications of impairment, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less disposal costs and value in use. A loss arising on any impairment losses of the asset, determined as the difference between the recoverable amount and the carrying amount of the asset, is recognized in the consolidated statements of comprehensive loss.

*(g) Exploration and Evaluation Assets*

All direct costs attributable to the acquisition, exploration and evaluation of exploration and evaluation assets are capitalized as intangible assets on the basis of specific exploration licences until the mineral property interests to which they relate are placed into production, disposed of through relinquishment or sale or where management has determined there is impairment. Upon commencement of commercial production these costs are reclassified as mining assets and are amortized over the estimated productive lives of the properties using the units-of-production method.

Exploration and evaluation assets are reviewed on an ongoing basis to consider any indicators of impairment. If any indication of impairment exists, an estimate of the exploration and evaluation assets' recoverable amount is determined. The recoverable amount is calculated as the higher of fair value less selling costs and its value in use. This value is determined for individual exploration and evaluation assets unless it does not generate cash inflows that are largely independent of other exploration and evaluation assets. If this is the case, the assets are grouped together into Cash Generating Units ("CGUs") for impairment purposes.

The Company considers the following factors to review its exploration and evaluation assets for indicators of impairment:

- (i) Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- (ii) Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- (iii) Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.
- (iv) The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the mineral property's recoverable amount since the last impairment loss was recognized. In such a case, the carrying amount of the mineral property is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the mineral property interest in prior years. Such reversals are recognized in the consolidated statements of comprehensive loss. If a mineral property is relinquished, the exploration and evaluation costs related to the mineral property will be written off to the consolidated statements of comprehensive loss in the year of relinquishment.

*(h) Financial Liabilities*

All financial liabilities are initially recorded at fair value and designated as FVTPL or classified as other financial liabilities when recognized. Financial liabilities classified as other financial liabilities are initially recognized at fair value and thereafter are subsequently measured at amortized cost using the effective interest rate method. This method calculates the amortized cost of a financial liability and its attributable interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments over the expected duration of the financial liability or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

Derivatives, including separately embedded derivatives are also classified as FVTPL and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in the consolidated statements of comprehensive loss. The Company has no liabilities or derivatives classified as FVTPL.

*(i) Share-based Payments*

The Company has a stock option plan whereby it is authorized to grant stock options to employees, officers, directors and consultants. Employees, officers, directors and consultants are classified as employees when they render personal services to the entity and are either regarded as employees for legal or tax purposes, or employed with an entity under its direction in the same way as employees, officers, directors and consultants who are regarded as employees for legal or tax purposes are, or the services rendered are similar to those rendered by employees.

The fair value of stock options issued to employees is measured on the grant date, using the Black-Scholes option pricing model with assumptions for volatility of the expected market price of the Company's common shares, risk-free interest rates and expected life of the options. The fair value less estimated forfeitures is charged to profit or loss and/or capitalized to the exploration and evaluation assets over the vesting period of the related options with a corresponding credit to equity in other capital reserves. The estimated forfeitures are based on historical experience and reviewed on quarterly basis to determine the appropriate forfeiture rate based on past, present and expected forfeitures. Management uses the dynamic model to calculate the estimated forfeitures.

Stock options granted with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values.

Share-based awards issued to non-employees are generally measured on the fair value of goods or services received unless that fair value cannot be reliably measured. The fair value is measured at the date the entity obtains the goods or services or when the counterparty renders service. If the fair value cannot be reliably measured, the fair value of the share-based payments to non-employees are periodically re-measured using the Black-Scholes option pricing model until the counterparty performance is complete and any change therein is recognized over the vesting period of the award. The cost of share-based payments to non-employees that are fully vested and non-forfeitable at the date of the grant are measured and recognized at that date.

When stock options are exercised, the proceeds are credited to share capital and the fair value of the options exercised is reclassified from other capital reserves to share capital.

*(j) Income Taxes*

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantially enacted at the reporting date, and includes any adjustments to tax payable or receivable in respect of prior years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes. 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 as at the statement of financial position date. It is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects either accounting or taxable profit or loss.

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 tax 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.

*(k) Loss per Share*

The Company presents basic and diluted loss per share for its common shares, calculated by dividing loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted loss per share is similarly calculated except it is assumed that outstanding stock options and warrants, with the average market price that exceeds the average exercise prices of the options and warrants for the year, are exercised and the assumed proceeds are used to repurchase shares of the Company at the average market price of the common shares for the year. Diluted loss per share does not adjust the loss attributable to common shareholders when the effect is anti-dilutive.

*(l) Related Party Transactions*

Parties are considered to be related if one party has the direct or indirect ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties can be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of services, obligations or resources between related parties including key management personnel.

---

**Ironside Resources Inc.** (formerly Papuan Precious Metals Corp.)

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2015 and 2014

(Expressed in Canadian Dollars)

TSX.V: **IRC**

---

**4. IFRS Standards, Amendments and Interpretations**

The IASB issued a number of new and revised International Accounting Standards, IFRS amendments and related interpretations which are effective for the Company's financial year beginning on or after July 1, 2015. No new or revised standards or amendments are expected to have any significant impact to the Company's financial statements.

**5. Key Estimates and Assumptions**

The key assumptions concerning the future and other key sources of estimated uncertainty at the reporting date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Company bases its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**(a) Exploration and Evaluation Expenditures**

The Company's accounting policy for Exploration and Evaluation expenditure results in certain expenditures being capitalized for prospective areas where it is considered likely to be recovered by future exploitation or sale and where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If after having capitalized the expenditure under this policy a judgment is made that the recovery of the expenditure is unlikely, the relevant capitalized amount will be written off in the consolidated statement of comprehensive loss in the period when the new information becomes available.

**(b) Share-based Compensation**

The Company measures the cost of equity-settled transactions with employees and non-employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based compensation transactions requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating share-based compensation transactions are disclosed in Note 10.

**6. Amounts Receivable**

All amounts receivable are current and, due to their short-term maturities, the fair value of amounts receivable approximates their carrying value. The Company does not have any significant balances that are past due and has not made any allowance for doubtful accounts.

|                    | <b>June 30, 2015</b> | June 30, 2014 |
|--------------------|----------------------|---------------|
| Amounts receivable | <b>\$ 5,029</b>      | \$ 53,139     |

---

**Ironside Resources Inc.** (formerly Papuan Precious Metals Corp.)

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2015 and 2014

(Expressed in Canadian Dollars)

TSX.V: **IRC**

---

**7. Property and Equipment**

Property and equipment consists of:

| <b>Cost</b>                     | <b>Geological<br/>Equipment</b> | <b>Computer<br/>Equipment</b> | <b>Computer<br/>Software</b> | <b>Motor<br/>Vehicles</b> | <b>Total</b>    |
|---------------------------------|---------------------------------|-------------------------------|------------------------------|---------------------------|-----------------|
| As at June 30, 2013             | \$ 34,192                       | \$ 19,811                     | \$ 45,648                    | \$ 51,017                 | \$ 150,668      |
| Additions                       | -                               | 2,580                         | -                            | -                         | 2,580           |
| Disposals                       | (8,441)                         | (19,811)                      | (45,648)                     | (11,921)                  | (85,821)        |
| As at June 30, 2014             | 25,751                          | 2,580                         | -                            | 39,096                    | 67,427          |
| Additions                       | -                               | 663                           | -                            | -                         | 663             |
| Disposals                       | (25,751)                        | -                             | -                            | (39,096)                  | (64,847)        |
| <b>As at June 30, 2015</b>      | <b>\$ -</b>                     | <b>\$ 3,243</b>               | <b>\$ -</b>                  | <b>\$ -</b>               | <b>\$ 3,243</b> |
| <b>Accumulated Depreciation</b> |                                 |                               |                              |                           |                 |
| As at June 30, 2013             | \$ 19,216                       | \$ 10,377                     | \$ 45,337                    | \$ 34,195                 | \$ 109,125      |
| Depreciation                    | 5,736                           | 4,349                         | -                            | 15,844                    | 25,929          |
| Disposals                       | (8,441)                         | (14,661)                      | (45,337)                     | (11,921)                  | (80,360)        |
| As at June 30, 2014             | 16,511                          | 65                            | -                            | 38,118                    | 54,694          |
| Depreciation                    | 5,150                           | 972                           | -                            | 978                       | 7,100           |
| Disposals                       | (21,661)                        | -                             | -                            | (39,096)                  | (60,757)        |
| <b>As at June 30, 2015</b>      | <b>\$ -</b>                     | <b>\$ 1,037</b>               | <b>\$ -</b>                  | <b>\$ -</b>               | <b>\$ 1,037</b> |
| <b>Net Book Value</b>           |                                 |                               |                              |                           |                 |
| As at June 30, 2013             | \$ 14,976                       | \$ 9,434                      | \$ 311                       | \$ 16,822                 | \$ 41,541       |
| As at June 30, 2014             | 9,240                           | 2,515                         | -                            | 978                       | 12,733          |
| <b>As at June 30, 2015</b>      | <b>\$ -</b>                     | <b>\$ 2,206</b>               | <b>\$ -</b>                  | <b>\$ -</b>               | <b>\$ 2,206</b> |

During the year ended June 30, 2015, the Company determined that equipment held in PNG no longer had any value in use and recognized a loss of \$4,090 in the year.

**8. Exploration and Evaluation Assets**

During the year ended June 30, 2015, the Company capitalized \$6,128 (2014 -\$24,358) of depreciation on property and equipment to exploration and evaluation assets.

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims. The Company has investigated title to its exploration and evaluation assets and to the best of its knowledge the title to its properties are in good standing.

**New Hanover:** license renewal has been granted on May 29, 2015 by the Minister of Mining with effect from May 28, 2014 for a term of two years. Proposed work program commitments of approximately \$50,000 per year on EL-1566 have been approved by the Mining Resource Authority. The State of Papua New Guinea may elect at the time that a "Special Mining Licence" be granted to acquire up to a 30% participating interest in mining projects on a fully contributing basis. The Special Mining Licence entitles the holder to commence mine construction.

**Mt. Suckling:** During the year ended June 30, 2013, the Company sold to Suckling Minerals Ltd. an undivided 90% interest in the Mt. Suckling tenement and retains a 10% carried interest and a 2% Net Smelter Royalty. Under the terms of the sale agreement, Suckling Minerals and its directors surrendered 1,068,958 common shares of the Company valued at \$106,896 in exchange for the 90% interest. The shares surrendered are held in escrow until final tenement transfer is approved by the Mining Resources Authority of PNG. Pending this approval, the escrow shares are subject to a cancellation agreement whereby 25% of the shares are cancelled every 6 months from January 29, 2013, the date of TSX-V approval. As at June 30, 2015, 1,000,625 shares held in escrow have been returned to treasury and cancelled. See Note 17 - Subsequent Events.

---

**Ironside Resources Inc.** (formerly Papuan Precious Metals Corp.)

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2015 and 2014

(Expressed in Canadian Dollars)

TSX.V: **IRC**

---

**8. Exploration and Evaluation Assets (cont'd.)**

On May 28, 2015, Suckling Minerals, under the terms of the sale agreement, notified the Company that they had relinquished their rights to the Mt. Suckling project. See Note 18 - Subsequent Events.

| <b>Papua New Guinea</b>         | New Hanover<br><i>EL 1566</i> |
|---------------------------------|-------------------------------|
| Balance June 30, 2013           | \$ 4,837,320                  |
| Camp and field costs            | 4,646                         |
| Geological and other consulting | 17,500                        |
| Geochemistry                    | 3,046                         |
| Tenement expense                | 23,066                        |
| Project costs                   | 29,710                        |
| Travel                          | 1,847                         |
| Freight                         | 1,530                         |
| Stock-based compensation        | -                             |
| Additions                       | 81,345                        |
| Balance June 30, 2014           | 4,918,665                     |
| Camp and field costs            | 7,189                         |
| Geological and other consulting | 16,456                        |
| Geochemistry                    | 3,556                         |
| Tenement expense                | 12,235                        |
| Project costs                   | 11,861                        |
| Travel                          | 4,066                         |
| Freight                         | 1,455                         |
| Stock-based compensation        | -                             |
| Additions                       | <b>56,818</b>                 |
| <b>Balance June 30, 2015</b>    | <b>\$ 4,975,483</b>           |

On April 6, 2015 the Company signed a letter agreement for the formation of a Joint Venture ("JV") with Juniper Capital Partners Limited of London, UK, to acquire a 25% carried interest in the Wadi Sawawin Iron Ore project in Saudi Arabia. The JV has acquired London Mining PLC's contractual equity rights to a 50% interest of the project which is owned by National Mining Company ("NMC") of Saudi Arabia.

The Company is required to provide initial funding to the JV in the amount of US\$375,000 with Juniper and the Company then contributing additional funds to the JV pro-rata so that each partner will provide one-half of the additional funds required by the JV. Juniper has agreed to manage the JV's interests in the project for a minimum of two years. During the year ended June 30, 2015 the Company expended \$408,983 on the acquisition of the interest.

NMC holds Exploration licences for each of the Western, Eastern and Al Hamra Blocks and a 30 year Exploitation licence for part of the Western block where the main deposit is located.



---

**Ironside Resources Inc.** (formerly Papuan Precious Metals Corp.)

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2015 and 2014

(Expressed in Canadian Dollars)

TSX.V: **IRC**

---

**9. Accounts Payable and Accrued Liabilities**

Accounts payable are indebtedness incurred in the normal course of operations and are typically paid within 30 days. The accrued liabilities are non-interest bearing and are primarily payable to related parties (Note 13).

| <b>Due within the year</b> | <b>June 30, 2015</b> | June 30, 2014     |
|----------------------------|----------------------|-------------------|
| Accounts payable           | \$ 204,637           | \$ 128,362        |
| Accrued liabilities        | 380,556              | 207,135           |
|                            | <b>\$ 585,193</b>    | <b>\$ 335,497</b> |

**10. Share Capital and Reserves**

The Company is authorized to issue an unlimited number of common shares without par value. On May 10, 2015, the Company's common shares were consolidated on the basis of one post consolidated share for every five pre-consolidated shares.

All common share, share option and share purchase warrant figures in these consolidated financial statements have been retrospectively restated to present post-consolidation amounts.

*(a) Private Placement Financings*

**June 24, 2014:** A private placement financing of 1,940,000 units at a price of \$0.40 per unit for gross proceeds of \$776,000. Finder's Fees of \$43,330 were paid in cash and 1,750 shares were issued in lieu of cash. Additionally, other fees of \$8,450 were paid. Each unit consists of one common share plus one-half of a common share purchase warrant, with each whole warrant exercisable to purchase a common share at a price of \$0.60 for a period of 1 year. A value of \$14,533 was attributed to the warrants using the relative fair value approach, included in other capital reserves and is determined based on the Black-Scholes pricing model based on the following assumptions: volatility 106.94%; risk free interest 1.56%; expected life 1 year; dividend rate 0%. As of June 30, 2015, all share purchase warrants have expired.

On May 8, 2015 the Company entered into an agreement with Ballyliffin Capital Corp. ("Ballyliffin") in relation to a private placement. Pursuant to the terms of the Agreement, Ballyliffin purchased common shares of the Company at a price of \$0.025 per Ironside common share (\$0.125 after giving effect to the one for five (1:5) consolidation of the Company's shares) with all of its available net cash reserves except those required to complete the transaction, and pay current and anticipated payables for aggregate consideration of up to approximately \$825,000 in cash. The Company and Ballyliffin have common directors and executives. See Note 17 – Subsequent Events.

The Company incurred \$26,862 in deferred financing costs in relation to this transaction.

*(b) Stock Options*

The Company has a share-holder approved stock option plan which allows the Board of Directors to grant stock options to directors, officers, employees, contractors and consultants. The exercise price of each option is based on the market price of the Company's common stock at the date of grant less any applicable discount. The options can be granted for a maximum term of five years and vesting terms are determined by the Board of Directors at the date of grant.

**Ironside Resources Inc.** (formerly Papuan Precious Metals Corp.)

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2015 and 2014

(Expressed in Canadian Dollars)

TSX.V: **IRC**

Stock option and share purchase warrant transactions are summarized as follows:

| <b>Stock Options</b>       |                              |                   |                       |                            |
|----------------------------|------------------------------|-------------------|-----------------------|----------------------------|
|                            | Number<br>Outstanding        | Exercise<br>Price | Number<br>Exercisable | Remaining<br>Life in years |
| As at June 30, 2013        | 510,000                      | \$ 1.60           | 510,000               | -                          |
| Expired                    | (390,000)                    | 1.50              | (390,000)             | -                          |
| Granted                    | 1,160,000                    | 0.25              | 950,000               | 2.79                       |
| Exercised                  | (10,000)                     | 0.25              | -                     | -                          |
| As at June 30, 2014        | 1,270,000                    | \$ 0.40           | 1,070,000             | 2.79                       |
| Expired                    | (120,000)                    | (1.50)            | (120,000)             | -                          |
| Vested                     | -                            | 0.25              | 200,000               | -                          |
| Forfeited                  | (180,000)                    | (0.25)            | (180,000)             | -                          |
| <b>As at June 30, 2015</b> | <b>970,000</b>               | <b>\$ 0.25</b>    | <b>970,000</b>        | <b>1.79</b>                |
| <b>Warrants</b>            |                              |                   |                       |                            |
| Date issued                | Number of Shares<br>Issuable | Exercise<br>Price | Expiry<br>Date        |                            |
| As at June 30, 2013        | 5,420,689                    | \$ 2.00           |                       |                            |
| Expired                    | (4,741,046)                  | \$ 2.00           | July 6, 2013          |                            |
| Expired                    | (679,642)                    | \$ 2.00           | October 15, 2013      |                            |
| Issued                     | 970,000                      | \$ 0.60           | June 24, 2015         |                            |
| As at June 30, 2014        | 970,000                      | \$ 0.60           |                       |                            |
| Expired                    | (970,000)                    | \$ 0.60           | June 24, 2015         |                            |
| <b>As at June 30, 2015</b> | <b>-</b>                     | <b>\$ -</b>       | <b>-</b>              |                            |

*(c) Share-based Compensation*

During the year ended June 30, 2015, the Company granted nil (2014 – 1,160,000) stock options. The options granted to executives, directors and employees vested upon issuance. Options granted to consultants vest over a period of one year with 25% of the options vesting quarterly. Pursuant to the granting and vesting of options issued, total stock based compensation recognized in the consolidated statements of loss during the year ended June 30, 2015 was \$10,648 (June 30, 2014 – \$235,371) expensed). This amount was also recorded as share-based compensation in other capital reserves on the statements of changes in equity. All options are recorded at fair value as at the grant date determined using the Black-Scholes option pricing model for which the following assumptions were used:

| <b>Assumptions</b>      | <b>June 30, 2015</b> | <b>June 30, 2014</b> |
|-------------------------|----------------------|----------------------|
| Risk Free interest rate | -                    | 1.47%                |
| Expected Life - Years   | -                    | 3                    |
| Annualised Volatility   | -                    | 118.86%              |
| Dividend Rate           | -                    | 0%                   |

---

**Ironside Resources Inc.** (formerly Papuan Precious Metals Corp.)

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2015 and 2014

(Expressed in Canadian Dollars)

TSX.V: **IRC**

---

**11. Plan of Arrangement**

On July 3, 2014 the Company incorporated Pioneer Pacific Finance Corp. ("PPF") as a wholly owned subsidiary. Through an arrangement agreement (the "arrangement"), the Company is to transfer a Letter Agreement to PPF in consideration for the issuance of commons shares of PPF, and for the distribution of these common shares to the Company's shareholders on a pro-rata basis. At the Company's Annual General Meeting held on August 15, 2014, the shareholders voted unanimously in favour of this arrangement.

Pursuant to the arrangement, the Company spun PPF out in consideration for the issuance of common shares of PPF to Company shareholders and the transfer of the Letter Agreement regarding the acquisition of a Medical Marijuana dispensary in the State of Colorado. The Company completed the distribution of PPF commons shares to the Company shareholders of record on September 30, 2014.

By virtue of the Arrangement and having issued shares to the public, PPF is a "reporting Issuer" as defined by the provincial securities commissions.

The Company incurred transaction costs of \$32,152 in connection with the transaction.

**12. Supplemental Disclosure with Respect to Cash Flows**

| <b>Cash and cash equivalents</b> | <b>June 30, 2015</b> | June 30, 2014 |
|----------------------------------|----------------------|---------------|
| Cash                             | \$ 27,719            | \$ 570,840    |
| Redeemable term deposits         | -                    | 331,667       |
|                                  | \$ 27,719            | \$ 902,507    |

During the year the Company earned \$3,307 (June 30, 2014 \$7,262) in interest income on its redeemable term deposits. There were no cash payments for interest or income taxes during the years ended June 30, 2015 and June 30, 2014.

During the year ended June 30, 2015, the Company was in receipt of a one-time \$30,340 (us\$24,539) payment from Kirkwood Oil & Gas, LLC, for the Company's 3.0873% interest in the sale of the property known as Federal 12-12, North Fork Field in McKenzie County, North Dakota, an oil well owned by the North Fork Partnership Leasehold. The Company believes the asset was originally purchased by a predecessor company, Jalna Resources Limited in 2003 and had been subsequently written off.

During the year ended June 30, 2015, the Company had the following significant non-cash financing and investing transactions:

- Accrued \$26,682 in deferred financing costs through accounts payable and accrued liabilities
- Capitalized \$6,128 of depreciation to exploration and evaluation assets
- Cancelled 523,313 common shares held in escrow valued at \$52,232
- Accrued \$11,663 in exploration and evaluation assets through accounts payable and accrued liabilities

There were no significant non-cash financing or investing activities during the year-ended June 30, 2014.

---

**Ironside Resources Inc.** (formerly Papuan Precious Metals Corp.)

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2015 and 2014

(Expressed in Canadian Dollars)

TSX.V: **IRC**

---

**13. Related Party Transactions**

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel for the year ended June 30, 2015 and 2014 are as follows:

| <b>Key management personnel</b>               | <b>June 30, 2015</b> | June 30, 2014     |
|---|----------------------|-------------------|
| Wages and consulting fees paid or payable     | \$ 305,000           | \$ 300,000        |
| Share-based compensations for options granted | -                    | 38,000            |
|   | <b>\$ 305,000</b>    | <b>\$ 338,000</b> |

Share-based compensation represents the non-cash fair value calculations of options in accordance with IFRS-2 *Share-based Payments* granted to key management personnel.

Included in accounts payable and accrued liabilities at June 30, 2015 is \$351,598 (June 30, 2014 - \$150,000) owing to officers, companies controlled by directors/officers and corporations with common directors and executives.

Included in amounts receivable at June 30, 2015 is \$nil for outstanding rents charged to related parties (2014 - \$4,508).

Included in advances to related parties as of June 30, 2015 is \$52,283 receivable from a company with common directors and executives. The amount is unsecured, non-interest bearing and has no specified terms of repayment.

Payments made to related parties include rent \$7,215 (2014 - \$13,260), office & administration \$1,639 (2014 -\$6,318) and business development \$9,111 (2014 - \$11,037). Included in accounts payable at June 30, 2015 is \$1,569 (2014 - \$16,861) for office & administration and business development expenses owing to related parties.

The note payable to a related party of \$50,000 bears interest at 6% and matures on April 10, 2016. The note is payable to a company with a common director. The balance due included accrued interest of \$666. See Note 18 – Subsequent Events.

**14. Income Taxes**

A reconciliation of current income taxes at statutory rates (2015: 26.00%; 2014: 26.00%) with the period income taxes is as follows:

| <b>Future income tax recovery</b>                                 | <b>June 30, 2015</b> | June 30, 2014 |
|---|----------------------|---------------|
| Loss before income taxes  | \$ 720,023           | \$ 864,223    |
| Expected income tax recovery                                      | (161,000)            | (224,698)     |
| Effect of tax rate differences from foreign jurisdictions         | -                    | (241)         |
| Effect of change in tax rates and other                           | (78,000)             | (37,295)      |
| Permanent differences   | (4,000)              | 61,262        |
| Adjustment to prior year provision versus statutory tax returns   | (60,000)             | -             |
| Tax effect of tax losses and temporary differences not recognized | 303,000              | 200,972       |
| Future income tax recovery  | \$ -                 | \$ -          |

---

**Ironside Resources Inc.** (formerly Papuan Precious Metals Corp.)

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2015 and 2014

(Expressed in Canadian Dollars)

TSX.V: **IRC**

---

At June 30, 2015, the Company has unrecognized aggregate tax attributes of \$3,759,000 (June 30, 2014 \$3,491,472), that are available to offset future taxable income:

| <b>Unrecognized deferred tax assets</b> | <b>June 30, 2015</b> | <b>June 30, 2014</b> |
|---|----------------------|----------------------|
| Mineral properties                      | \$ 1,917,000         | \$ 1,893,032         |
| Non-capital loss carried forward        | 1,834,000            | 1,529,000            |
| Share issuance cost and other assets    | 8,000                | 69,424               |
| Equipment                               | -                    | 16                   |
| <b>Total</b>                            | <b>\$ 3,759,000</b>  | <b>\$ 3,491,472</b>  |

The Company has available approximately \$5,880,769 of non-capital losses which will expire between 2015 and 2035 if unutilized.

**15. Segmented Information**

The Company operates under one business segment being the exploration of mineral property interests operating in three geographical locations; Canada and PNG and Saudi Arabia.

| <b>Non-Current assets by geographic region</b> | <b>June 30, 2015</b> |                     |                     | <b>June 30, 2014</b> |                     |
|--|----------------------|---------------------|---------------------|----------------------|---------------------|
|  | <b>Canada</b>        | <b>PNG</b>          | <b>Saudi Arabia</b> | <b>Canada</b>        | <b>PNG</b>          |
| Property and equipment                         | \$ 2,206             | \$ -                | \$ -                | \$ 2,515             | \$ 10,217           |
| Exploration and evaluation assets              | -                    | 4,975,483           | 408,983             | -                    | 4,918,665           |
| <b>Total</b>                                   | <b>\$ 2,206</b>      | <b>\$ 4,975,483</b> | <b>\$ 408,983</b>   | <b>\$ 2,515</b>      | <b>\$ 4,928,882</b> |

**16. Capital Management**

The Company's objectives when managing capital, being its share capital, are to safeguard the Company's ability to continue as a going concern in order to pursue the development and exploration of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company is dependent on external financing to fund its activities. The capital structure of the Company currently consists of common shares, stock options and share purchase warrants. Changes in the equity accounts of the Company are disclosed in the statements of changes in equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or acquire or dispose of assets. Any issuance of common shares requires approval of the Board of Directors.

In order to facilitate management with its capital requirements, the Company prepares annual expenditure budgets which are approved by the Board of Directors and updated as necessary depending on various factors including capital deployment and general market and industry conditions.

The Company anticipates pursuing potential farm-out and joint venture agreements and also continuing to access equity markets to fund the sustained exploration of its Exploration and Evaluation assets and to ensure the future growth of the business.

The Company is not subject to any externally imposed capital restrictions.

---

**Ironside Resources Inc.** (formerly Papuan Precious Metals Corp.)

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2015 and 2014

(Expressed in Canadian Dollars)

TSX.V: **IRC**

---

**17. Financial Instruments and Risk Management**

IFRS 7 *Financial Instruments: Disclosures* establishes a fair value hierarchy that reflects the significance of the inputs used in making measurements. The fair value hierarchy has the following levels:

*Level 1:* quoted (unadjusted) prices in active markets for identical assets and liabilities

*Level 2:* inputs other than quoted direct 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)

*Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Company's financial instruments consist of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities. For cash and cash equivalents, amounts receivable and payable and accrued liabilities, carrying value is considered to be a reasonable approximation of fair value due to the short-term nature of these instruments.

The Company's financial instruments are exposed to a number of financial and market risks, including credit, liquidity and foreign exchange risks. The Company does not currently have any active hedging or derivative trading policies to manage these risks as it has been determined by management that the current size, scale and pattern of its operations would warrant such hedging activities.

(a) *Credit Risk*

Credit risk is such that a counterparty to a financial instrument will not discharge its obligations resulting in a financial loss to the Company. The Company has procedures in place to minimize its exposure to credit risk. Company management evaluates credit risk on an ongoing basis including counterparty credit rating and activities related to trade and other receivables and other counterparty concentrations as measured by amount and percentage.

The primary sources of credit risk for the Company arise from cash and cash equivalents and amounts receivable.

The Company has not had any credit losses in the past nor does it anticipate any credit losses in the future. At June 30, 2015 and 2014, the Company has had no financial assets that are past due or impaired due to credit risk defaults.

The Company's maximum exposure to credit risk is minimal because cash and cash equivalents are deposited with reputable financial institutions, the balances of which are:

| <b>Cash and cash equivalents</b> | <b>June 30, 2015</b> | June 30, 2014     |
|----------------------------------|----------------------|-------------------|
| Cash                             | \$ 27,719            | \$ 570,840        |
| Redeemable term deposits         | -                    | 331,667           |
|                                  | <b>\$ 27,719</b>     | <b>\$ 902,507</b> |

(b) *Liquidity Risk*

Liquidity Risk is the risk that the Company will be unable to meet its financial liabilities as they fall due. The Company's financial liabilities are comprised of accounts payable and accrued liabilities. The Company frequently assesses its liquidity position by reviewing the timing of amounts due and its current cash flow position to meet current obligations by monitoring and maintaining sufficient cash and cash equivalents to meet its anticipated operational needs.

The Company's financial liabilities, consisting of accounts payable and accrued liabilities, arise as a result of expenditures directly related to exploration of its exploration and evaluation assets and other corporate expenses. Payment terms on these liabilities are typically 30 to 60 days from receipt of invoice and generally do not bear interest. The following table summarizes the remaining contractual maturities of the Company's financial liabilities:

**Ironside Resources Inc.** (formerly Papuan Precious Metals Corp.)

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2015 and 2014

(Expressed in Canadian Dollars)

TSX.V: **IRC**

| <b>Maturity dates &lt;6 months</b>       | <b>June 30, 2015</b> |                | June 30, 2014 |         |
|--|----------------------|----------------|---------------|---------|
|  |                      |                |               |         |
| Accounts payable and accrued liabilities | <b>\$</b>            | <b>585,193</b> | \$            | 335,497 |

*(c) Market Risk*

Market risk is the potential that the fair value for assets will fluctuate due to changes in market conditions on items classified as held-for-trading, available-for-sale or future cash flows from assets or liabilities considered to be held-to-maturity, other financial liabilities and loans or receivables of a financial instrument. The Company evaluates market risk on an ongoing basis and has established policies and procedures for mitigating its exposure to foreign exchange fluctuations. The Company is not exposed to interest rate risk as it does not hold debt balances and is not generally charged interest on accounts payable balances.

*(d) Foreign Exchange Risk*

The Company operates on an international basis therefore foreign exchange risk exposures arise from transactions denominated in foreign currencies. Although the functional currency of the Company is Canadian dollars ("CAD"), the Company simultaneously conducts business in US Dollars ("USD"), Papua New Guinea Kina ("PGK") and Saudi Arabian Riyal ("SAU"). Derivative instruments are currently not used to reduce exposure to fluctuations in foreign currency exchange rates.

Changes in the value of USD, PGK and SAU against the CAD affect the costs of operations and resultant capital expenditures. The Company primarily maintains its cash balances in CAD and exchanges currency on an as needed basis thereby reducing the exchange risk on cash balances.

The Company is exposed to currency risk through the following Canadian dollar equivalent of financial assets and liabilities denominated in currencies other than CAD:

| <b>Foreign Exchange Risk</b>             | <b>June 30, 2015</b> |              | June 30, 2014 |         |
|--|----------------------|--------------|---------------|---------|
|  | <b>PGK</b>           | <b>USD</b>   | PGK           | USD     |
| Cash and cash equivalents                | <b>1,344</b>         | -            | 3,374         | -       |
| Accounts payable and accrued liabilities | <b>(15,985)</b>      | <b>(177)</b> | (7,301)       | (5,679) |
|  | <b>(14,641)</b>      | <b>(177)</b> | (3,927)       | (5,679) |

Based on the above net exposures at June 30, 2015, a 10% change for/against the Canadian dollar would result in the following changes to the Company's net losses:

- PGK would result in a change of \$1,464 (June 30, 2014 - \$393)
- USD would result in a change of \$18 (June 30, 2014 - \$568)

**18. Subsequent Events**

Subsequent to the year ended June 30, 2015:

- On July 10, 2015 the Company announced the completion of a private placement with Ballyliffin (Note 10). Ballyliffin acquired 6,567,600 post-consolidated common shares of the Company at a price of \$0.125 per share for gross proceeds of \$820,950. The Company shares acquired by Ballyliffin were subsequently distributed to the shareholders of Ballyliffin in exchange for their shareholdings in Ballyliffin. The record date is July 9, 2015. The Ironside Shares are subject to a hold period of 4 months expiring on November 10, 2015.
- Suckling Minerals Ltd. (the "Purchaser") had the right at any time and from time to time to abandon the Tenement (EL 1424 – Mt Suckling) and in such event will notify the Company of its intention to abandon the Tenement and the Company will have the right but not an obligation to have all of the right, title and interest of the Purchaser in the Tenement duly reconveyed to them. On July 27, 2015 the Company relinquished its right to have the Tenement transferred back to the Company.
- The Company repaid the note payable to a related party, including accrued interest of \$920 on July 30, 2015.
- The remaining shares held in escrow (68,333) as a part of the Mt. Suckling sale agreement were returned to treasury on September 17, 2015.