Oriental Non-ferrous Resources Development Inc.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED MARCH 31, 2016

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements for the three and six months ended March 31, 2016 and 2015 have been prepared by the management in accordance with International Financial Reporting Standards and approved by the Board of Directors of the Company. These condensed consolidated interim financial statements have not been reviewed by the Company’s independent auditors.

Oriental Non-ferrous Resources Development Inc.
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	March 31, 2016	September 30, 2015
Assets		$
Current Assets		
Cash	399,149	699,948
Prepaid	201,100	1,477
Total Current Assets	600,249	701,425
Non-current Assets		
Exploration and evaluation assets (Note 7)	1,760,860	1,736,396
Total Assets	2,361,109	2,437,821
Liabilities		
Current Liabilities		
Accounts payable	126,620	87,776
Due to shareholders	5,567	5,386
	132,187	93,162
Shareholders' Equity		
Share capital (Note 8)	691,665	691,665
Share reserve (Note 8)	2,626,604	2,400,342
Deficit	(1,076,258)	(762,090)
Currency translation reserve	(13,089)	14,742
	2,228,922	2,344,659
Total Liabilities and Shareholders' Equity	2,361,109	2,437,821

Nature of Operations (Note 1)

Approved by:

"Eugene Beukman"
Director

"Sheng Wang"
Director

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

Oriental Non-ferrous Resources Development Inc.
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars, except number of shares)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2016	2015	**2016**	2015
Expenses	**$**			$
Professional fees	**126,068**	439	**200,574**	2,726
Payroll expenses	**26,587**	2,063	**53,379**	2,063
Regulatory Filing expenses	**-**	-	**4,115**	-
Travel and entertainment	**9,988**	3,171	**15,170**	10,029
Project expenses	**24,297**	120	**27,588**	3,201
Office expenses	**10,374**	801	**12,896**	11,143
Bank fees	**341**	8	**578**	154
Foreign exchange gain (loss)	**-**	-	**(132)**	-
	(197,655)	(6,602)	**(314,168)**	(29,316)
Loss from operations	**(197,655)**	(6,602)	**(314,168)**	(29,316)
Other Comprehensive Income				
Exchange gain (loss) on translation	**(28,334)**	(318)	**(27,831)**	96
Comprehensive loss for the period	**(225,989)**	(6,920)	**(341,999)**	(29,220)
Basic and diluted loss per share (Note 9)	**(0.00)**	(0.00)	**(0.00)**	(0.00)
Weighted average number of common shares outstanding - basic and diluted	**77,354,167**	75,000,000	**77,354,167**	75,000,000

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

Oriental Non-ferrous Resources Development Inc.
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

	Six Months Ended March 31, 2016	2015
	$	$
Cash provided by (used in):		
Operations:		
Net loss for the period	(314,168)	(29,316)
Change in non-cash working capital balances:		
Prepaid	(199,623)	-
Due to shareholders	181	-
Accounts payable and accrued liabilities	38,844	1,300
	(474,766)	(28,016)
Investing:		
Exploration and evaluation assets	(24,464)	-
Financing:		
Addition of share reserve	226,262	24,509
Effect of foreign exchange on cash and cash equivalents	(27,831)	95
Change in cash and cash equivalents	(300,799)	(3,412)
Cash and cash equivalents, beginning of period	699,948	3,443
Cash and cash equivalents, end of period	399,149	31
Supplemental Cash Flow Information		
Interest paid	-	-
Income taxes paid	-	-

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

Oriental Non-ferrous Resources Development Inc.
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Unaudited - Expressed in Canadian Dollars, except number of shares)

	Number of Shares	Share capital	Share reserve	Deficit	Currency translation reserve	Total
		$	$	$	$	$
Balance, September 30, 2014	75,003,600	327,416	1,710,884	(562,508)	(6,149)	1,469,643
Cancelation of Tunshan shares under common control	(3,600)	(271,376)	271,376	-	-	-
Capital contribution from shareholders	-	-	24,509	-	-	24,509
Net loss for the period	-	-	-	(29,316)	-	(29,316)
Currency translation	-	-	-	-	96	96
Balance, March 31, 2015	75,000,000	56,040	2,006,769	(591,824)	(6,053)	1,464,932
Balance, September 30, 2015	77,354,167	691,665	2,400,342	(762,090)	14,742	2,344,659
Capital contribution from shareholders	-	-	226,262	-	-	226,262
Net loss for the period	-	-	-	(314,168)	-	(314,168)
Currency translation	-	-	-	-	(27,831)	(27,831)
Balance, March 31, 2016	77,354,167	691,665	2,626,604	(1,076,258)	(13,089)	2,228,922

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

1. NATURE OF OPERATIONS

Oriental Non-ferrous Resources Development Inc. (the "Company" or 'Oriental") was incorporated under the *Business Corporations Act* of British Columbia on August 20, 2015. The head and registered office of the Company is 5148 Williams Road, Richmond, British Columbia. The Company's principal business activity is the acquisition, exploration and development of mineral properties.

On September 10, 2015, the Company acquired 100% of Genuine Success Global Limited ("GSG"), a company incorporated on May 20, 2014 under the laws of British Virgin Islands, by way of share exchange. Pursuant to the share exchange agreement between the Company, GSG and the shareholders of GSG, the Company issued 75,000,000 shares of the Company to the shareholders of GSG, which constitutes as a reverse acquisition transaction (note 4).

GSG owns 100% of Tunshan Xiangdong Co., Ltd. ("Tunshan"), a mineral exploration company incorporated on August 31, 2007 under the laws of Mongolia. The head and registered office of the Company is located at #9-78, Suite 22, 1st khoroo, Bayangol district, Ulaanbaatar city, Mongolia. Tunshan has acquired mineral exploration license with expiry date of July 31, 2017. The mineral properties are located in Kharganii am-1, Bornuur soum, Tuv aimag, Mongolia totalling 1,073 hectares. Tunshan has also acquired mineral mining license with expiry date of September 5, 2044 covering 42.12 hectares of same areas in the mineral exploration license in Kharganii am-1, Bornuur soum, Tuv aimag, Mongolia.

On March 16, 2016, the Company received the listing approval from the Canadian Securities Exchange ("Exchange") to have its common shares listed on the Exchange under trading symbol "URG".

2. BASIS OF PREPARATION

a) Statement of Compliance

The condensed consolidated interim financial statements of the Company for the period ended March 31, 2016 are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC") applicable to the preparation of interim financial statements, including IAS 34 *Interim Financial Reporting*.

These unaudited condensed consolidated interim financial statements do not include all the information and notes required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's audited annual financial statements and notes as at and for the year ended September 30, 2015.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on May 30, 2016.

2. BASIS OF PREPARATION (continued)

b) Basis of Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries GSG and Tunshan. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

All material inter-company transactions and balances have been eliminated for the purpose of these condensed consolidated interim financial statements.

c) Going Concern

These condensed consolidated interim financial statements have been prepared by management on the basis of IFRS applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

The Company is in the process of exploring its mineral property in Mongolia. The Company's ability to continue as a going concern and the recoverability of the amounts capitalized for mineral properties and related deferred exploration expenditures are dependent upon the ability of the Company to raise additional financing in order to complete the exploration and development of its resource properties and acquire additional mineral properties, the discovery of economically recoverable reserves, the attainment of future profitable production or proceeds from disposition of the Company's resource properties. The outcome of these matters cannot be predicted at this time.

These condensed consolidated interim financial statements do not reflect the adjustments to the carrying value of assets and liabilities, or the impact on the condensed consolidated interim statements of loss and comprehensive loss and financial position classifications that would be necessary were the going concern assumption not appropriate.

	March 31, 2016	September 30, 2015
Deficit	$1,076,258	$762,090
Working capital	$468,062	$608,263

3. SIGNIFICANT ACCOUNTING POLICIES
Significant accounting judgments and estimates

The preparation of these condensed consolidated interim financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The following judgments and estimates are those deemed by management to be material to the Company's condensed consolidated interim financial statements.

Estimates

(i) Impairment of exploration and evaluation assets
Determining if there are any facts and circumstances indicating impairment losses or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated.

(ii) Deferred tax liabilities and assets
Deferred tax liabilities and assets are measured at tax rates expected to apply in the period during which the asset is realized or the liability is settled, based on tax rates (and tax laws) that are enacted or substantively enacted at the end of the reporting period of the financial information. The measurement of liabilities and deferred tax assets reflects the tax consequences that result from the manner in which the Company expects, at the end of the reporting period of the financial information, to recover or settle the carrying amount of its assets and liabilities.

Judgments

(i) Going concern
Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its condensed consolidated interim financial statements for the period ended March 31, 2016. Management prepares the condensed consolidated interim financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. As a result of the assessment, management concluded there are significant doubt as to the ability of the Company to meet its obligations as they fall due and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency Translation

The functional currency for the Company and GSG is Canadian dollars. The functional currency for Tunshan is Chinese Renminbi ("RMB") as this is the principal currency of the economic environment in which Tunshan operates. The reporting currency of the Company is Canadian dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the statements of loss and comprehensive loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value is determined.

Assets and liabilities of entities with functional currencies are translated at the period end rates of exchange, and the results of their operations are translated at average rates of exchange for the period. Gains or losses resulting from these translation adjustments are included in shareholders' equity as currency translation reserve. On disposal of the foreign operation the cumulative translation differences recognized in equity are reclassified to statements of loss and comprehensive loss.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less. As at March 31, 2016 and September 30, 2015, the cash and cash equivalents consist of cash only. As at March 31, 2016, cash and cash equivalents consist of $399,149 with $118,015 cash held in the trust account of the Company's lawyer (September 30, 2015, cash and cash equivalents consist of $698,000 cash held in the trust account). The Company's lawyer maintains its trust accounts on deposit with a Canadian chartered bank.

Financial Instruments

All financial assets are initially recorded at fair value and classified into one of four categories: held to maturity, available for sale, loans and receivable or at fair value through profit or loss ("FVTPL"). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities. Financial instruments comprise cash, accounts payable, and due to shareholders. At initial recognition management has classified financial assets and liabilities as follows:

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial assets
The Company has determined its cash as FVTPL. A financial instrument is classified at FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with Company's documented risk management or investment strategy. Financial instruments FVTPL are measured at fair value and changes therein are recognized in income.

ii) Financial liabilities
The Company has determined its accounts payable and due to shareholders as other financial liabilities and is initially recorded at fair value and subsequently measured at amortization costs by using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Exploration and Evaluation Assets

Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. All costs related to the acquisition, exploration and development of exploration and evaluation assets are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Once the technical feasibility and commercial viability of the extraction of resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mineral property assets within property, plant, and equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Exploration Tax Credits

The Company accounts for mining tax credits on eligible exploration expenditures as a deduction from its mineral properties interests, on a property by property basis, and will be charged to operations on the same basis as the deferred acquisition and exploration and development expenditures. The exploration tax credits are recognized on a cash basis, whereby the amount will be recorded only when refund received from corresponding tax authority.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Income Taxes

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

Current tax
Current tax is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax
Deferred taxes are the taxes expected to be payable or recoverable on the difference between the carrying amounts of assets in the statements of financial position and their corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities:

- are generally recognized for all temporary differences;
- are recognized for taxable temporary differences arising on investments in subsidiaries except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future; and
- are not recognized on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets:

- are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized; and
- are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of an asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Earnings (Loss) Per Share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted-average number of shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

In accordance with IFRSs, the equity structure in the condensed consolidated interim financial statements following a reverse acquisition reflects the equity structure of the legal acquirer (the accounting acquiree), including the equity interests issued by the legal acquirer to effect the business combination.

Comprehensive Income (Loss)

Comprehensive income is the overall change in the net assets of the Company for a period, other than changes attributable to transactions with shareholders. It is made up of net income and other comprehensive income. The historical make up of net income has not changed. Other comprehensive income includes gains or losses, which IFRS requires be recognizing in a period, but excluding from net income for that period.

Related Party Transactions

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

Impairment of assets

At the end of each reporting period, the Company assesses all cash generating units to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Decommissioning, restoration and similar liabilities ("Asset retirement obligation")

The Company records the present value of estimated costs of legal and constructive obligations required to restore the site in the period in which the obligation is incurred. The nature of these restoration activities include dismantling and removing structures, rehabilitating mines and tailings dam, dismantling facilities, closure of plant and waste sites and restoration, reclamation and re-vegetation of affected areas.

The future obligations for well closure activities are estimated by the Company using well closure plans or other similar studies which outline the requirements that will be carried out to meet the obligations. Since the obligations are dependent on the laws and regulations of the countries in which the wells operate, the requirements could change as a result of amendments in the laws and regulations relating to environmental protection and other legislation affecting resource companies.

As the estimate of the obligations is based on future expectations, a number of assumptions and judgments are made by Management in the determination of closure provisions. The closure provisions are more uncertain into the future the closure activities are to be carried out.

The present value of decommissioning and site restoration provision is recorded as a long term liability as incurred and records an increase in the carrying value of the related asset by a corresponding amount. The provision is discounted using a nominal, risk free pre-tax discount rate. Charges for accretion and restoration expenditures are recorded as operating activities. The related decommissioning provision is recorded as part of the mineral property and depreciated accordingly. In subsequent periods, the carrying amount of the liability is accreted by a charge to the statement of comprehensive loss to reflect the passage of time and the liability is adjusted to reflect any changes in the timing of the underlying future cash flows.

Changes to the obligation resulting from any revisions to the timing or amount of the original estimate of undiscounted cash flows are recognized as an increase or decrease in the decommissioning provision, and a corresponding change in the carrying amount of the related long lived asset. Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, or provision is made for the estimated outstanding continuous rehabilitation work at each statement of financial position date and the cost is charged to the statement of operations and comprehensive loss.

The Company has no asset retirement obligations recognized as of March 31, 2016 and September 30, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Adopted Accounting Pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for fiscal periods beginning October 1, 2015 or later. The standards are described in the Company's annual consolidated financial statements for the year ended September 30, 2015 and are used in these condensed consolidated interim financial statements.

New accounting pronouncements

The following standards and interpretations have not been in effect as they will only be applied for the first time in future periods. They may result in consequential changes to the accounting policies and other note disclosures.

IFRS 9 Financial Instruments (2014)
This is a finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement**. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment**. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized
- **Hedge accounting**. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures
- **Derecognition**. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral property interests. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers capital to consist of shareholders' equity.

The property in which the Company currently has an interest is in the exploration stage; as such the Company has historically relied on shareholder funding to finance all of its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

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

4. REVERSE ACQUISITION

On September 10, 2015, the Company completed the acquisition of 100% of the issued and outstanding securities of GSG. Although the transaction resulted in GSG becoming a wholly-owned subsidiary of the Company, the transaction constitutes a reverse takeover of the Company as the control of the combined companies passed to the former shareholders of GSG. The transaction has been accounted for as a reverse takeover transaction in accordance with guidance provided in IFRS 2 Share Based Payment and IFRS 3 Business Combinations. As the Company did not qualify as a business according to the definition in IFRS 3, this reverse takeover transaction does not constitute a business combination; rather it is treated as an issuance of shares by GSG (accounting acquirer) for the net monetary assets of the Company (accounting acquiree) followed by a recapitalization of GSG.

Since the share consideration to be allocated to the former shareholder of the Company on closing the transaction is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or service received in return for the allocation of the shares, the value in excess of the net identifiable assets or obligations of the Company acquired on closing is to be expensed in the consolidated statements of operations and comprehensive loss as listing expense.

(Expressed in Canadian Dollars)

4. REVERSE ACQUISITION (continued)

Further to the reverse takeover transaction, the consolidated financial statements for the period ended March 31, 2016 and the year ended September 30, 2015 reflect the assets, liabilities and results of operations of GSG, the legal subsidiary, and the Company. The comparative statements of operations and cash flows for the period ended March 31, 2015 are those of GSG, the legal subsidiary, prior to the reverse takeover.

In connection with the transaction, the Company completed a non-brokered private placement of 2,354,167 shares at a price of $0.27 per share for total gross proceeds of $635,625.

In connection with the acquisition, the Company issued 75,000,000 common shares to former GSG shareholders.

The assets acquired and liabilities assumed are at their fair values which are the same as their carrying amounts. The net assets of Oriental at fair value on September 10, 2015, are as follows:

	$
Identifiable Net Assets	
Due from Tunshan	6,000
Accounts payable	(28,937)
Fair value of net assets acquired	(22,937)
Consideration Paid	
Fair value of Oriental's 1 existing common shares deemed issued by GSG	1
Cancellation of 1 common share*	(1)
Costs Attributable to Obtaining a Listing Status	
Listing expense	22,937

*The common share was cancelled during the process of reverse takeover transaction.

5. FINANCIAL INSTRUMENTS AND RISK FACTORS

Financial instruments recorded at fair value

The Company's financial assets consist of cash and cash equivalents. The estimated fair values of cash and cash equivalents approximate their respective carrying values due to the short period to maturity. The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements – Financial Instruments – Disclosures.

As at March 31, 2016 and September 30, 2015, the fair value of cash and cash equivalents were measured using Level 1 inputs.

5. FINANCIAL INSTRUMENTS AND RISK FACTORS (continued)

Financial instruments recorded at fair value (continued)

Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs which are supported by little or no market activity.

The fair values of other financial instruments, which include accounts payable and due to shareholders approximate their carrying values due to the relatively short-term maturity of these instruments.

Risk factors

The Company has exposure to liquidity risk, market risk, and credit risk from its use of financial instruments. This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(a) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company's cash and cash equivalents are currently invested in savings accounts with high-credit quality financial institutions which are available on demand by the Company for its programs.

The Company’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2016, the Company had cash and cash equivalents of $399,149 (September 30, 2015: $699,948), against the total current liabilities of $132,187 (September 30, 2015: $93,162). The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company’s holdings of cash.

(b) Market risk
Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Company’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

5. FINANCIAL INSTRUMENTS AND RISK FACTORS (continued)

Risk factors (continued)

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short-term interest rate through the interest earned on cash and cash equivalents; however, management does not believe this exposure is significant given cash amount is minimum.

ii. Foreign exchange risk

Foreign currency exchange rate risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's daily operation is carried out in Mongolia and Canada and its functional currency is Canadian dollar and RMB, which gives rise to foreign currency translation risk from fluctuations and volatility of foreign exchange rate between the Mongolian Tugrik, Canadian dollar, and the RMB. To limit the impact of fluctuations of one foreign currency over another, the Company matches, in general and when possible, the cash receipts in a foreign currency with the cash disbursements in the same foreign currency. The Company does not use derivative financial instruments to cover the variability of cash flows in foreign currencies.

(c) Credit risk

Credit risk is the potential risk of loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is limited to its cash and cash equivalents. Management does not believe this exposure is significant given cash amount is minimum.

6. SEGMENT DISCLOSURE

The Company operates in one reporting segment only, which is the acquisition, exploration and development of mineral properties. All of the Company's operations are located in Mongolia. As at March 31, 2016 and September 30, 2015, all of the Company's exploration and evaluation assets are situated in Mongolia.

(Expressed in Canadian Dollars)

7. MINERAL PROPERTY

Kharganii am-1 Molybdenum Property located in the Töv aimag in Mongolia

Through Tunshan, the Company holds mineral exploration license with expiry date of July 31, 2017. The mineral properties are located in Kharganii am-1, Bornuur soum, Tuv aimag, Mongolia totalling 1,073 hectares. The mineral exploration license fee until July 31, 2016 has been paid on time.

Through Tunshan, the Company has also holds mineral mining license with expiry date of September 5, 2044 covering 42.12 hectares of same areas in the mineral exploration license in Kharganii am-1, Bornuur soum, Tuv aimag, Mongolia.

As at March 31, 2016 and September 30, 2015, the Company had capitalized the following expenditures:

Balance, September 30, 2014	$1,411,978
Geological survey	78,960
Geophysical prospecting	138,180
Other geological work	59,220
Other	27,580
Effect of movements in exchange rates	20,478
Balance, September 30, 2015	$1,736,396
Other geological work	24,464
Balance, March 31, 2016	$1,760,860

(Expressed in Canadian Dollars)

8. SHARE CAPITAL

Authorized Share Capital

Under the Articles of the Company, the Company is authorized to issue unlimited shares with no par value.

In the year ended September 30, 2015, the Company completed a non-brokered private placement of 2,354,167 shares at a price of $0.27 per share for total gross proceeds of $635,625.

In connection with the acquisition of GSG, the Company issued 75,000,000 common shares to former GSG shareholders.

As at March 31, 2016, the share capital and share reserve of the Company was $691,665 and $2,626,604, respectively (September 30, 2015: share capital and share reserve of $691,665 and $2,400,342, respectively).

Share Reserve

Additional contribution made by shareholders to support the Company's daily operation is recorded as capital contribution over the authorized share capital and has been recognized as share reserve under shareholders' equity.

Escrowed Shares

Pursuant to an escrow agreement, 53,250,000 shares are subject to the following escrow release schedule:

Release Date	Escrowed, beginning of period	Release	Escrowed, end of period
Mar.18, 2016	53,250,000	5,325,000	47,925,000
Sept. 18, 2016	47,925,000	7,987,500	39,937,500
Mar.18, 2017	39,937,500	7,987,500	31,950,000
Sept. 18, 2017	31,950,000	7,987,500	23,962,500
Mar.18, 2018	23,962,500	7,987,500	15,975,000
Sept. 18, 2018	15,975,000	7,987,500	7,987,500
Mar.18, 2019	7,987,500	7,987,500	-

(Expressed in Canadian Dollars)

9. LOSS PER SHARE

In calculating the weighted average number of ordinary shares outstanding (the denominator of the earnings per share calculation) during the period in which the reverse acquisition occurs:

(a) the number of ordinary shares outstanding from the beginning of that period to the acquisition date shall be computed on the basis of the weighted average number of ordinary shares of the legal acquiree (accounting acquirer) outstanding during the period multiplied by the exchange ratio established in the acquisition agreement; and

(b) the number of ordinary shares outstanding from the acquisition date to the end of that period shall be the actual number of ordinary shares of the legal acquirer (the accounting acquiree) outstanding during that period.

IFRS also requires that the basic earnings (loss) per share for each comparative period before the acquisition date presented in the consolidated financial statements following a reverse acquisition shall be calculated by dividing:

(a) the profit or loss of the legal acquiree attributable to ordinary shareholders in each of those periods by the legal acquiree's historical weighted average number of ordinary shares outstanding multiplied by the exchange ratio established in the acquisition agreement.

As per the above IFRS requirements, for the periods ended March 31, 2016 and March 31, 2015, there were 77,354,167 and 75,000,000 weighted average shares outstanding, respectively.

10. RELATED PARTY TRANSACTIONS

During the periods ended March 31, 2016 and 2015, the Company paid following management fees in the form of wages and salaries to the key management of the Company.

	Three Months Ended March 31,		Six Months Ended March 31,	
	2016	2015	2016	2015
	$	$	$	$
Directors’ fees and Officers’ salaries	27,225	-	50,288	-

As at March 31, 2016, the Company owed $5,567 to shareholders of the Company (September 30, 2015: $5,386). This amount represented GSG’s incorporation expenses paid by former shareholders of GSG.

All transactions with related parties have been in the normal course of operations and were measured at their exchange amounts established and agreed to by the related parties. Any amounts due to related parties were unsecured, non-interest bearing and have no specific repayment terms.