Consolidated Tanager Limited

Financial Statements

(Stated in Canadian Dollars)

June 30, 2016 and 2015

Table of Contents
June 30, 2016 and 2015

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Consolidated Tanager Limited:

We have audited the accompanying financial statements of Consolidated Tanager Limited, which comprise the statements of financial position as at June 30, 2016 and 2015, and the statements of changes in equity, operations and comprehensive income, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Consolidated Tanager Limited as at June 30, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
October 11, 2016

Statements of Financial Position
June 30, 2016 and 2015

	2016	2015
Assets		
Current assets		
Cash and cash equivalents	**$ 3,312,890**	$ 3,716,318
Short-term investments *(note 3)*	**1,000,000**	1,000,000
Marketable securities *(note 7)*	**209,000**	111,540
Accounts receivable	**57,103**	26,315
Income tax receivable	**-**	45,345
Prepaid expenses	**10,204**	19,850
	4,589,197	4,919,368
Mining properties *(note 4)*	**2**	2
	$ 4,589,199	$ 4,919,370
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities *(note 5)*	**$ 26,761**	$ 40,607
Equity		
Share capital *(note 6)*	**507,501**	507,501
Contributed surplus	**339,878**	339,878
Accumulated other comprehensive income (loss)	**67,326**	(53,674)
Retained earnings	**3,647,733**	4,085,058
	4,562,438	4,878,763
	$ 4,589,199	$ 4,919,370

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

Approved by the Board

Signed: ***"C. A. Burns"***

Director

Signed: ***"C. F. Watson"***

Director

Statements of Changes in Equity
for the years ended June 30, 2016 and 2015

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance, June 30, 2014	**$ 507,501**	**$ 339,878**	**$ (53,674)**	**$ 4,496,259**	**$ 5,289,964**
Dividends paid *(note 6)*	-	-	-	(268,618)	(268,618)
Comprehensive loss for the year	-	-	-	(142,583)	(142,583)
Balance, June 30, 2015	**$ 507,501**	**$ 339,878**	**$ (53,674)**	**$ 4,085,058**	**$ 4,878,763**
Dividends paid *(note 6)*	-	-	-	(268,618)	(268,618)
Unrealized gain on marketable securities	-	-	121,000	-	121,000
Comprehensive loss for the year	-	-	-	(168,707)	(168,707)
Balance, June 30, 2016	**$ 507,501**	**$ 339,878**	**$ 67,326**	**$ 3,647,733**	**$ 4,562,438**

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

Statements of Operations and Comprehensive Income
for the years ended June 30, 2016 and 2015

	2016	2015
Income		
Investment income	**$ 62,171**	$ 50,589
Land purchase option proceeds *(note 4)*	**5,000**	-
	67,171	50,589
Expenses		
General corporate *(notes 5 and 9)*	**168,800**	189,587
Investment loss *(note 7)*	**23,540**	21,560
Property maintenance	**40,723**	25,645
	233,063	236,792
Loss before income taxes	**(165,892)**	(186,203)
Income taxes:		
Current income tax expense (recovery) *(note 8)*	**2,815**	(43,620)
Net loss before other comprehensive income	**(168,707)**	(142,583)
Comprehensive income		
Items that will subsequently be reclassified to profit or loss:		
Unrealized gain on available-for-sale marketable securities arising during the year	**121,000**	-
Net loss and comprehensive income for the year	**$ (47,707)**	$ (142,583)
Basic and diluted net loss per common share	**$ (0.03)**	$ (0.03)
Weighted average number of common shares outstanding - basic and diluted	**5,372,350**	5,372,350

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

Statements of Cash Flows
for the years ended June 30, 2016 and 2015

	2016	2015
Cash flow used in operating activities		
Net loss before other comprehensive income	**$ (168,707)**	$ (142,583)
Item not affecting cash and cash equivalents:		
Investment loss	**23,540**	21,560
Changes in net working capital:		
Accounts receivable	**(30,788)**	2,414
Income taxes receivable	**45,345**	18,855
Prepaid expenses	**9,646**	(8,240)
Accounts payable and accrued liabilities	**(13,846)**	(13,984)
	(134,810)	(121,978)
Cash used in financing activity		
Dividends paid	**(268,618)**	(268,618)
Decrease in cash and cash equivalents	**(403,428)**	(390,596)
Cash and cash equivalents, beginning of year	**3,716,318**	4,106,914
Cash and cash equivalents, end of year	**$ 3,312,890**	$ 3,716,318

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

1. Business of the Company

Consolidated Tanager Limited (the "Company") is incorporated under the Business Corporation Act of Ontario with a registered address at 23 Tanager Avenue, Toronto, Ontario. The Company holds resource properties, some of which have exploration carried out on them. The Company seeks partners to carry out further exploration or to sell or farm them out.

2. Significant Accounting Policies

Statement of Compliance with International Financial Reporting Standards

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Basis of presentation

These financial statements have been prepared by management on a historical cost basis using the accrual basis of accounting, except for cash flow information.

The currency of presentation for these financial statements is the Canadian dollar.

The financial statements were approved by the Company's Board of Directors and authorized for issue on October 11, 2016.

Significant accounting judgments and estimates

The preparation of these 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 the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting periods. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 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.

2. Significant Accounting Policies - continued

Short-term investments

Short-term investments consist of guaranteed investment certificates ("GIC's") that have maturities of one year or less, and units in money market mutual funds. Short-term investments are valued at cost plus accrued interest, which approximates their fair value.

Financial instruments

The Company's financial instruments are comprised of the following:

Financial assets:	Classification:
Cash and cash equivalents	Loans and receivables
Short-term investments	Fair value through profit and loss
Marketable securities - equity securities	Available-for-sale
Marketable securities - share purchase warrants	Fair value through profit and loss
Accounts receivable	Loans and receivables

Financial liabilities:	Classification:
Accounts payable and accrued liabilities	Other financial liabilities

Fair value through profit and loss:

Financial assets are designated as fair value through profit and loss if they were acquired principally for the purpose of selling in the short term. Fair value through profit and loss assets are recognized and carried at their fair value.

Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Available-for-sale:

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of profit or loss.

2. Significant Accounting Policies - continued

Financial instruments - continued

Other financial liabilities:

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest and any transaction 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 instrument to the net carrying amount on initial recognition. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Impairment of financial assets:

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

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

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

2. Significant Accounting Policies - continued

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the statement 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 of June 30, 2016 and 2015, short-term investments and marketable securities - equity securities were measured at fair value and were classified within Level 1 of the fair value hierarchy and marketable securities - share purchase warrants was classified within Level 2 of the fair value hierarchy.

Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash at banks and on hand, and highly liquid investments with an original maturity of three months or less, which are readily convertible into a known amount of cash. As of June 30, 2016 and 2015 the Company had $3,286,026 and $3,677,789, respectively of cash equivalents in the form of flexible and redeemable guaranteed investment certificates.

Marketable securities

Marketable securities consist of equity securities over which the Company does not have control or significant influence and share purchase warrants. The equity securities are designated as available-for-sale and measured at fair value. Unrealized gains and losses due to period end revaluation to fair value, other than those determined to be other than temporary losses, are recorded as other comprehensive income or loss. Share purchase warrants are recorded at fair value at the end of each reporting period with any unrealized gains and losses recorded in profit or loss. The share purchase warrants have been valued using the Black-Scholes model.

Revenue recognition

Revenue consists of interest income from investments which is recognized on an accrual basis as earned. Royalties, sale of mineral interests, and other revenues are recognized as revenue when received.

2. Significant Accounting Policies - continued

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 benefits expected 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 at June 30, 2016 and 2015.

Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or other comprehensive loss.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive loss or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted loss per share is computed using the treasury stock method. Stock options and warrants outstanding are not included in the computation of diluted loss per share if their inclusion would be anti dilutive.

Segment reporting

The Company operates in a single reportable operating segment in the coal and non-ferrous mining properties.

Changes in accounting policies

There were no changes to the Company's accounting policies in the current year.

2. Significant Accounting Policies - continued

Accounting standards effective in future periods

IFRS 9, *Financial Instruments: Classification and Measurement*, issued in its final form in July, 2014, effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning July 1, 2018 and has not yet considered the potential impact of its adoption.

IFRS 15, *Revenue from Contracts with Customers:* effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, replaces existing revenue standards and interpretations with a single standard and provides additional guidance on revenue recognition for contracts with customers. Management anticipates that this standard will be adopted in the Company's financial statements for the year beginning July 1, 2018 and has not yet considered the potential impact of its adoption.

The Company has reviewed the other standards and interpretations that have been issued but are not yet effective and it does not expect any of these to have an impact on its financial statements.

3. Short Term Investments

At June 30, 2016, the Company had one non-redeemable guaranteed investment certificate ("GIC"), totaling $1,000,000 (2015 - $1,000,000). The GIC was issued on February 14, 2014 with a maturity date of February 14, 2017 and has an escalating annual interest rate of 1.25% for the first year, 1.75% for the second year and 2.00% for the third year.

4. Mining Properties

The investments in the following properties were each written down to $1 in a prior year.

Timmins Area of Ontario

The Company owns 88 patented mining claims in the Timmins area. On 8 additional claims it holds a production royalty, adjusted for a gold price variance from U.S. $350 per ounce, on rock treated in excess of the first 50,000 tons processed. In 2004, 2 of the patented claims and 1 license of occupation were sold for $200,000 of which an irrevocable payment of $50,000 was received prior to June 30, 2003. Commencing April 1, 2004 the agreement of sale also provided for minimum annual advance royalty payments in the amount of $70,000 plus a 3% annual escalation clause for an additional period of 9 years. The agreement expired at the end of 2013.

On May 6, 2015, the Company (the "Grantor") entered into an option to purchase agreement with Recurrent Energy Site Co LLC (the "Grantee") to purchase properties that the Company owns in Timmins, Ontario. In consideration for this option, the Company received $5,000 on August 5, 2015. Further option payments of $5,000 will be received by May, 2017; and May 2018; unless the option is exercised by the Grantee, in which case, the Grantee may purchase the properties for $1,547,250.

4. Mining Properties - continued

Timmins Area of Ontario - continued

The Grantee was purchased by Canadian Solar Corporation prior to May, 2016, and the second option payment was not received. Discussions are being held with Canadian Solar Corporation regarding future payments under this option agreement.

Hinton Coal Property of Alberta

The Hinton Coal property is comprised of 5 Alberta Crown coal mining leases located by the main line of the C.N.R. near Hinton. The property contains a deposit of low-sulphur thermal coal. In 2009, the Company entered into an agreement with CIP Coal Canada Ltd ("CIP") to transfer the rights of the Hinton Coal property to CIP in consideration for three scheduled cash payments and the reservation of a 1.0% of Sales Revenue royalty on all future coal sales from the property. An initial cash payment of $2,000,000 was received by the Company on execution of the agreement. In accordance with the agreement terms, and upon completion of a favourable feasibility study in 2012, the Company received a second cash payment of $6,000,000. The Company was entitled to receive a third and final payment of $10,000,000 on or before the earlier of February 19, 2016 or on placing of the property into commercial production at a rate of at least 90,000 tonnes per month. The contract terms were such that if this final payment was not made, ownership of the property would continue to be retained by the Company. The agreement technically expired as of March 31, 2016, however, the Company is currently engaged in negotiations with The Cline Group ("Cline"), the successor to CIP, to extend the date of the final cash payment.

5. Related Party Transactions and Balances

The Company incurred expenses of $12,000 for the year ended June 30, 2016 (2015 - $12,000) to the Chief Financial Officer for accounting, administrative and secretarial services rendered. The Chief Financial Officer was appointed a director in December 2012. These expenses are included in general corporate expenses.

The Company incurred management fees of $40,000 for the year ended June 30, 2016 (2015 - $40,000) to the President for services provided to the Company. These expenses are included in general corporate expenses.

The Company incurred legal fees of $41,100 for the year ended June 30, 2016 (2015 - $42,108) to a legal firm in which a former Director of the Company is a partner. These expenses are included in general corporate expenses.

The Company incurred Directors' fees of $17,000 for the year ended June 30, 2016 (2015 - $17,000). These expenses are included in general corporate expenses.

Included in accounts payable and accrued liabilities as at June 30, 2016 is $7,931 (2015 - $17,772) payable to related parties of the Company.

All transactions with related parties are in the normal course of operations and have been carried out on the same terms as those accorded to unrelated parties.

6. Share Capital

Authorized

As of June 30, 2016 and 2015, the authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

Issued

	Number	Amount
Balance, June 30, 2016 and 2015	**5,372,350**	**$ 507,501**

On June 29, 2015 the Company declared a special eligible dividend of $0.05 per issued and outstanding common share for a total of $268,618. The dividend was paid August 18, 2015 to all shareholders of record as at the close of business July 21, 2015.

On July 31, 2014 the Company declared a special eligible dividend of $0.05 per issued and outstanding common share for a total of $268,618. The dividend was paid August 21, 2014 to all shareholders of record as at the close of business August 4, 2014.

As of June 30, 2016 and 2015 there were no options or warrants outstanding.

7. Marketable Securities

The following is a summary of the Company's marketable securities:

	2016	**Number**	2015	Number
Equity Securities - Taranis Resources Inc.	**$ 209,000**	2,200,000	$ 88,000	2,200,000
Share purchase warrants - Taranis Resources Inc.	-	-	23,540	2,200,000
	$ 209,000		$ 111,540	

On October 22, 2013 the Company acquired 2,200,000 units of Taranis Resources Inc. for total consideration of $220,000. Each unit consisted of one common share and one common share purchase warrant with an exercise price of $0.15 per warrant and an expiry date of October 22, 2015. The common share purchase warrants were valued using the Black-Scholes model on date of acquisition using the following assumptions: risk-free interest rate of return of 1.09%, expected stock volatility of 141%, dividend yield of 0% and expected life of 2 years.

The warrants expired unexercised on October 22, 2015, which resulted in an investment loss of $23,540 (2015 - $21,560).

8. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2015- 26.5%) to the effective tax rate for the years ended June 30 is as follows:

	2016	2015
Net loss before recovery of income taxes	**$ (165,892)**	$ (186,203)
Expected income tax recovery	**$ (43,961)**	$ (49,340)
Tax rate changes and change in tax benefits not recognized	**46,776**	5,720
Current income tax expense (recovery)	**$ 2,815**	$ (49,340)

The following table summarizes the components of deferred tax liability: items for income tax purposes

	2016	2015
Deferred tax assets:		
Capital losses carried forward	**$ 8,920**	$ -
Deferred tax liability:		
Unrealized gains on marketable securities	**(8,920)**	-
Deferred tax liability - net	**$ -**	$ -

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2016	2015
Marketable securities	**$ -**	$ 108,460
Non-capital losses carried forward	**142,350**	-
Capital losses carried forward	**11,000**	-

The Canadian non-capital loss carried forward expire in 2036. The net capital loss carry forward may be carried forward indefinitely, but can only be used to reduce capital gains. Deferred tax assets have not been recognized in respect of this item because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

9. General Corporate Expenses

	2016	2015
Professional services	**$ 68,777**	$ 79,290
Corporate services	**40,000**	40,000
Transfer agent fees	**15,019**	23,645
Directors fees	**17,000**	17,000
Insurance	**14,103**	14,309
General and administrative	**4,839**	6,288
Government fees	**5,376**	5,489
Shareholder information	**3,686**	3,566
	$ 168,800	$ 189,587

10. Capital Disclosures

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide a return to shareholders, benefits for other stakeholders and to ensure sufficient resources are available to meet day to day operating requirements.

The Company considers the items included in shareholders' equity as capital. The Company manages its capital structure and makes adjustments to it, based upon funds available to the Company or in response to changes in economic conditions and the risk characteristics of the underlying assets.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements and there has been no change in the overall capital risk management strategy during the year ended June 30, 2016.

11. Financial Risk Factors

The Company is exposed in varying degrees to a variety of financial instrument related risks:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash and cash equivalents and short-term investments. This risk is managed through the use of a major bank which is a high credit quality financial institution as determined by rating agencies.

11. Financial Risk Factors - continued

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company’s objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements. As of June 30, 2016 and 2015 the aggregate of cash and cash equivalents and short-term investments, which remain liquid, exceeded the Company’s financial liabilities.

Market Risk

Interest rate risk

The Company’s exposure to interest rate risk relates to its ability to earn interest income on cash and cash equivalents balances. The Company's policy is to invest excess cash in investment-grade short-term guaranteed investment certificates and high interest mutual funds issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its banks.

Commodity price risk

The Company is exposed to price risk with respect to commodities. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices related to coal to determine the appropriate course of action to be taken by the Company.

12. Subsequent Events

On August 10, 2016 the Company declared a special eligible dividend of $0.05 per issued and outstanding common share for a total of $268,618. The dividend is payable on September 16, 2016 to all shareholders of record as at the close of business on August 30, 2016.