

ROYCE RESOURCES CORP.

FILING STATEMENT

**REACTIVATION INVOLVING ACQUISITION BY
ROYCE RESOURCES CORP.
OF ALL OF THE ISSUED AND OUTSTANDING SHARE CAPITAL OF
1045564 B.C. LTD.**

Dated as of November 20, 2015

All information contained in this Filing Statement with respect to 1045564 B.C. Ltd. was supplied by 1045564 B.C. Ltd. for inclusion herein.

Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the Reactivation described in this filing statement.

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FORWARD-LOOKING INFORMATION

This Filing Statement contains forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "does not expect", "is expected", "estimates", "intends", "anticipates", "does not anticipate", or "believes", or variations of such words and phrases or states that certain actions, events or results "may", "could", "would", "might" or "will" be taken to occur or be achieved.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Royce, Privco or the Resulting Issuer to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Although Royce has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Known and unknown factors could cause actual results or events to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency markets; changes in interest rates; disruption to the credit markets and delays in obtaining financing; inflationary pressures; risks arising from holding derivative instruments (such as credit risk, market liquidity risk and mark-to-market risk); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, or other countries in which the Resulting Issuer may, upon completion of the Privco Acquisition carry on business; business opportunities that may be presented to, or pursued by the Resulting Issuer upon completion of the Privco Acquisition; the Resulting Issuer's ability to successfully integrate acquisitions; operating or technical difficulties in connection with business activities; the possibility of cost overruns or unanticipated expenses; employee relations; the risks of obtaining and renewing necessary licenses and permits; adverse changes in the Resulting Issuer's credit rating; and the occurrence of natural disasters, hostilities, acts of war or terrorism. The factors identified above are not intended to represent a complete list of the factors that could affect Royce, Privco or the Resulting Issuer. Additional factors are noted under the heading "*Risk Factors*".

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking information contained in this Filing Statement. These factors should be carefully considered and readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date of this Filing Statement. All subsequent forward-looking information attributable to Royce, Privco or the Resulting Issuer herein is expressly qualified in its entirety by the cautionary statements contained in or referred to herein. Royce, Privco and the Resulting Issuer do not undertake any obligation to release publicly any revisions to this forward-looking information to reflect events or circumstances that occur after the date of this Filing Statement or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

GLOSSARY OF TERMS

The following is a glossary of certain definitions used in this Filing Statement. Terms and abbreviations used in the appendices to this Filing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

"**Affiliate**", a company is an "Affiliate" of another company if (a) one of them is the subsidiary of the other, or (b) each of them is controlled by the same Person. A company is "controlled" by a Person if (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company. A Person beneficially owns securities that are beneficially owned by (a) a company controlled by that Person, or (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person;

"**Amalco**" means the BCBCA company formed pursuant to the Amalgamation, which will be a wholly-owned subsidiary of the Resulting Issuer on Closing;

"**Amalgamation**" means the amalgamation of Subco and Privco to form Amalco under section 269 of the BCBCA;

"**Amalgamation Agreement**" means the amalgamation agreement dated November 5, 2015 between Royce, Privco, and Subco, setting forth the terms pursuant to which Subco and Privco will complete the Amalgamation to form Amalco;

"**Associate**" when used to indicate a relationship with a Person, means (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to all outstanding voting securities of the issuer, (b) any partner of the Person, (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which the Person serves as trustee or in a similar capacity, (d) in the case of a Person who is an individual, (i) that Person's spouse or child, or (ii) any relative of that Person or of his spouse who has the same residence as that Person; but (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D.1.00 of the Exchange with respect to that Member firm, Member corporation or holding company;

"**Author**" means the author of the Technical Report, William Feyerabend, Certified Professional Geologist;

"**BCBCA**" means the *Business Corporations Act* (British Columbia);

"**Board of Directors**" means the Board of Directors of Royce or the Resulting Issuer as applicable;

"**Canadian GAAP**" means the generally accepted accounting principles in Canada;

"**Clayton Valley**" means Clayton Valley Lithium Inc., a privately held company and the owner of the Property;

"**Clayton Valley LOI**" means the September 28, 2015 letter of intent entered into between Privco and Clayton Valley pursuant to which, among other things, Clayton Valley granted Privco an option to acquire a 100% interest in the Property;

"**Closing**" means the closing of the Privco Acquisition;

"**Closing Date**" means the date on which the Closing occurs;

"**company**" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

"**Computershare**" means Computershare Investor Services Inc.;

"**Control Person**" means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

"**Exchange**" or "**TSXV**" means the TSX Venture Exchange;

"**Filing Statement**" means this filing statement, together with all appendices attached hereto and including the summary hereof;

"**Final Exchange Bulletin**" means the bulletin which is issued by the Exchange following the Closing and the submission of all documentation required by the Exchange in connection therewith, that evidences the final Exchange acceptance of the Privco Acquisition and any related transactions;

"**IFRS**" means the International Financial Reporting Standards;

"**Insider**" if used in relation to an issuer, means: (a) a director or senior officer of the issuer; (b) a director or senior officer of a company that is an Insider or subsidiary of the issuer; (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or (d) the issuer itself if it holds any of its own securities;

"**Letter Agreement**" means the October 1, 2015 letter of intent entered into between Royce and Privco whereby Royce agreed to acquire all of the issued and outstanding Privco Shares in consideration of the issuance of an aggregate of 5,000,000 Resulting Issuer Shares to the existing Privco Shareholders on a basis of one (1) Resulting Issuer Share for every one (1) Privco Common Share, resulting in Privco becoming a wholly-owned subsidiary of Royce;

"**Listing**" means the listing of the Resulting Issuer Shares on the Exchange following Closing;

"**MD&A**" means management's discussion and analysis;

"**Name Change**" means the change of name by Royce on completion of the Privco Acquisition to "Lithium X Energy Corp." or such other name as may be acceptable to the Exchange;

"**Named Executive Officer**" or "**NEO**" has the meaning ascribed to it in Form 51-102F6 – *Statement of Executive Compensation* under National Instrument 51-102 entitled "*Continuous Disclosure Obligations*";

"Non-Arm's Length Party" means (a) in relation to a company: (i) a Promoter, officer, director, other Insider or Control Person of that company and any Associates or Affiliates of any such Persons; or (ii) another entity or an Affiliate of that entity, if that entity or its Affiliate have the same Promoter, officer, director, Insider or Control Person as the company; and (b) in relation to an individual, any Associate of the individual or any company of which the individual is a Promoter, officer, Insider or Control Person;

"Option Agreement" means the option agreement dated November 5, 2015 between Clayton Valley and Privco pursuant to which Clayton Valley granted Privco an option to acquire a 100% interest in the Property;

"Person" means a company or individual;

"Privco" means 1045564 B. C. Ltd., a corporation subsisting under the BCBCA;

"Privco Acquisition" means the Amalgamation and the acquisition thereby of all of the issued and outstanding Privco Shares by Royce;

"Privco Shareholders" means the holders of the issued and outstanding Privco Shares;

"Privco Shares" means the common shares in the capital of Privco;

"Promoter" has the meaning ascribed to it in the *Securities Act* (British Columbia);

"Property" means the NSP Lithium Claim Group which consists of 77 unpatented placer claims covering 1,540 acres in Esmeralda County, Nevada, as more particularly described under *"Part II – Information Concerning Privco – Narrative Description of the Business"*;

"Resulting Issuer" means Royce, after giving effect to the Privco Acquisition;

"Resulting Issuer Escrow Agreement" means the agreement to be entered into among the Resulting Issuer, Computershare and certain shareholders of the Resulting Issuer pursuant to which the Resulting Issuer Escrow Shares owned by such shareholders will be held in escrow in accordance with the requirements of the Exchange;

"Resulting Issuer Escrow Shares" means the Resulting Issuer Shares to be held in escrow pursuant to the Resulting Issuer Escrow Agreement;

"Resulting Issuer Shares" means the common shares in the capital of the Resulting Issuer, as constituted after giving effect to the Privco Acquisition;

"Royce" or the **"Corporation"** means Royce Resources Corp., a corporation subsisting under the BCBCA;

"Royce Options" means the outstanding incentive share purchase options of Royce, entitling the holders to acquire an aggregate of 915,000 Royce Shares;

"Royce Private Placement" means the private placement by Royce of 11,696,669 Royce Shares at a price of \$0.15, for aggregate gross proceeds of \$1,754,500;

"Royce Shareholders" means the holders of the Royce Shares;

"Royce Shares" means the common shares in the capital of Royce;

"**Stock Option Plan**" means the Royce incentive stock option plan dated August 30, 2013;

"**Subco**" means 1054527 B.C. Ltd., which is a wholly-owned subsidiary of Royce incorporated under the BCBCA in connection with the Amalgamation;

"**Technical Report**" means the technical report on the Property prepared pursuant to the provisions of National Instrument 43-101 by William Feyerabend, Certified Professional Geologist, on behalf of Royce Resources Corp. dated effective November 10, 2015 and entitled "Technical Report on the NSP Lithium Claim Group, Esmeralda County, Nevada, U.S.A."; and

"**Transactions**" means, collectively, the Privco Acquisition, the Royce Private Placement, and the Name Change.

Words importing the singular number only include the plural and vice versa, and words importing any gender include all genders.

All dollar amounts in this Filing Statement are expressed in Canadian dollars unless otherwise indicated.

EXCHANGE RATE INFORMATION

In this Filing Statement, all references to "\$" or "\$CDN" refer to Canadian dollars, and all references to "US\$" refer to U.S. dollars. The nominal noon exchange rate on October 1, 2015 as reported by the Bank of Canada for the conversion of U.S. dollars into Canadian dollars was CDN\$1.3242 equals US\$1.00.

SUMMARY OF FILING STATEMENT

The following is a summary of information relating to Royce, Privco and the Resulting Issuer (assuming completion of the Privco Acquisition) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement. Reference is made to the Glossary of Terms for the definitions of certain abbreviations and terms used in this Filing Statement and in this summary.

This Filing Statement is being prepared in accordance with Exchange Form 3D2 in connection with the Privco Acquisition.

The Companies

Royce

Royce was incorporated as Vehicle Recycling Technologies Inc. under the Business Corporations Act (Alberta) on August 28, 2007 and continued to British Columbia effective May 11, 2011. On July 23, 1999, Vehicle Recycling Technologies Inc. changed its name to AADCO industries.com Inc. On January 15, 2002, AADCO industries.com Inc. changed its name to AADCO Automotive Inc. On December 28, 2007, AADCO Automotive Inc. changed its name to Royce Resources Inc. Effective January 2, 2008, as a result of the sale of the automotive recycling business, the Corporation changed its name to Royce Resources Corp. The Royce Shares are listed on the NEX Board of the Exchange under the trading symbol "ROY.H". For additional disclosure of the development of Royce's business, see "*Part I – Information Concerning Royce*".

At the request of Royce, trading in the Royce Shares was halted on October 1, 2015 following the entering into the Letter Agreement with Privco, in respect of the Privco Acquisition. The closing price of the Royce Shares on the last day the Royce Shares traded prior to the halt (September 17, 2015) was \$0.065. Trading in Royce remains halted as of the date of this Filing Statement.

Privco

Privco was incorporated on August 12, 2015 under the BCBCA. Privco is a private company with 5,000,000 common shares outstanding. See "*Part II – Information Concerning Privco – General Development of the Business*".

No public market exists for the Privco Shares.

Privco has entered into an Option Agreement with Clayton Valley, pursuant to which Privco has the option to acquire a 100% interest in the Property. See "*Part II – Information Concerning Privco – General Development of the Business*".

Amalgamation Agreement

On November 5, 2015, Royce, Subco and Privco entered into the Amalgamation Agreement, for the purpose of effecting the Privco Acquisition, pursuant to which Royce will acquire all of the issued and outstanding shares of Privco in exchange for the issuance of an aggregate of 5,000,000 Resulting Issuer Shares to the existing Privco Shareholders on a basis of one (1) Resulting Issuer Share for every one (1) Privco Common Share, resulting in Privco becoming a wholly-owned subsidiary of Royce. The Amalgamation Agreement includes the following conditions to completing the Privco Acquisition: (i) the receipt of regulatory approvals, including Exchange approval, required to effect the Privco Acquisition,

(ii) the receipt of the requisite shareholder approval from the shareholders of Privco and Subco; (iii) Privco having entered into a definitive option agreement with Clayton Valley in respect of the Property; (iv) Royce shall have completed the Royce Private Placement on terms acceptable to Royce and in such amount as is necessary to complete the Transactions and to meet the initial listing requirements of the Exchange. Upon Closing, Privco will amalgamate with Subco to form Amalco which will be a wholly-owned subsidiary of the Resulting Issuer. The Amalgamation Agreement is described in more detail in "*Part III – Information Concerning the Resulting Issuer – Summary of Transactions – Amalgamation Agreement*".

Name Change

It is anticipated that on Closing of the Acquisition, Royce's name will be changed to "Lithium X Energy Corp." or such other name as may be acceptable to the Exchange.

Royce Private Placement

In connection with the Privco Acquisition, Royce will complete the Royce Private Placement, for aggregate proceeds of \$1,754,500 by issuing 11,696,669 Royce Shares at a price of \$0.15 per Royce Share.

The proceeds raised through the Royce Private Placement will be used to satisfy the Resulting Issuer's financial obligations, execute the Resulting Issuer's exploration program following the Closing, and for general working capital purposes. See "*Part III – Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*".

Interests of Insiders

Insiders of Royce will be treated in the same manner as all other Royce Shareholders in connection with the Transactions.

Non-Arm's Length Party Transaction

The Privco Acquisition is a Non-Arm's Length Party transaction under the policies of the Exchange. Mr. Frank Giustra indirectly holds 16.55% of the outstanding shares of Royce, and also indirectly holds 20% of the outstanding shares of Privco.

Available Funds and Principal Purposes

The Resulting Issuer is expected to have approximately \$2,473,250 in working capital available on Closing. The Resulting Issuer is expected to use the funds available to it in furtherance of its stated business objectives which are summarized in the table appearing below.

	Estimated Amount (\$CDN) ⁽⁴⁾
Sources of Funds:	
Estimated working capital of Royce as at September 30, 2015	\$ 718,750
Gross Proceeds from the Royce Private Placement	\$ 1,754,500
Total Sources	\$ 2,473,250

	Estimated Amount (\$CDN) ⁽⁴⁾
Uses of Funds:	
Professional fees related to the Transactions	\$ 100,000
Repayment of US\$36,450 Promissory Notes	\$ 48,268
Payment due on Closing Date to Clayton Valley	\$ 132,420 ⁽¹⁾
Payment due for the Tie-On Ground and on recording of the Paymaster Ground (US\$112,500)	\$ 148,972
Exploration Program on the Property	\$ 1,383,789 ⁽²⁾
General and administrative expenses for the first 6 months	\$ 273,000 ⁽³⁾
Unallocated working capital to fund ongoing operations	\$ 386,801
Total Uses	\$ 2,473,250

Notes:

- (1) *Comprised of US\$100,000 to be paid by Royce to Clayton Valley on the Closing Date. In order to keep the Option in good standing the Resulting Issuer must pay US\$250,000 to Clayton Valley on the first anniversary of the Closing Date. The decision to make such payment will be based, among other things, on the results of the initial exploration program on the Property.*
- (2) *Based on the recommended work program on the Property in the Technical Report of US\$836,000, and includes an additional 25% estimated additional fees payable pursuant to the Exploration Management Agreement.*
- (3) *Based on a 6 month estimate of \$195,000 for wages and consulting fees, \$18,000 for rent, office supplies and insurance, \$15,000 for legal and audit, \$5,000 for transfer agent, regulatory and filing fees, \$25,000 for shareholder relations and marketing, \$10,000 for travel, and \$5,000 for miscellaneous overhead costs.*
- (4) *All amounts in this table have been converted from US dollars to Canadian dollar amounts based on the noon exchange rate of the Bank of Canada on October 1, 2015 of CDN\$1.3242 = US\$1.00.*

Based on current projections, the Resulting Issuer's working capital available for funding ongoing operations is expected to meet its expenses for a minimum period of 6 months commencing immediately after the completion of the Transactions.

For additional information, see "*Part III - Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*".

Notwithstanding the proposed uses of available funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. It is difficult, at this time, to definitively project the total funds necessary to effect the planned activities of the Resulting Issuer. For these reasons, management of Royce considers it to be in the best interests of the Resulting Issuer and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises. Further, the above uses of available funds should be considered estimates. See "*Forward-Looking Information*".

Proposed Directors and Officers of the Resulting Issuer

Upon closing of the Transaction, the Resulting Issuer's board of directors will be reconstituted to consist of Brian Paes-Braga, Paul Matysek, Geir Liland, Harry Pokrandt and Robert McLeod, and management of the Resulting Issuer will consist of Paul Matysek as Executive Chairman, Brian Paes-Braga as President and Chief Executive Officer, Daniel Kriznic as Chief Financial Officer and Jasvir Kaloti as Corporate Secretary.

Selected Pro Forma Consolidated Financial Information

The following table contains certain financial information regarding the Resulting Issuer.

Pro Forma Consolidated Statement of Financial Position

	Pro Forma Statement of Financial Position as at June 30, 2015
Total assets	\$ 2,515,103
Total long and short term liabilities	\$ 112,485

Conflicts of Interest

Some of the individuals proposed for appointment or acting as directors or officers of the Resulting Issuer upon the completion of the Privco Acquisition are also directors, officers and/or Promoters of other reporting and non-reporting issuers. As of the date of this Filing Statement and to the knowledge of the directors and officers of Royce and Privco, there are no existing conflicts of interest between the Resulting Issuer and any of the individuals proposed for appointment or acting as directors or officers following the completion of the Privco Acquisition. Conflicts of interest, if any, will be subject to, and will be resolved in accordance with, the procedures and remedies under the BCBCA.

Interest of Experts and Others

The audited financial statements of Royce for the fiscal years ended June 30, 2015, 2014 and 2013, described or included in this Filing Statement were audited by Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants.

Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants, does not beneficially own, directly or indirectly, any securities; nor does it have any interest in the property of Royce, Privco or the Resulting Issuer (on Closing). Moreover, none of the foregoing Persons or any of their respective directors, officers or employees is, or expects to be, elected, appointed or employed as a director, officer or employee of the Resulting Issuer or its Associates or Affiliates.

Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants, have advised Royce that they are independent of Royce within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

Risk Factors

AN INVESTMENT IN SECURITIES OF ROYCE AND THE RESULTING ISSUER, FOLLOWING THE COMPLETION OF THE PRIVCO ACQUISITION IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK AND SHOULD ONLY BE MADE BY INVESTORS WHO CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT.

Royce Shareholders should consider that Royce may not realize the anticipated benefits of the Transactions. Other risk factors include risks associated with completion of the Privco Acquisition and Exchange Approval; the Resulting Issuer's ongoing need for financing and potential for the issuance of debt; regulatory matters; the fact that Privco has no operating history upon which its business can be evaluated. The Resulting Issuer may incur net losses in the future and may not achieve or maintain profitability. The Resulting Issuer's quarterly results of operations may fluctuate in the future. Mineral resource exploration is highly speculative and involves a number of inherent operational risks. The Resulting Issuer will require additional funds in order to further explore and develop the Property, as well as for general working capital and will be reliant on the sale of equity for such funds. There can be no assurance the Resulting Issuer will be able to obtain such funds and as a result, the Resulting Issuer may not be able to earn any interest in the Property. The Resulting Issuer will be significantly affected by world commodity prices, variations of which may affect the Resulting Issuer's ability to raise additional capital. There is no assurance the Resulting Issuer will be able to obtain insurance for its operations. Mineral exploration and mining involves many risks and hazards which even a combination of experience, knowledge and careful evaluation may not be able to overcome. A valid permit is required to undertake any mechanized work and there is no assurance that the Resulting Issuer can acquire such permits. The mining industry is subject to a significant degree of regulation, which may affect the Resulting Issuer's operations and its ability to develop its properties. The Resulting Issuer is involved in a highly competitive industry with companies which have greater resources than the Resulting Issuer. All of the Resulting Issuer's exploration, development and any production activities will be subject to environmental regulations, which may make its operations difficult, expensive, or prohibit them altogether. The Resulting Issuer may become subject to environmental liabilities as a result of such regulations, which could have a material adverse effect on the Resulting Issuer. Mining, processing, development and exploration activities depend on adequate infrastructure. The Resulting Issuer's directors and officers serve on the boards and as officers of other companies whose interests may conflict with the Issuer. This Filing Statement contains "forward looking statements" which reflect the current expectations of management of the Resulting Issuer regarding the Resulting Issuer's future growth, results of operations, performance and business prospects and opportunities.

For a comprehensive discussion of the risk factors relating to the Resulting Issuer, see "*Risk Factors*".

Conditional Approval of Exchange

The Exchange has conditionally accepted the Privco Acquisition subject to Royce fulfilling all of the requirements of the Exchange.

RISK FACTORS

There are a number of risk factors associated with Royce, Privco and the Transactions. Upon completion of the Transactions, Privco's current business will be the business of the Resulting Issuer. Accordingly, risk factors relating to Privco's current business will be risk factors relating to the Resulting Issuer's business and references to Privco in these risk factors should, where the context requires, be read to include the risks to the Resulting Issuer. An investment in the securities of the Resulting Issuer involves significant risks. Investors should carefully consider the risks described below and the other information contained in this Filing Statement before making an investment in the Resulting Issuer. Additional risks and uncertainties not presently known to Royce and Privco or that Royce and Privco currently consider immaterial may also impair the business and operations of the Resulting Issuer and cause the trading price of the Royce Shares to decline. If any of the following or other risks occur, the Resulting Issuer's business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. In that event, the trading price of the Royce Shares could decline and you could lose all or part of your investment. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks.

Completion of the Privco Acquisition and Exchange Approval

The completion of the Privco Acquisition is subject to several conditions precedent. There can be no assurances that the Privco Acquisition will be completed on the terms set out in the Amalgamation Agreement, as negotiated, or at all. In the event that any of the conditions precedent are not satisfied or waived, the Privco Acquisition may not be completed. In addition, there is no guarantee that Royce will be able to satisfy the requirements of the Exchange such that it will issue the Final Exchange Bulletin.

Additional Funding Requirements

Further exploration on, and development of, the Property will require additional capital in order for the Resulting Issuer to earn its interest in the Property. The continuing exploration and development of the Property will depend upon the Resulting Issuer's ability to obtain financing through debt financing, equity financing, the joint venturing of projects, or other means. There is no assurance that the Resulting Issuer will be successful in obtaining the required financing for these or other purposes, including for general working capital. If the Resulting Issuer is unable to fund its commitments under the Amalgamation Agreement, the Resulting Issuer will lose its option to acquire its interest in the Property.

Exploration and Mining Risks

Resource exploration, development, and operations are highly speculative, characterized by a number of significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, land slides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. The Resulting Issuer will rely upon consultants and others for exploration, development, construction and operating expertise. Substantial expenditures are required to establish mineral resources and mineral reserves through drilling, to develop metallurgical processes to extract the metal from mineral resources, and in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining.

No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection. The exact effect of these factors cannot accurately be predicted, but the combination of these factors may result in the Resulting Issuer not receiving an adequate return on invested capital.

The Resulting Issuer will carefully evaluate the political and economic environment in considering any properties for acquisition. There can be no assurance that additional significant restrictions will not be placed on the Property and any other properties the Resulting Issuer may acquire or its operations. Such restrictions may have a material adverse effect on the Resulting Issuer's business and results of operation.

Exploration Target

The Property is an exploration target. There has been insufficient exploration at the Property to determine if there are mineral resources or mineral reserves as defined under National Instrument 43-101 and there is no certainty that further exploration will result in the discovery of mineral resources or mineral reserves.

Future Profits/Losses and Production Revenues/Expenses

The Corporation has no history of operations and expects that its losses will continue for the foreseeable future. No mineral deposit has yet been found on the Property. The Resulting Issuer currently will have only one mineral property. There can be no assurance that the Resulting Issuer will be able to acquire additional properties. If the Resulting Issuer is unable to acquire additional properties, its entire prospects will rest solely with the Property and accordingly, the risk of being unable to identify a mineral deposit will be higher than if the Resulting Issuer had additional properties to explore. There can be no assurance that the Resulting Issuer will be profitable in the future. The Resulting Issuer's operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, and development of the Property and any other properties the Resulting Issuer may acquire are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, and the Resulting Issuer's acquisition of additional properties and other factors, many of which are beyond the Resulting Issuer's control. The Corporation does not expect to receive revenues from operations in the foreseeable future, if at all. The Corporation expects to incur losses unless and until such time as the Property and any other properties the Resulting Issuer, may acquire enter into commercial production and generate sufficient revenues to fund its continuing operation, the development of the Property and any other properties the Resulting Issuer may acquire will require the commitment of substantial resources to conduct the time-consuming exploration and development of properties. There can be no assurance that the Resulting Issuer will generate any revenues or achieve profitability. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate.

No Assurance of Title to Assets

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to and the area of mineral properties may be disputed. There is no guarantee of title to the Property as described

in this Filing Statement. The Property may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects.

Commodity Prices

Factors beyond the control of the Resulting Issuer may affect the marketability and price of any minerals discovered, if any. Resource prices have fluctuated widely in recent years and are affected by numerous factors beyond the control of the Resulting Issuer, including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors cannot be accurately predicted.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, several risks and, in particular, unexpected or unusual geological or operating conditions, may occur. It is not always possible to fully insure against such risks, and the Resulting Issuer may decide not to take out insurance against such risks as a result of high premiums or for other reasons. Should such liabilities arise they could reduce or eliminate any future profitability and result in an increase in costs and a decline in value of the securities of the Resulting Issuer.

The Corporation is not insured against most environmental risks. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) has not been generally available to companies within the industry. The Resulting Issuer will periodically evaluate the cost and coverage of the insurance against certain environmental risks that is available to determine if it would be appropriate to obtain such insurance. Without such insurance, and if the Resulting Issuer becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate its available funds or could exceed the funds the Resulting Issuer has to pay such liabilities and result in bankruptcy. Should the Resulting Issuer be unable to fund fully the remedial cost of an environmental problem, it might be required to enter into interim compliance measures pending completion of the required remedy.

Operating Hazards and Risks

Mineral exploration and mining involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These hazards include unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour.

Operations in which the Resulting Issuer will have a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of minerals, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage. Although the Issuer intends to maintain liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event the Resulting Issuer could incur significant costs that could have a materially adverse effect upon its financial condition.

Permits and Licences

Operations of the Resulting Issuer will require licenses and permits from various governmental authorities. The Resulting Issuer anticipates that it will be able to obtain in the future all necessary licenses and permits to carry on the activities which it intends to conduct, and that it intends to comply in all material respects with the terms of such licenses and permits. However, there can be no guarantee that

the Resulting Issuer will be able to obtain and maintain, at all times, all necessary licenses and permits required to undertake its proposed exploration and development or to place its properties into commercial production and to operate mining facilities thereon.

In the event of commercial production the cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or preclude the economic development of the property.

Competition

The international mining industry is highly competitive. Competition in the mineral exploration business is intense and could adversely affect the ability of the Resulting Issuer to suitably develop its properties. The Resulting Issuer will be competing with many other exploration companies possessing greater financial resources and technical facilities. Accordingly, there is a high degree of competition for desirable mineral leases, suitable prospects for drilling operations and necessary mining equipment, as well as for access to funds. There can be no assurance that the necessary funds can be raised or that any projected work will be completed.

Environmental Matters

All of the Resulting Issuer's exploration and development operations will be subject to environmental regulations, which can make operations expensive or prohibit them altogether. The Resulting Issuer may be subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products that could occur as a result of its mineral exploration, development and production.

To the extent the Resulting Issuer is subject to environmental liabilities, the payment of such liabilities or the costs that it may incur to remedy environmental pollution would reduce funds otherwise available to it and could have a material adverse effect on the Resulting Issuer. If the Resulting Issuer is unable to fully remedy an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the Resulting Issuer.

All of the Resulting Issuer's exploration, development and any production activities will be subject to regulation under one or more environmental laws and regulations. Many of the regulations require the Resulting Issuer to obtain permits for its activities. The Resulting Issuer must update and review its permits from time to time, and is subject to environmental impact analyses and public review processes prior to approval of the additional activities.

It is possible that future changes in applicable laws, regulations and permits or changes in their enforcement or regulatory interpretation could have a significant impact on some portion of the Resulting Issuer's business, causing those activities to be economically re-evaluated at that time.

Infrastructure

Mining, processing, development and exploration activities depend on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important requirements, which affect capital and operating costs. Unusual or infrequent weather, phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect future operations of the Resulting Issuer.

Conflicts of Interest

Certain of the officers and directors of the Corporation are also directors, officers or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Resulting Issuer will be required by law to act honestly and in good faith with a view to the best interests of the Resulting Issuer and to disclose any interest which they may have in any project or opportunity of the Resulting Issuer. If a conflict arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Resulting Issuer will participate in any project or opportunity, the director will primarily consider the degree of risk to which the Resulting Issuer may be exposed and its financial position at that time.

Limited Market for Securities

Upon completion of the proposed Transactions, the Resulting Issuer Shares will be listed on the Exchange, however, there can be no assurance that an active and liquid market for the Resulting Issuer Shares will develop or be maintained.

Dividends

To date, Royce has not paid any dividends on its outstanding securities and the Resulting Issuer does not expect to do so in the foreseeable future. Any decision to pay dividends on the Resulting Issuer Shares will be made by the Board of Directors.

Changes in Laws

Changes to any of the laws, rules, regulations or policies to which the Resulting Issuer is subject could have a significant impact on the Resulting Issuer's business. There can be no assurance that the Resulting Issuer will be able to comply with any future laws, rules, regulations and policies. Failure by the Resulting Issuer to comply with applicable laws, rules, regulations and policies may subject it to civil or regulatory proceedings, including fines or injunctions, which may have a material adverse effect on the Resulting Issuer's business, financial condition, liquidity and results of operations. In addition, compliance with any future laws, rules, regulations and policies could negatively impact the Resulting Issuer's profitability and have a material adverse effect on its business, financial condition, liquidity and results of operations.

PART I - INFORMATION CONCERNING ROYCE

The following information is presented on a pre-Privco Acquisition basis and prior to giving effect to the Transactions. See "Part III - Information Concerning the Resulting Issuer" for pro forma business, financial and share capital information relating to the Resulting Issuer.

Corporate Structure

Name and Incorporation

The full name of Royce is "Royce Resources Corp." The head office of Royce is located at Suite 3123, 595 Burrard Street, Vancouver, British Columbia, V7X 1J1, and the registered office of Royce is located at 25th floor, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3.

Royce was incorporated as Vehicle Recycling Technologies Inc. under the Business Corporations Act (Alberta) on August 28, 2007 and continued to British Columbia effective May 11, 2011. On July 23, 1999, Vehicle Recycling Technologies Inc. changed its name to AADCO industries.com Inc. On January 15, 2002, AADCO industries.com Inc. changed its name to AADCO Automotive Inc. On December 28, 2007, AADCO Automotive Inc. changed its name to Royce Resources Inc. Effective January 2, 2008, as a result of the sale of the automotive recycling business, the Corporation changed its name to Royce Resources Corp. The Royce Shares are listed on the NEX Board of the Exchange under the trading symbol "ROY.H".

On Closing, it is anticipated that the Resulting Issuer will change its name to "Lithium X Energy Corp." and that its shares will be listed on Tier 2 of the Exchange as a mining issuer.

Royce's authorized capital consists of an unlimited number of Royce Shares without par value, and an unlimited number of preferred shares without par value.

Intercorporate Relationships

Royce has no subsidiaries, other than Subco.

General Development of Business

History

Royce first listed its common shares on the Exchange on August 11, 1999. At the request of Royce, trading in the Royce Shares was halted on October 1, 2015 following the entering into the Royce Letter Agreement with Privco in respect of the Privco Acquisition. The closing price of the Royce Shares on the last day the Royce Shares traded prior to the halt (September 17, 2015) was \$0.065. Trading in Royce remains halted as of the date of this Filing Statement.

The following is a description of the major acquisitions and dispositions of assets, and other events and transactions that have influenced the general development of Royce.

Effective November 5, 2013, Royce consolidated its capital on a ten (10) old for one (1) new share basis (the "**Consolidation**"). All Royce Shares, Royce Options, and per Royce Share amounts in this Filing Statement have been retrospectively restated to present post-consolidation amounts.

On December 31, 2007, Aadco Vehicle Disposal Service Inc., a wholly owned subsidiary of the Corporation, sold substantially all of its assets to Quorum Secured Equity Trust and Quorum Investment Pool Limited Partnership in exchange for \$100,000. Following this transaction, the Corporation did not maintain the requirements for a TSX Venture Tier 2 company and effective January 2, 2008, the Corporation's listing was transferred to NEX. Also effective January 2, 2008, the Corporation consolidated its capital on a five (5) old for one (1) new share basis and changed its name from "Aadco Automotive Inc." to "Royce Resources Inc.".

Existing Business

Under the terms of the Royce Letter Agreement between Royce and Privco, Royce agreed to acquire all of the issued and outstanding Privco Shares in consideration of the issuance of an aggregate of 5,000,000 Resulting Issuer Shares to the existing Privco Shareholders on a basis of one (1) Resulting Issuer Share for every one (1) Privco Common Share, resulting in Privco becoming a wholly-owned subsidiary of Royce. Privco is a privately owned company that holds an option (the "**Option**") to acquire the Property. See "*Part II – Information Concerning Privco – General Development of the Business*". Subsequent to entering into the Royce Letter Agreement, on November 5, 2015 Royce, Subco and Privco entered into the Amalgamation Agreement providing for the Amalgamation of Subco and Privco and the acquisition by Royce of all of the issued and outstanding shares of Privco. See "*Part III – Information Concerning the Resulting Issuer – Summary of Transactions – Amalgamation Agreement*".

Financing

In connection with the Privco Acquisition, Royce will complete the Royce Private Placement for aggregate proceeds of \$1,754,500, by issuing 11,696,669 Royce Shares at a price of \$0.15 per Royce Share.

The proceeds raised through the Royce Private Placement will be used to satisfy the Resulting Issuer's financial obligations, execute the Resulting Issuer's business plan for the 6 months following the Closing, and for general working capital purposes. See "*Part III – Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*".

Selected Financial Information and Management's Discussion and Analysis

A summary of selected financial information of Royce for the financial years ended June 30, 2015, 2014 and 2013, is as follows:

	Fiscal Year ended June 30, 2015 (audited)	Fiscal Year ended June 30, 2014 (audited)	Fiscal Year ended June 30, 2013 (audited)
Total assets	\$ 760,603	\$ 876,988	\$ 1,008,048
Total expenses	(\$ 126,734)	(\$ 203,913)	(\$ 115,956)
Amounts deferred in connection with the Transactions	Nil	Nil	Nil
Loss and Comprehensive loss	(\$ 118,976)	(\$ 192,948)	(\$ 103,778)

Additional financial information for Royce is set out in the financial statements of Royce included in Appendix A of this Filing Statement.

Management's Discussion and Analysis

MD&A for the financial year ended June 30, 2015 provides a discussion and analysis of the financial condition and results of operations to enable a reader to assess material changes in the financial condition and results of operations for the relevant period. This MD&A should be read in conjunction with the audited financial statements and notes thereto of Royce for the financial year ended June 30, 2015, which are included in Appendix A of this Filing Statement. Such financial statements have been prepared in accordance with IFRS and all amounts included therein and in this MD&A are in Canadian dollars, unless otherwise specified.

Selected Annual Financial Information for the Years ended June 30, 2015, 2014 and 2013

Description Of Business

Royce was incorporated as Vehicle Recycling Technologies Inc. under the Business Corporations Act (Alberta) on August 28, 2007 and continued to British Columbia effective May 11, 2011. Effective January 2, 2008, as a result of the sale of the automotive recycling business, the company changed its name to Royce Resources Corp. and the trading of the Royce Shares was transferred to the NEX Board from Tier 2 of the TSX Venture Exchange. The trading symbol for Royce is "ROY.H". The address of Royce's registered office is 25th floor, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3. Royce is currently inactive and looking for projects in the natural resource sector.

Overall Performance and Results of Operations

Total assets decreased to \$1,008,043 at June 30, 2013 from \$1,107,376 at June 30, 2012. The most significant asset at June 30, 2013 was cash and cash equivalents of \$1,005,012 (June 30, 2012: \$1,102,829). The decrease in cash and cash equivalents during the year ended June 30, 2013 was the result of \$97,817 used in operating activities. Royce recorded a loss of \$103,778 for the year ended June 30, 2013 (2012: \$160,605). During the year ended June 30, 2013, Royce recorded finance income of \$12,178 (2012: \$3,263), which consisted entirely of interest earned on Royce's short-term investments and cash deposits. Royce's short-term investments generally earn interest at a variable rate that is tied to the Bank of Canada prime rate. The increase in interest and other income was as a result of an increase in cash and cash equivalents due to \$735,000 in proceeds received on the exercise of warrants during the year ended June 30, 2012.

Total assets decreased to \$876,988 at June 30, 2014 from \$1,008,048 at June 30, 2013. The most significant asset at June 30, 2014 was cash and cash equivalents of \$872,926 (June 30, 2013: \$1,005,012). The decrease in cash and cash equivalents during the year ended June 30, 2014 was the result of \$132,086 used in operating activities. The Company recorded a loss of \$192,948 for the year ended June 30, 2014 (2013: \$103,778). During the year ended June 30, 2014, Royce recorded finance income of \$10,967 (2013: \$12,178), which consisted entirely of interest earned on Royce's cash and cash equivalents. Royce's short-term investments generally earn interest at a variable rate that is tied to the Bank of Canada prime rate, and thus finance income fluctuates with the prime rate and the amount of principal on deposit.

Total assets decreased to \$760,603 at June 30, 2015 from \$876,988 at June 30, 2014. The most significant asset at June 30, 2015 was cash and cash equivalents of \$756,875 (June 30, 2014: \$872,926). The decrease in cash and cash equivalents during the year ended June 30, 2015 was the result of \$116,051 used in operating activities. The Company recorded a loss of \$118,976 for the year ended June 30, 2015 (2014: \$192,948). During the year ended June 30, 2015, Royce recorded finance income of \$7,758 (2014: \$10,967), which consisted entirely of interest earned on Royce's cash and cash

equivalents. Royce's short-term investments earn interest at a variable rate that is tied to the Bank of Canada prime rate, and thus finance income fluctuates with the prime rate and the amount of principal on deposit.

Liquidity and Capital Resources

As at June 30, 2013, Royce had working capital of \$995,593. In management's opinion, this is sufficient to cover Royce's current program costs and short-term obligations as they become due.

As at June 30, 2014, Royce had working capital of \$867,094. In management's opinion, this is sufficient to cover Royce's current program costs and short-term obligations as they become due.

As at June 30, 2015, Royce had working capital of \$748,118. In management's opinion, this is sufficient to cover Royce's current program costs and short-term obligations as they become due.

Results of Operations for the years ended June 30, 2015, 2014 and 2013

For the years presented, Royce had no revenues, no long term debt and did not declare or pay any dividends. For the year ended June 30, 2015, Royce reported a loss and comprehensive loss of \$118,976 or \$0.01 per share for the year ended June 30, 2015, \$192,948 or \$0.02 per share for the year ended June 30, 2014, and \$103,778 or \$0.01 per share for the year ended June 30, 2013.

Expenses incurred during the year ended June 30, 2015 were as follows: consulting fees of \$90,000 (2014: \$90,000; 2013: \$62,500), which consisted of payments made in accordance with a corporate administration agreement, regulatory and transfer agent fees of \$14,704 (2014: \$20,160; 2013: 13,827), general and administrative fees of \$15,160 (2014: \$13,719; 2013: \$13,732), which consisted mostly of rent, share-based compensation of nil (2014: \$64,449; 2013: \$11,736), which consisted of the fair value of options granted and re-priced during the period, professional fees of \$6,870 (2014: \$15,588; 2013: \$9,161), which consisted of audit and legal fees, and donations of nil (2014: nil; 2013: \$5,000).

Related Party Transactions

During the year ended June 30, 2015, key management personnel compensation, including directors, was comprised of share-based compensation of nil (2014: \$35,351; 2013: \$11,736).

Dividends

To date, Royce has not paid any dividends on its outstanding securities and Royce does not expect to do so in the foreseeable future. Any decision to pay dividends on the Royce Shares will be made by the Board of Directors.

Off-Balance Sheet Arrangements

Royce does not have any off-balance sheet arrangements that are likely to have or are reasonably likely to have a material current or future effect on Royce's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that have not been disclosed in Royce's financial statements.

Outstanding Share Data as at June 30, 2015 and as at September 30, 2015

The authorized share capital of Royce is comprised of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

	Issued and Outstanding as at June 30, 2015
Common shares	10,029,063
Preferred shares	Nil

As at the date of this Filing Statement, Royce had 10,029,063 common shares issued and outstanding, 915,000 options outstanding, and no share purchase warrants outstanding.

Description of Securities

Common Shares

The authorized capital of Royce consists of an unlimited number of common shares with no par value and an unlimited number of preferred shares with no par value. As of the date of this Filing Statement, 10,029,063 Royce Shares, and no preferred shares, are issued and outstanding, as fully paid and non-assessable shares.

The holders of the Royce Shares are entitled to dividends, if, as and when declared by the Board of Directors, to one vote per Royce Share at meetings of the Royce Shareholders and, upon liquidation, to share equally in such assets of Royce as are distributable to the holders of Royce Shares. All common shares to be outstanding after completion of the proposed Transactions will be fully paid and non-assessable and are not subject to any pre-emptive rights, conversion or exchange rights, redemption, retraction, purchase for cancellation or surrender provisions, sinking or purchase fund provisions, provisions permitting or restricting the issuance of additional securities or provisions requiring a shareholder to contribute additional capital.

Warrants

As of the date of this Filing Statement, Royce has no share purchase warrants issued and outstanding.

Stock Options

As of the date of this Filing Statement, there are 915,000 Royce Options issued and outstanding.

Stock Option Plan

Pursuant to the Stock Option Plan the Board of Directors of Royce may, from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of Royce options to purchase Royce Shares, provided that the number of Royce Shares reserved for issuance, together with those to be issued pursuant to options previously granted, does not exceed 10% of the issued and outstanding Royce Shares at the time of the grant. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis, or 2% if the optionee is engaged in investor relations activities or is a consultant.

Options are exercisable over periods of up to ten years as determined by the Board of Directors and are required to have an exercise price no less than the closing market price of the Royce Shares prevailing on the day that the option is granted. Options held by an officer, director or service provider (not conducting investor relations) expire 90 days or a "reasonable period" after the option holder has left

office or the service provider ceases providing services, and for options held by service providers conducting investor relations, 30 days or a "reasonable period" after Royce terminates that relationship. In the case of the death of an employee, officer, director or other service provider, the option may be exercised by a personal representative or heir until the earlier of the option's expiry or one year after the option holder died.

Pursuant to the Stock Option Plan, the Board of Directors may from time to time authorize the grant of options to directors, officers, employees and consultants of Royce or employees of companies providing management or consulting services to Royce. Other than options granted to consultants performing investor relations activities which must vest in stages over 12 months with no more than one-quarter of the options vesting in any three month period, the Stock Option Plan contains no vesting requirements, but permits the Board of Directors to specify a vesting schedule in its discretion.

Prior Sales

No securities of Royce have been sold during the 12 months prior to the date of this Filing Statement.

Stock Exchange Price

The Royce Shares trade on the Exchange. The following table sets out trading information for the Royce Shares for the periods indicated as reported by Exchange:

Period	High	Low	Trading Volume
November 1 - 20, 2015 ⁽¹⁾	N/A	N/A	Nil
Month ended October 31, 2015 ⁽¹⁾	N/A	N/A	Nil
Month ended September 30, 2015	\$ 0.065	\$ 0.055	32,426
Month ended August 31, 2015	\$ 0.060	\$ 0.055	74,036
Month ended July 31, 2015	\$ 0.070	\$ 0.055	87,470
Quarter ended June 30, 2015	\$ 0.105	\$ 0.050	686,565
Quarter ended March 31, 2015	\$ 0.110	\$ 0.070	119,392
Quarter ended December 31, 2014	\$ 0.085	\$ 0.060	21,322
Quarter ended September 30, 2014	\$ 0.140	\$ 0.085	65,796
Quarter ended June 30, 2014	\$ 0.150	\$ 0.075	462,332
Quarter ended March 31, 2014	\$ 0.165	\$ 0.110	254,997
Quarter ended December 31, 2013	\$ 0.150	\$ 0.010	9,135,040

Note:

- (1) At the request of Royce, trading in the Royce Shares was halted on October 1, 2015, pending the announcement of the Privco Acquisition.

Executive Compensation

Compensation Discussion and Analysis

The Board of Directors of Royce does not have a compensation committee as the Board of Directors is responsible for determining all forms of compensation, including long-term incentive compensation in the form of stock options, to be granted to the chief executive officer and the directors, and for reviewing the chief executive officer's recommendations respecting compensation of the other officers of Royce. In its review and determination of executive compensation, the Board of Directors strives to ensure such arrangements reflect the responsibilities and risks associated with each position. When determining the compensation of its officers, the Board of Directors considers: i) recruiting and retaining executives critical to the success of Royce and the enhancement of shareholder value; ii) providing fair and competitive compensation; iii) balancing the interests of management and Royce Shareholders; and iv) rewarding performance, both on an individual basis and with respect to operations in general.

Royce does not have written employment agreements with its Named Executive Officers (as defined below).

Option Based Awards

The only equity-based compensation plan that Royce has in place is its Stock Option Plan, which allows Royce to grant options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of Royce. The granting of such options is intended to align the interests of such Persons with that of the Royce Shareholders, and to enable Royce to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for Royce Shareholders.

Executive Compensation

In accordance with the provisions of applicable securities legislation, Royce had two (2) Named Executive Officers during the financial year ended June 30, 2015, namely Geir Liland, who has served as Chief Executive Officer of Royce since March 1, 2011, and Kristen Reinertson, who has served as Chief Financial Officer and Corporate Secretary of Royce since April 17, 2013.

The following table sets out certain information respecting the compensation paid to the Named Executive Officers of the Corporation during the financial years ended June 30, 2015, 2014, and 2013. These individuals are referred to collectively as "**Named Executive Officers**" or "**NEOs**".

SUMMARY COMPENSATION TABLE

Name and principal position with Royce	Financial Year Ended June 30	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation		Pension value (\$)	All other compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$)	Long-term incentive plans (\$)			
Geir Liland, ⁽¹⁾ Chief Executive Officer and a director	2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2014	Nil	Nil	9,277 ⁽³⁾	Nil	Nil	Nil	Nil	9,277
	2013	Nil	Nil	2,507 ⁽⁴⁾	Nil	Nil	Nil	Nil	2,507

Name and principal position with Royce	Financial Year Ended June 30	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation		Pension value (\$)	All other compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$)	Long-term incentive plans (\$)			
Kristen Reinertson, ⁽²⁾ Chief Financial Officer and Corporate Secretary	2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2014	Nil	Nil	7,521 ⁽⁵⁾	Nil	Nil	Nil	Nil	7,521
	2013	N/A	N/A	1,707 ⁽⁶⁾	N/A	N/A	N/A	N/A	1,707

Notes:

- (1) Geir Liland has served as the Chief Executive Officer and a director of Royce since March 1, 2011.
- (2) Kristen Reinertson has served as the Chief Financial Officer and Corporate Secretary of Royce since April 17, 2013.
- (3) This amount represents the estimated fair value of 75,000 Royce Options granted to Mr. Liland on February 3, 2014 as well as 45,000 (post-consolidated) previously granted Royce Options that were repriced to \$0.11 on November 25, 2013. The estimated fair value was calculated using the Black-Scholes fair value method for stock-based compensation, assuming a risk free interest rate of 2.84% for the option grant and a risk free interest rate of 2.58% - 2.93% for the option repricing, an average expected life of 10 years, a 75% annualized volatility rate, a 0.0% dividend rate, and a 0.0% forfeiture rate.
- (4) This amount represents the estimated fair value of Royce Options granted on January 7, 2013 using the Black-Scholes fair value method for stock-based compensation, assuming a risk free interest rate of 2.43%, an average expected life of 10 years, a 75% annualized volatility rate, a 0.0% dividend rate, and a 0.0% forfeiture rate.
- (5) This amount represents the estimated fair value of 75,000 Royce Options granted to Ms. Reinertson on February 3, 2014 as well as 10,000 (post-consolidated) previously granted Royce Options that were repriced to \$0.11 on November 25, 2013. The estimated fair value was calculated using the Black-Scholes fair value method for stock-based compensation, assuming a risk free interest rate of 2.84% for the option grant and a risk free interest rate of 2.97% for the option repricing, an average expected life of 10 years, a 75% annualized volatility rate, a 0.0% dividend rate, and a 0.0% forfeiture rate.
- (6) This amount represents the estimated fair value of Royce Options granted on April 17, 2013 using the Black-Scholes fair value method for stock-based compensation, assuming a risk free interest rate of 2.23%, an average expected life of 10 years, a 75% annualized volatility rate, a 0.0% dividend rate, and a 0.0% forfeiture rate.

Named Executive Officers – Incentive Plan Awards

During the financial year ended June 30, 2015, no Royce Options were granted to Royce NEOs, no share-based awards were granted to Royce NEOs, and none of the Royce NEOs exercised any Royce Options. As at June 30, 2015, an aggregate of 915,000 Royce Options were outstanding.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all awards outstanding as at the financial year ended June 30, 2015, for each Named Executive Officer.

OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS TABLE AS AT JUNE 30, 2015

NEO Name	Option-based Awards				Share-based Awards ⁽⁵⁾		
	Number of securities underlying unexercised options (#) ⁽¹⁾	Option exercise price (\$) ⁽¹⁾	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Geir Liland	25,000	\$ 0.11 ⁽²⁾	March 1/21	Nil ⁽⁴⁾	N/A	N/A	N/A
	10,000	\$ 0.11 ⁽³⁾	Jan. 19/22	Nil ⁽⁴⁾	N/A	N/A	N/A
	10,000	\$ 0.11 ⁽³⁾	Jan. 7/23	Nil ⁽⁴⁾	N/A	N/A	N/A
	75,000	\$ 0.12	Feb. 3/24	Nil ⁽⁴⁾	N/A	N/A	N/A
Kristen Reinertson	10,000	\$ 0.11 ⁽³⁾	April 17/23	Nil ⁽⁴⁾	N/A	N/A	N/A
	75,000	\$ 0.12	Feb. 3/24	Nil ⁽⁴⁾	N/A	N/A	N/A

Notes:

- (1) Royce completed the Consolidation effective November 5, 2013. The number of Royce Options and exercise prices have been adjusted to reflect the Consolidation.
- (2) On November 25, 2013, the exercise price of these Royce Options was reduced from \$2.10 to \$0.11. Royce received disinterested shareholder approval for this amendment on October 17, 2013.
- (3) On November 25, 2013, the exercise price of these Royce Options was reduced from \$1.00 to \$0.11. Royce received disinterested shareholder approval for this amendment on October 17, 2013.
- (4) These Royce Options are not "in the money" as the closing market price of the Royce Shares on the Exchange on June 29, 2015 (the last date prior to the end of its financial year in June 2015 on which the Royce Shares traded) of \$0.05 is less than the stock option exercise price.
- (5) Royce has not granted any share-based awards.

Incentive Plan Awards – Value Vested or Earned During the Year Ended June 30, 2015

No Royce Options were granted to the Named Executive Officers during the year ended June 30, 2015 and no Royce Options vested during the year ended June 30, 2015.

Pension Plan Benefits

No pension, retirement or deferred compensation plans, including defined contribution plans, have been instituted by the Corporation and none are proposed at this time.

Termination and Change of Control Benefits

During the year ended June 30, 2015, Royce did not have any contracts, agreements, plans or arrangements in place with any Royce NEO that provides for payment following or in connection with any termination, resignation, retirement, a change of control of Royce or a change in a Royce NEO's responsibilities.

Director Compensation

Royce currently has three directors, one of which is also a Named Executive Officer, namely Geir Liland. For a description of the compensation paid to the Royce Named Executive Officer who also acts as a director, see "Named Executive Officers Summary Compensation Table" above. Royce does not have any standard arrangements pursuant to which directors are compensated by Royce for their

services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultants or experts during the year ended June 30, 2015 or subsequently, up to and including the date of this Filing Statement although directors may be compensated on an ad hoc basis, subject to the approval of the other board members, for certain services provided to Royce. Directors are eligible to receive grants of stock options pursuant to the Stock Option Plan. The following table sets out certain information respecting the compensation paid to the directors of Royce other than the Named Executive Officers of Royce during the financial year ended June 30, 2015.

DIRECTOR COMPENSATION – SUMMARY COMPENSATION TABLE

Name	Financial Year Ended June 30	Fees Earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Tom Shiffman ⁽¹⁾	2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Julie Rennie ⁽²⁾	2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) Tom Shiffman has been a director of Royce since March 1, 2011.

(2) Julie Rennie has been a director of Royce since March 1, 2011.

Directors – Incentive Plan Awards

During the financial year ended June 30, 2015, no Royce Options were granted to the directors of Royce who were not NEOs, no share-based awards were granted to the directors of Royce who were not NEOs, and none of the directors of Royce exercised any Royce Options. As at June 30, 2015, an aggregate of 915,000 Royce Options were outstanding.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all awards outstanding as at the financial year ended June 30, 2015, for each director of Royce that was not a Named Executive Officer.

OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS TABLE AS AT JUNE 30, 2015

Name	Option-based Awards				Share-based Awards ⁽⁵⁾		
	Number of securities underlying unexercised options (#) ⁽¹⁾	Option exercise price (\$) ⁽¹⁾	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Tom Shiffman	25,000	\$ 0.11 ⁽²⁾	March 1/21	Nil ⁽⁴⁾	N/A	N/A	N/A
	10,000	\$ 0.11 ⁽³⁾	Jan. 19/22	Nil ⁽⁴⁾	N/A	N/A	N/A
	10,000	\$ 0.11 ⁽³⁾	Jan. 7/23	Nil ⁽⁴⁾	N/A	N/A	N/A
	75,000	\$ 0.12	Feb. 3/24	Nil ⁽⁴⁾	N/A	N/A	N/A
Julie Rennie	25,000	\$ 0.11 ⁽²⁾	March 1/21	Nil ⁽⁴⁾	N/A	N/A	N/A
	10,000	\$ 0.11 ⁽³⁾	Jan. 19/22	Nil ⁽⁴⁾	N/A	N/A	N/A
	10,000	\$ 0.11 ⁽³⁾	Jan. 7/23	Nil ⁽⁴⁾	N/A	N/A	N/A
	75,000	\$ 0.12	Feb. 3/24	Nil ⁽⁴⁾	N/A	N/A	N/A

Notes:

- (1) Royce completed the Consolidation effective November 5, 2013. The number of options and exercise prices have been adjusted to reflect the Consolidation.
- (2) On November 25, 2013, the exercise price of these Royce Options was reduced from \$2.10 to \$0.11. Royce received disinterested shareholder approval for this amendment on October 17, 2013.
- (3) On November 25, 2013, the exercise price of these Royce Options was reduced from \$1.00 to \$0.11. Royce received disinterested shareholder approval for this amendment on October 17, 2013.
- (4) These Royce Options are not "in the money" as the closing market price of the Royce Shares on the Exchange on June 29, 2015 (the last date prior to the end of its financial year in June 2015 on which the Royce Shares traded) of \$0.05 is less than the Royce Option exercise price.
- (5) Royce has not granted any share-based awards.

Incentive Plan Awards – Value Vested or Earned During the Year ended June 30, 2015

No Royce Options were granted to the directors who were not Named Executive Officers during the year ended June 30, 2015 and no Royce Options vested during the year ended June 30, 2015.

Management Contracts

Management functions of the Corporation are, and since the beginning of the financial year ended June 30, 2015 have been, performed by the directors and senior officers of Royce and are not to any substantial degree performed by any other person or corporation other than:

1. Pursuant to the June 1, 2013 corporate administration services agreement with Fiore Administration Services Corp. ("**Fiore**") of Vancouver, British Columbia, Fiore is being paid a monthly work fee of \$7,500 and is reimbursed \$1,000 per month for the use of its office facilities. The term of this agreement is for a period of twelve months and shall continue thereafter on a month-to-month basis, subject to termination on 30 days written notice.

Non-Arm's Length Party Transactions

Royce has not acquired any assets or any services from a director or officer, principal securityholder or an Associate or Affiliate of any such person in the 24 months prior to the date of this Filing Statement. The Privco Acquisition is a Non-Arm's Length Party transaction under the policies of the Exchange.

Mr. Frank Giustra indirectly holds 16.55% of the outstanding shares of Royce and also indirectly holds 20% of the outstanding shares of Privco.

Legal Proceedings

There are no legal proceedings as to which Royce is, or has been, a party or of which any of its property is, or has been, the subject matter, and to the knowledge of the management of Royce, there are no such proceedings contemplated.

Auditor, Transfer Agents and Registrars

Auditor

The auditor of Royce is Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants, located at Suite 1500 – 1140 West Pender Street, Vancouver, British Columbia, V6E 4G1.

Transfer Agent and Registrar

The transfer agent and registrar of Royce is Computershare, at its Vancouver office located at 510 Burrard Street, 3rd Floor, Vancouver, British Columbia, V6C 3B9.

Material Contracts

Royce is not a party to any material contracts, except contracts entered into in the ordinary course of business, other than:

- (a) Royce Letter Agreement; and
- (b) Amalgamation Agreement.

Copies of the foregoing agreements will be available for inspection at the registered offices of Royce, 25th floor, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3, during ordinary business hours, until completion of the Privco Acquisition and for a period of thirty (30) days thereafter.

PART II - INFORMATION CONCERNING PRIVCO

The following information has been provided by Privco and is reflective of the current business, financial and share capital position of Privco. See "*Part III - Information Concerning the Resulting Issuer*" for pro forma business, financial and share capital information relating to the Resulting Issuer following the Transactions.

Name and Incorporation

Privco is a private company, incorporated under the name "1045564 B. C. Ltd." on August 12, 2015, pursuant to the provisions of the BCBCA.

The registered and records office of Privco is located at 25th floor, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3. The head office of Privco is located at Suite 3123, 595 Burrard Street, Vancouver, British Columbia, V6C 1T2.

Privco is a private company and no public market exists for the Privco Shares.

Intercorporate Relationships

Privco has no subsidiaries.

General Development of the Business

Privco was incorporated under the name "1045564 B. C. Ltd." on August 12, 2015, pursuant to the provisions of the BCBCA.

Privco's only asset is the Option Agreement. In order to raise the funds necessary to pay the US\$40,000 deposit under the Clayton Valley LOI, Privco borrowed US\$36,450 from its shareholders and issued promissory notes (the "**Promissory Notes**") in the aggregate amount of US\$36,450, which promissory notes bear no interest and have no set repayment terms and it is anticipated that this amount will be repaid at Closing.

Upon Closing, Privco will amalgamate with Subco to form Amalco, and Amalco will be a wholly-owned subsidiary of the Resulting Issuer.

On November 5, 2015, Royce, Subco and Privco entered into the Amalgamation Agreement, for the purpose of effecting the Privco Acquisition, pursuant to which Royce will acquire all of the issued and outstanding shares of Privco in exchange for the issuance of an aggregate of 5,000,000 Resulting Issuer Shares to the existing Privco Shareholders on a basis of one (1) Resulting Issuer Share for every one (1) Privco Common Share, resulting in Privco becoming a wholly-owned subsidiary of Royce. The Amalgamation Agreement includes the following conditions to completing the Privco Acquisition: (i) the receipt of regulatory approvals, including Exchange approval, required to effect the Privco Acquisition, (ii) the receipt of the requisite shareholder approval from the shareholders of Privco and Subco; and (iii) Royce shall have completed the Royce Private Placement on terms acceptable to Royce and in such amount as is necessary to complete the Transactions and to meet the initial listing requirements of the Exchange. Upon Closing, Privco will amalgamate with Subco to form Amalco and will be a wholly-owned subsidiary of the Resulting Issuer. The Amalgamation Agreement is described in more detail in "*Part III – Information Concerning the Resulting Issuer – Summary of Transactions – Amalgamation Agreement*".

On September 28, 2015, Privco entered into the Clayton Valley LOI pursuant to which Clayton Valley granted an option to Privco to acquire a 100% interest in the Property, subject to entering into a definitive option agreement. On signing of the Clayton Valley LOI, Privco paid a non-refundable US\$40,000 deposit to Clayton Valley. Upon such deposit having been made Privco was granted a 90 day exclusivity period to negotiate and finalize the definitive option agreement, during which time Clayton Valley agreed not to initiate or propose any activities or solicitations in opposition to or in competition with the transactions contemplated in the Clayton Valley LOI.

On November 5, 2015, Privco entered into the definitive Option Agreement with Clayton Valley whereby Clayton Valley granted Privco the option (the "**Option**") to acquire a 100% interest in the Property, subject to the Royalty (as defined below). In order to exercise the Option and earn the 100% interest, Privco must:

- (a) pay US\$100,000 in cash and on the Closing Date, cause Royce to issue 1,000,000 Royce Shares to Clayton Valley
- (b) pay US\$250,000 in cash on each of the first, second, third and fourth anniversaries of the Closing Date;
- (c) cause Royce to issue and deliver to Clayton Valley, in four equal tranches, on each of the first, second, third and fourth anniversaries of the Closing Date, that number of Royce Shares (less the 1,000,000 Royce Shares issued per (a) above) as shall represent, in aggregate, 9.9% of the total issued Royce Shares as at the Closing Date. It is currently anticipated that the Resulting Issuer will be required to issue 446,112 Resulting Issuer Shares per tranche;
- (d) expend a minimum of US\$1,000,000 on the Property by the first anniversary of the Closing Date;
- (e) expend a further US\$1,500,000 on the Property by the second anniversary of the Closing Date;
- (f) expend a further US\$2,000,000 on the Property by the third anniversary of the Closing Date; and
- (g) prepare and deliver a pre-feasibility study on the Property by no later than the fourth anniversary of the Closing Date.

Notwithstanding (d), (e) and (f) above, upon Privco having completed the payments and share issuances in (a), (b) and (c) and having prepared and delivered a pre-feasibility study pursuant to (g), notwithstanding the amount of exploration expenditures that may have been incurred on the Property, Privco will have earned a 100% interest in the Property.

In addition, under the Option Agreement, Privco has agreed as follows:

- (a) upon completion of an inferred resource calculation that confirms the presence on the Property of a minimum of 100,000 tons lithium carbonate equivalent grading at no lower than 28 parts per million lithium grade average, shall cause Royce to issue to Clayton Valley 1,000,000 Royce Shares; and
- (b) upon completion of an economic feasibility study by Privco on the Property (on or before the tenth anniversary of the Closing Date), pay to Clayton Valley US\$2,000,000 in cash or in Royce Shares, or a combination thereof, determined at the election of Royce and subject to the approval of the Exchange.

Pursuant to the Option Agreement, Clayton Valley has reserved onto itself (and Privco's interest in the Property shall be subject to) a gross value returns royalty equal to 2.5% of the gross value of minerals produced and sold from the Property (the "**Royalty**"). Privco has the right to purchase 1.5% of the Royalty at any time for US\$3,000,000. Privco has agreed to pay to Clayton Valley, as a minimum annual advance royalty, commencing on the fifth anniversary of the Closing Date (and thereafter on or before each subsequent anniversary of the Closing Date) and continuing until the date Privco no longer owns the Property, the sum of US\$250,000. All such advance royalty payments will be credited towards the Royalty.

In addition to the Option, pursuant to the Option Agreement Privco has the right to acquire certain additional properties being acquired by Clayton Valley, as follows:

- (a) Privco has agreed to acquire an additional 141 claims held by Clayton Valley which are contiguous to the Property (the "**Tie-On Ground**") in consideration for the payment of US\$500 per claim within ten days of the date of the Option Agreement, upon which payment the Tie-On Ground will form part of the Property; and
- (b) upon certain additional claims (the "**Paymaster Claims**") being properly recorded with the Nevada Bureau of Land Management and Esmeralda County, Privco has the option, exercisable within a period of 15 days from the later of the Closing Date and the date the Paymaster Claims are properly recorded, to acquire the Paymaster Claims in consideration for the payment of US\$500 per claim and incurring US\$250,000 in exploration expenditures on the Paymaster Claims within two years.

As contemplated in the Clayton Valley LOI, Privco has also entered into an exploration management agreement (the "**Exploration Management Agreement**") dated November 5, 2015 with GeoXplor Corp. ("**GeoXplor**"), pursuant to which Privco has agreed to engage GeoXplor to conduct the exploration and development activities on the Property based on programs and budgets approved by Privco. GeoXplor is a private company incorporated in Nevada and is the parent company of Clayton Valley.

The Property

Royce retained William Feyerabend, Certified Professional Geologist, to prepare the Technical Report regarding the Property in a form consistent with National Instrument 43-101 Standards of Disclosure for Mineral Projects. Mr. Feyerabend, the author of the Technical Report, is a "qualified person" as defined in NI 43-101 and is independent of Clayton Valley and Royce. The following information regarding the Property has been summarized from and is qualified in its entirety by the Technical Report. The disclosure in this Filing Statement has been prepared with the consent of the Author and in most cases, is a direct extract of the disclosure contained in the Technical Report, a copy of which is available under Royce's profile on the SEDAR website at www.sedar.com.

Property Description and Location

The Property is located in south central Esmeralda County, Nevada (Figure 1) approximately 190 miles northwest of Las Vegas, NV and the same distance southeast of Reno, NV.

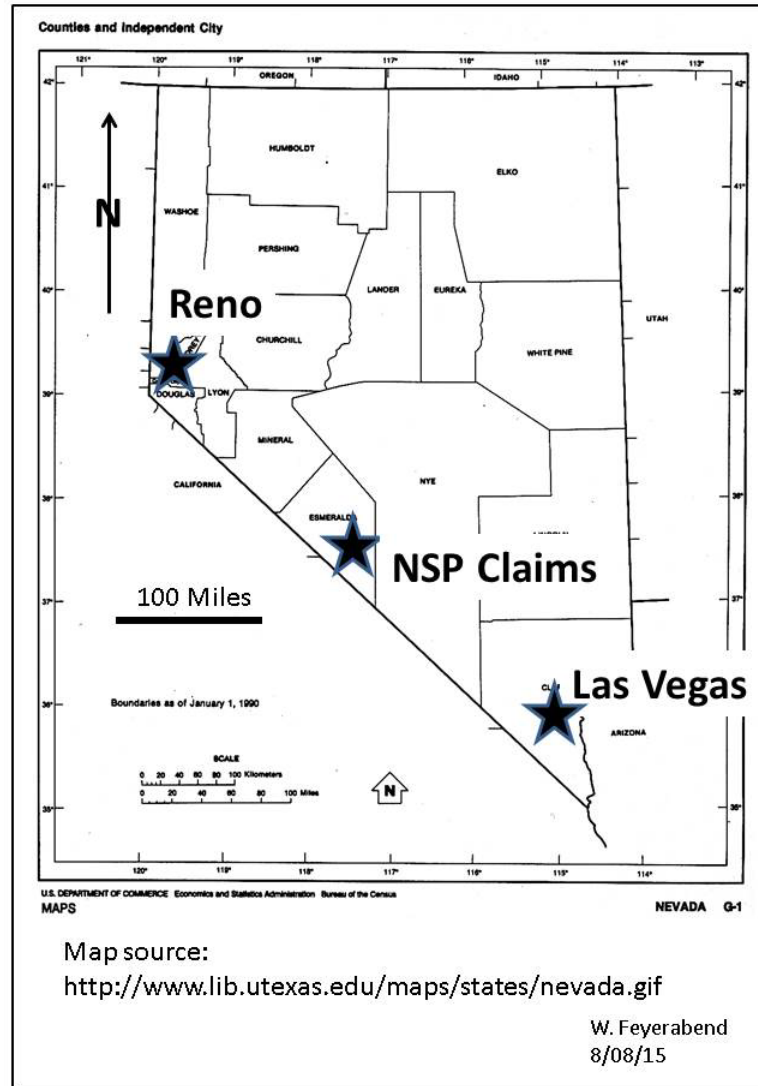


Figure 1. Location Map

The placer claims are located generally on the north central edge of Clayton Valley playa about 15 miles west-northwest of the county seat of Goldfield, NV, approximately 30 miles southwest of Tonopah, NV, the major commercial center for the region; and 6 miles northeast of the village of Silver Peak.

A central coordinate for the Property is UTM system NAD27 (US) Zone 11S, 450692, 4184604. The seventy seven Property placer mining claims are in Sections 27, 28, 29, 30 and 31; T. 1 S., R. 40 E., MDBM (Figure 2).

The Property covers a total of 1540 acres. It consists of a total of seventy seven (77) placer claims (Figure 2). The claims are the NSP-1 thru NSP-36 and NSP-50 thru NSP-90 placer claims. Each claim covers approximately 20 acres and was laid out by aliquot parts as required by the Bureau of Land Management.

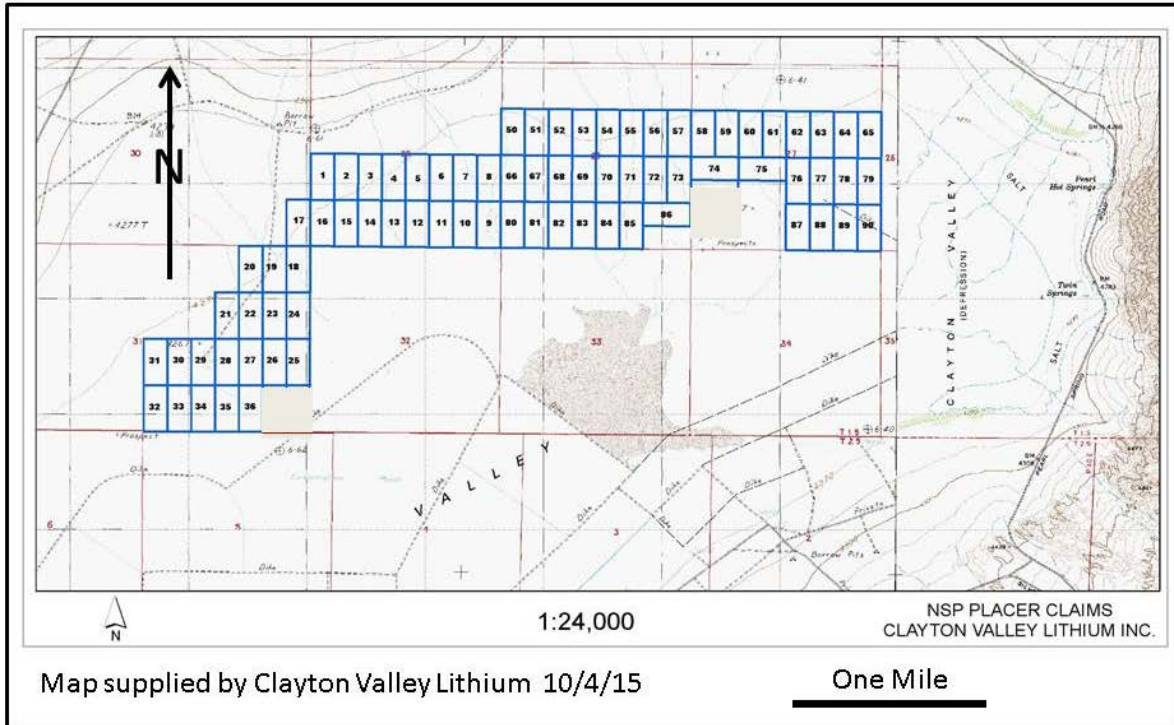


Figure 2. Claim Map.

The NSP placer claims are located on Federal lands managed by the Bureau of Land Management. As public lands, there is right of free access and both surface and mineral rights are held by the Federal government. Public records (Management, Bureau of Land) and an inquiry in the Tonopah field office show no military withdrawals or Areas of Critical Environmental Concern. The Silver Peak Wilderness Study Area touches on the west edge of the Clayton Valley basin and should have no affect. There are some patented mining claims (private land) in the mountains which are not shown because they are small and have complicated boundaries. Those should have no affect. The main plot of private land which affects the Property is the parcel of private land on the playa belonging to the current Albemarle operation. Albemarle also holds a ring of placer claims on the north edge of the private lands which amplifies their holdings. There also are two blocks of land approximately 10 miles to the south and southwest with surface restrictions, none of which should affect the claims.

Lithium is a locatable mineral according to the Code of Federal Regulations (Bays, 2011). Lithium should be located by lode claims where it occurs in bedrock and by placer claims where it occurs in sediments. A body of legal precedence set during the original development of lithium brines in the area provides that lithium in valley sediments by nature of the unconsolidated host rock are staked by and produced from placer claims. It should be noted that potash, which often occurs with lithium in the area, is only a leasable commodity

In Nevada the claim staking procedure requires recording documents with both the county Recorder's Office and then with the state Bureau of Land Management office in Reno.

Mining claims on Federal land are held to a September 1 to August 31 assessment year when Intent to Hold or Proof of Labor documents need to be filed with the county for the annual assessment work. The pertinent documents on file with the Esmeralda County Recorder's Office are tabulated above.

The current annual maintenance fee is \$155 per 20 acre (or a portion thereof) placer claim (<http://www.blm.gov/ca/st/en/info/iac/miningfacts.html>). Payment of those fees allows the claim to stay on the BLM active data base. Non-payment results in the claims moving to 'closed' status.

The BLM interactive website LR2000 (<http://www.blm.gov/lr2000/>, accessed 8/20/15) shows that the claims have been assigned AMC numbers which represents that all the documents have been recorded and the fees paid. Therefore the claims are 'active.'

While there is free access to the Federal land in Clayton Basin and there are no restrictions on casual prospecting, drilling triggers the permitting process. There are two major levels of permitting: Notice of Intent (NOI) and Plan of Operations (POO). Historically, if the proposed disturbance was less than 5 acres or 1,000 tons, then the work can proceed under a NOI if there are no complications such as ancient ruins or endangered species. Application for a NOI is relatively simple with requirements like bonding the access route and re-seeding afterwards. A NOI is valid for two years and may be renewed on a two year basis. Maintaining it requires maintaining bonds and seeding disturbed areas when the work is complete. A POO is more complicated with requirements like an archeological survey, environmental assessment, etc. The BLM may respond within 15 days to a NOI application whereas a POO may require several months to years for final acceptance.

Any drilling planned will require a NOI filed with the Tonopah office of the BLM. That office was visited during the field examination to check that there were no lands with restricted access in the Project area. The office confirmed that there are none, but stated that because of the unique environment of the playa, it is possible that the district biologist may want a field check as part of review of a NOI.

The permitting process begins with a company filing to do business in Nevada with the Secretary of State's office. The process for drilling may involve both the BLM field office in Tonopah, NV and the Nevada State Engineer's office in Las Vegas, NV. Drilling requires a Notice to be filed with the BLM field office in Tonopah, NV and needs to include a reclamation cost.

To the best of the Author's knowledge, there are no known environmental liabilities to which the property is subject or other significant factors and risks that may affect access, title, or the right or ability to perform work on the property.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Accessibility

There are two routes of access from Tonopah, the commercial center of the region. Both take approximately 80 minutes. The route thru Goldfield is 65 miles and thru Silver Peak is 70 miles from Tonopah.

US Highway 95 is the main highway linking Las Vegas and Reno. It is a paved two lane highway kept in good condition. Via Goldfield, there is a turnoff from Highway 95 just north of town marked by a green highway sign pointing west to Alkali Springs and Silver Peak. The Silver Peak Road is rutted asphalt in poor shape for about 15 miles, turning to dust-treated good graded road about 10 miles thru the Albemarle operation to the town of Silver Peak. From Tonopah, Highway 95 leads west about 34 miles to the turnoff to the south on State Highway 265 about 20 miles to the village of Silver Peak. From Silver Peak, there is a network of gravel base roads crisscrossing the claims. Electrical power is available at both the town of Silver Peak and the current brine operation.

Climate

Clayton Valley is in the rain shadow of the Sierra Nevada Mountains. The region is arid to almost semiarid. Winters are cold while summers are hot. Average annual precipitation is 3.1 inches. Munk (2011) reports that in Clayton Valley the average precipitation is 13 cm/year and average evaporation is 142cm/year.

Exploration can be conducted year around, but could be challenging during some winter days because of snowfall or winter storms or the localized summer thunderstorm.

Local Resources

Silver Peak, NV is the nearest civilization. It is a census-designated place with a population of a few hundred people. It is only a contact point for emergency services.

Goldfield, NV, is the county seat for Esmeralda County. It has approximately four hundred inhabitants and small markets, restaurants and motels which open and close with the ups and down of the economy.

Tonopah has a population of approximately 2500 and is the governmental and supply center for the region. Groceries, hardware, a bank and a choice of motels and restaurants are available there.

Infrastructure

A reasonable network of jeep, graded and paved roads connects the claim area to the rest of Nevada. Electrical power is available at both the town of Silver Peak and the current brine operation. The nearest rail and commercial airline service is to Las Vegas, NV approximately 190 miles to the southeast.

Physiography

The claims are located in the Basin and Range physiographic province which stretches from southern Oregon and Idaho to Mexico. It is characterized by extreme elevation changes between mountains and flat intermountain valleys or basins. Clayton Valley is a closed basin with an area of approximately 1,340 km². The playa proper covers about 70 km². The Property is on the valley floor at elevations generally of 4000 – 4500 feet, which is lower than the other neighboring valleys. The valley floor is characterized by subdued topography with washes eroding into slightly older valley-fill sediments.

The claims are located on the playa and vegetation is essentially non-existent.

There are sufficient surface rights for recovery facilities. Water in the basin is allocated, which is an item of concern should significant quantities of water be required for processing in the future. Mining personnel can be sourced mostly from the larger towns of Tonopah or Hawthorne.

History

Silver Peak has a long history of exploration and intermittent metal production dating back to the 1860s. Salt was produced for local use from what was then called Silver Peak Marsh. In the 1950s, Leprechaun Mining discovered high lithium in the subsurface brines while testing for potassium (Harrop, 2009). Foote Minerals acquired the property in 1964, re-configured the Silver Peak silver mill for lithium and moved forward to lithium carbonate production beginning in 1967. The brines were pumped into evaporation ponds on the playa and, after concentration, pumped a few miles to the mill for final treatment.

Foote Minerals was acquired by Cyprus Minerals Co. in 1988 and became Cyprus Foote Minerals. The Foote/Cyprus property once was considerably larger, extending south past the sand dunes and north to include the current NSP claim area. A considerable peripheral area was dropped at one point and the current NSP claim area reverted to public domain. Chemetall acquired the producing facilities and ground in 1998 and it became Chemetall Foote Corp. which was taken over by Rockwood Holdings in 2004. Rockwood merged with Albemarle Corporation in early 2015.

Current Albemarle placer claims bound the Property to the south.

There has been some historical drilling on the Property. There are several rusted drill hole collars scattered across the claims which are thought to date from the Cyprus Foote ownership. Nothing is known about those holes except the depths are thought to be 300 – 500 feet and it is not known if there was any production from those holes. One hole on the Property was drilled in early 2010 by Rodinia Minerals Inc. The hole was drilled by air, not with fluids, and there was no return of chips or fluids so the hole is a datablank.

Clayton Valley Lithium Inc. is a wholly owned subsidiary of GeoXplor Corp. whose principals became interested in the lithium market in early 2007 and quickly focused on the general Clayton Valley area of southwestern Nevada where they recognized the underexplored potential of the district.

Geology Setting

Plate tectonics powered by crustal spreading broadly generates two types of forces: compression as plates are moved together and extension as those forces relax. Because earth forces are never equal everywhere, there are also lateral adjustments to accommodate the uneven forces.

Compression was the dominant geologic force affecting the western United States beginning about 200 million years ago as the Pacific Ocean plate moved eastward under the North American continent. Those forces compressed the overlying pile of sedimentary rocks accumulated over hundreds of millions of years into a thick stack reaching up to elevations of 10 – 14,000 feet, similar to the altiplano of Mexico and South America which formed at the same time from similar forces. That highland plateau stretched west – east from the Sierra Nevada Mountains in California to the Wasatch Range in Utah.

Extension became the dominant force beginning in the Eocene - Oligocene epochs approximately 55 to 25 million years ago. Also, the relative movement of the tectonic plates changed about 30 million years ago with the movement becoming more oblique to the continent. That relaxed the compressional forces and also tended to ‘tear’ the crust apart, creating diagonal extensions.

The classical Basin and Range province consists of narrow, N- to NE-trending, fault block mountain chains separated by flat, linear valleys. The geological pattern is very clean. There are the rocks of the mountains while the valleys are all the recent sediments eroded off those mountains. Tomorrow’s erosion covers today’s gravels in the valleys. It is unusual to find old gravels because the valleys are continually being covered over by newer gravels.

The Walker Lane is a 500 mile long, NW-SE trending zone of intense deformation which accommodates some of the same stresses which formed California’s San Andreas Fault. It severely buckles and bends the Basin and Range pattern. Clayton Valley, location of the Project, is within the Walker Trend.

There are two consequences of the regional geology that are pertinent to the Property: volcanism and, as a result of the oblique Walker Trend forces, Clayton Valley has been a relatively stable ‘knot’ where

sediments and fluids are near surface and not as deeply buried as elsewhere in the Basin and Range. The evidence is that it has been a basin receiving fluids and volcanic sediments for millions of years which are within drilling depths.

The first consequence was volcanism. One result of crustal extension is crustal thinning. Whereas the crust is typically 35 to 45 miles deep under highlands such as the Sierra Nevada Mountains, it is generally about 20 miles deep under the Basin and Range. That crustal thinning brings heat closer to the surface resulting in more intrusive and volcanic activity. The volcanics form a northwest trending linear pattern (the Walker Trend orientation) right thru Clayton Valley.

The northwestern most rhyolitic event was at Montezuma Peak on the southeastern side of Clayton Valley basin. That event appears to have formed a continuous geologic unit containing multiple volcanic horizons which can be correlated over the Montezuma Peak – Clayton Ridge – Clayton Valley area. They grade laterally as far away as Tonopah and Goldfield into the volcanic-sedimentary Siebert Formation (Albers, J., 1972). The very important conclusion is that the volcanic event blanketed an area of hundreds of square miles.

The composition of a magma melt which intrudes rocks and extrudes onto the surface to form volcanoes is the result of complex factors such as whether the melt is the result of partial or complete melting, the composition of the parent material melted and so on. Not all rock forming minerals form at the same time. Iron, magnesium and calcium-rich minerals tend to crystallize first, leaving the remaining melt richer in elements such as silicon. A rhyolite is a silica-rich rock and is often the result after other elements first having crystallized out of the melt into their separate minerals and formed rocks such as gabbros and granodiorites. During the crystallization process, several elements called incompatible elements become concentrated in the late stage melts and fluids. They do not fit in the common mineral crystal structures because of mismatched sizes and charges. Lithium is a moderately incompatible element because of its low charge (+1 only) and small ionic size and therefore tends to be concentrated in the late stage magmas and fluids. Common lithium concentrations in such late stage rocks (granites, rhyolites and pegmatites) are 30-70 ppm as opposed to a few ppm in other rock types. Lithium then can be released into the environment due to weathering of the primary rock minerals. The liberated lithium can either attach to clay particles or be move with surface or ground-water (Li-Lithium-GTK). Whether in waters or in clays, lithium then tends to be transported downhill and, if into an enclosed basin, concentrated there.

Three possible sources of lithium in Clayton Valley have been postulated. One is that the lithium was leached out of pegmatites which occur in the area. However, there is a scale mismatch. Pegmatites typically are very small and the lithium endowment is large. The second possibility is that the lithium came from hydrothermal fluids. Indeed, the first geologists working in Clayton Valley felt that hot springs under the valley fed the brines and current hot springs brines can carry up to 1 ppm lithium. Finally, the rhyolite tuffs are a potential source. Munk et al (2011) noted the late Miocene – Pliocene (approximately 11 – 1.6 million year old) Esmeralda Formation tuffaceous lake sediments average 100 ppm lithium and contain up to 1300 ppm lithium and that hectorite (a lithium-bearing clay) on the playa contains up to 350-1171 ppm lithium. Price et al (2000) reported his samples from the east side of the basin analyzed up to 228 parts ppm lithium, or five times the worldwide average for rhyolites and tuffs. Those analyses are a hundred times the typical lithium concentrations in basalts. He found lithium concentrations down to 23-34 ppm in rhyolite tuffs which had been weathered or altered by normal earth processes and proposed that the lithium in the brines was sourced from the rhyolite tuffs and released during weathering.

The important point is that there are multiple plausible pathways for sourcing and transporting lithium in Clayton Valley.

Another part of understanding the lithium presence is that Clayton Valley is somewhat unique in the Basin and Range which typically has very distinct boundaries between mountains and valleys. The valleys are down-dropped fault blocks where older valley sediments are rapidly buried at depth by the active mountain erosion.

Probably because it is a “knot” in the Walker Trend, Clayton Valley is different. Older sediments are not buried at depth. The valley is bounded by 1 – 6 million year old gravels. Those outcrops are more lithified than the more recent unconsolidated gravels, sands and clays. In much of the Basin and Range, those gravels would be at depth buried by more recent sediments. In contrast, they outcrop around Clayton Valley and that is interpreted to mean that Clayton Valley has been collecting fluids as a basin somewhat similar to today’s shape for a very long time. Also in contrast to typical Basin and Range valleys, those fluids are within drilling depths, not buried at uneconomic depths.

With increasing awareness in the late 1970s of the strategic importance of lithium, the U. S. Geological Survey (USGS) began working in the area. They analyzed water from twenty one (21) drill holes to depths of 55 to 620 feet in the neighboring Big Smoky, Fish Lake, Alkali Flat and Stonewall Flat playas (Asher-Bolinder et al, 1980). There is no information on drilling, sampling or analytical techniques. Considering those limitations, the data as presented were used to plot lithium, sodium and chlorine concentrations. This is a simplified proxy for the more complicated chemistry of depositing many salt species during evaporation. The plot shows a good correlation of lithium with chlorine and that lithium contents clearly peak when the sodium: chlorine ratio is close to one. The formula for salt is NaCl, so the ratio close to 1:1 suggests that lithium concentration is related to salt deposition. That mechanism is well documented and clearly formed major lithium deposits such as the salar deposits of the South American altiplano.

The USGS also drilled seven holes across the northern Clayton Valley. There have been comments in the literature about the difficulty of correlating geologic units in the valley. The Author has had more luck in this environment by correlating representations of the energies of deposition of rocks rather than correlating individual rock lithologies. In other words, high energy sediments like gravels and sands are colored reds, oranges, etc. and low energy sediments like mudstones and fine tuffs are colored browns and drab olive. There are two points to the diagram. The break to the flow of the colors occurs at drill hole CV-5A which is the hole with the considerable occurrence of salt. Looking at the section, such a break is usually explained as a faulting complication. It is entirely possible the drill hole is within an inner fault block trough. Also note on that drill hole log there is a zone with numerous occurrences of travertine. Travertine is a finely crystalline form of calcium carbonate often deposited around geothermal springs.

In their program, the USGS fairly consistently analyzed drill chips for lithium – and much less regularly analyzed drill waters. A pattern that occurs over and over is that lithium is much higher in fine sediments than coarser sediments. Two possible explanations come to mind. One is that the finer sediments often have a component of lithium-enriched tuffaceous material from Montezuma Peak volcanic event. The second possibility is that fine sediments represent the product of weathering and erosion where lithium liberated from the original rock minerals by weathering is scavenged by clays which have been washed down into the basin.

Clayton Valley is bounded to the east by a steeply dipping fault. The basin-filling strata thicken eastward against that fault. Within that basin, Munk et al (2011) noted that production came from six aquifers:

- Main Ash Aquifer (MAA), 15 – 65 feet thick, tuff material seems related to the Bishop Tuff or Glass Mountain volcanic events 0.7 – 1.2 million years ago and about 50 miles to the west.

- Salt Aquifer System (SAS), alternating silts and halite (salt) 100 – 330 feet thick.
- Tuffa Aquifer System (TAS), 20 – 65 feet thick, localized aquifer in travertine.
- Lower Ash System (LAS), 35 – 300 feet thick, extensive zone of thin bedded volcanic ash deposits alternating with silts and sands.
- Margin Gravel Aquifer (MGA), 35 – 230 feet, local aquifer of sands, gravels and silts.
- Lower Gravel Aquifer (LGA), 165 – 330 feet thick, poorly sorted deposit of fine to coarse silts, sands and gravels.

Isotopes are different forms of the same element where the difference is the number of neutrons in the nucleus. Munk et al (2011) collected samples in the basin from snow, ground-water, cold and hot springs and subsurface brines including production brines. They measured oxygen and deuterium isotopes and concluded that there was no simple path to the brine reserves. The lithium brines were formed by complex and multiple processes of evaporation, re-mobilization and salt and lithium clay dissolution and precipitation. In short, their data shows that Clayton Valley is more complex than the surrounding playas where the USGS sampling suggests that lithium concentration is related simply to salt deposition.

Foote Mineral Corp. began production in 1966 from what they called the Main Ash Aquifer (Zampirro, 2003). Foote (now Albemarle) had drilled hundreds of holes to depths of 2,000 feet and added five more aquifers. In other words, production does not come from a brine filling the basin, but from geologic units which are distinct hydrogeological units within the closed basin.

At the time of Zampirro's report, there were approximately 200 wells with 30 wells producing 30 – 325 gallons/minute from depths of 230 – 1165 feet. At the time, they were planning on completing wells to depths of 1650 feet. Brine salinity varied greatly from 40,000 to 170,000 mg/L total dissolved solids (TDS) and specific gravities of 1.025 - 1.21, depending on the aquifer. Brines with greater than 400 ppm Li have been pumped, but there is reference to the economic range being 230 – 300 ppm.

Zampirro further states, "Seismic and gravity surveys reveal numerous horst and graben features in a gently synclinal deepening basin to the east-southeast". Seismic evidence suggests 4,000 feet of down drop in the basin.

Note that the older sediments (those lower in the profiles) in figures 25 and 26 of the Technical Report are tilted towards the east whereas the younger sediments are sub-horizontal. This tilting in older sediments is common in extensional basins in the southwest. The older sediments were originally deposited sub-horizontally and then tilted as the basin subsided and the overlying younger sediments were then deposited on the new horizontal playa surface. This shows that porous aquifers and faulting developed thru the history of the basin. Hence, the lithium is not related to a single event. Any suitable unit deposited through the history of the basin may act as a reservoir. Also there is typically faulting associated with the tilting within the sedimentary stack which can act as pathways for later fluid movement.

Additionally, the bounding horst and graben (vertical juxtaposing of blocks) normal faults may provide a plumbing system for fluids to move vertically. Typically there would be little vertical migration of fluids thru the sediments because of thick claystone layers. However, Zampirro cites evidence from pumping tests for partial connectivity between some aquifers. The internal faulting or poorly abandoned historical drill holes are possible explanations for that connectivity.

There is one final bit of evidence for structures providing a plumbing system through the basin. There is a recent basaltic cinder cone beside the highway just north of Silver Peak. Basaltic magmas are sourced from the mantle below the earth's crust. That cinder cone shows there is a plumbing system throughout the entire earth's crust which also could move fluids from any depth within the crust in the Clayton Valley area.

Zampirro's data comes from the production area immediately to the south of the NSP claims and on the same side of the Paymaster Canyon fault, which is often interpreted to be one bound to the lithium brine field. The data does not intersect the NSP claims, however based on the Author's experience on nearby properties, it is difficult to imagine a radically different geologic history for the NSP claims. The general observation of cyclical sedimentation producing alternating and hydrogeologically distinct aquifers and aquicludes with brines in confined to semi-confined aquifers and faults providing a plumbing system for moving brines within the basin to suitable reservoir rocks almost certainly applies to the Property. Harrop (2009) also made the very simple yet very profound observation that the mineralization is "blind," i.e. it does not outcrop, although surface processes may account for a significant portion of the lithium being in a commercial form and concentration. Mapping and sampling the current surface does little to no good on developing specific targets. The targets need to be developed by a remote method such as geophysics and tested by drilling. Additionally, because all of the historical springs in the immediate area have dried with the drawdown by pumping, there was no source that could be sampled during the field examination.

The available evidence is that the lithium in Clayton Valley may have multiple sources: evaporation brines, hot springs and lithium freed by weathering brought in on clays, ground-water or in runoff waters. That lithium was then accumulated and stored in various aquifers; sometimes at the site of generation such as the Salt Aquifer System, and sometimes in porous and permeable beds such as the Main Ash Aquifer which are difficult to tie directly to a single lithium source but which function as reservoir rocks. There is evidence that the extensional valley growth faults provide an adequate plumbing system to move brines to a suitable reservoir rock.

It is very important to understand this geology also for legal reasons because it determines and explains why placer claims are the correct claim type to stake and produce lithium brines from valley sediments while lode claims are correct for lithium contained within 'hard rocks' such as pegmatites. The production history and case law of lithium brine production is built upon placer claims because the lithium brines occur within sediments.

Exploration

There is little to no useful surface geology that can be done within the claim boundaries on the playa. Generally in Clayton Valley, the options are to either drill blind or use geophysics to help target drill holes. There is a third option open specifically on the NSP claims because they are located so close to the basin edge and to the Paymaster Canyon fault which many interpret to be a feeder zone for the lithium brine mineralization. Because of this specific siting, it is reasonable to develop close but peripheral evidence which can reasonably be used to help assess the NSP claim potential. Various geophysical surveys have been run across and near the claims. A 2009 gravity survey across the NSP and adjacent areas used a 500 meter (1640 feet) station spacing. Note that metric spacing for field data is usual based on field GPS equipment set to the NAD 27 CONUS system.

Royce has acquired (Hasbrouck, 2015) the following historical data for the general property area: gravity, controlled-source audio-magnetotellurics / magnetotellurics (CSAMT/MT) and reflection seismic data performed for GeoXplor Corp., gravity data originally for Sierra Geothermal (now Polaris

Infrastructure Inc.). and gravity and wide-angle reflection / refraction seismic data from McGuire's 2012 University of Oklahoma Masters of Science Thesis.

Jim Hasbrouck (Hasbrouck Geophysics, 2473 N. Leah Ln., Prescott, AZ 86301; 928-778-6320) conducted the CSAMT/MT and reflective seismic survey geophysical work. Hasbrouck is a California Registered Professional Geophysicist, Certificate No. GP 1026. He has over 35 years of experience in several countries conducting geophysical surveys for minerals, water and environmental purposes.

The large scale question is whether the NSP claims cover a basin or a pediment. A pediment is simply a relatively flat surface on bedrock covered by a veneer of soil or sediments. The difference is shown on Figure 30 of the Technical Report. Pediments are reasonably common in the southwestern US. A geologist does not really know when he steps off the edge of hills into the valley if he is stepping over a basin or a pediment without geophysical or drill data. Pediments are very good for exploration for gold in Nevada and copper in Arizona, but Clayton Valley lithium brines require the sediments of a basin.

A gravity survey measures differences in the earth's gravity field in the area of interest. The object is to identify different rock types by the differences in the gravitational field measured by the gravimeter. Density is measured in gm/cm³. Typical densities of sediments are 1.7 to 2.3, while limestone, granite and fresh volcanic rocks generally range from 2.5 to 2.9. Hence a basin or trough full of low-density sediments is indicated by a gravity low compared to higher gravity readings where solid earth extends to the surface as outcrops. With reasonable assumptions of density, it is possible to model the depth to bedrock.

Field gravity measurements were made with a LaCoste & Romberg Model G gravity meter with an Aloid linear electronic feedback system. The data was processed with Geotools Corporation Grav Master (version 1-30) software and modelled with Interpex Ltd. Magic (version 1-1). The bedrock depths modeled from gravity. This show a broad ridge of shallower bedrock across the center of the claim block with thicker basin fill sediments on both east and west ends of the claims. The thicker basin sediments to the east broadly match the geological section from the USGS drilling which gives more confidence to this interpretation. It is common with gravity surveys to take readings one or two stations outside the area of interest so that the interpretive software has data to "project" to. The station spacing and resultant data is adequate for the purpose of answering if the NSP claims cover a basin or a pediment.

A wide angle reflection/refraction seismic survey done for Sierra Geothermal Power Corp./Ram Power Corp./Polaris Infrastructures crosses the NSP claims and was used for a University of Oklahoma Master of Science thesis (McGuire, 2012). The technique and one kilometer station spacing is more suited for deeper crustal or geothermal studies. The raw field data is not available.

An interpretive NW-SE section across the basin including the NSP claim block derived from both gravity and seismic data suggests a 200 – 800 meter (approximately 650-2600 feet) thickness of basin sediments within the claim block. The scale of this interpretation on so large that the basin sediments are a relatively minor feature. The survey cannot be used for detailed drill hole planning, but is useful to show the presence of a significant thickness of target basin fill sediments and the presence of the curvilinear, high angle faults produced during the extensional tectonic history of the basin.

GeoXplor in 2009 ran seismic profiles about one mile northeast of the northeastern corner of the NSP claims. Field instruments were Seistronix EX-6 seismograph with 162 channels on line 1 and 138 channels on line 2 and a 200 pound accelerated drop weight as a seismic source. A Trimble Pathfinder ProXRS were was used for the 4.57 spacing. The data was processed with ProMax. The spacing was adequate to produce a useful seismic section.

A profile is shown in Figure 33 of the Technical Report. Noteworthy is the pattern of multiple reflectors in the section, probably caused by the complex sequence of silts, sands and gravels, and the steeper dips in the deeper (older) sediments. The method and sample spacing were adequate to identify that pattern.

This is the same pattern in the data presented by Zampirro (2003) from the Albemarle production area. Again, all sediments were deposited sub-horizontally. The mechanics of extensional tectonics mean that the pile of sedimentary rocks is rotated as the basin extends. The other feature of extensional tectonics are the high angle faults within the sediments caused as they adjust to the rotation. These faults may act as both aquatards (i.e. barriers to fluid movement) in some cases and other cases as pathways for fluid movements which may help explain the accumulation of lithium brines in discontinuous reservoir rocks throughout the sediment pile.

The sum of the information from the seismic profiles both crossing and peripheral to the NSP claims add confidence that the basin interpreted from the gravity survey is both filled with potential host sediments and has been extended and broken by basin tectonics, providing pathways for fluid movement.

A controlled-source audio-magnetotelluric/magnetotelluric (CSAMT/MT) geophysical survey is an exploration technique for determining conductivity of rocks. A Geometrics StrataGem EH-4 was used for field measurements in Clayton Valley and the data was modeled using ElectroMagnetic Array Profile (EMAP). There are many characteristics which can affect conductivity. The most likely characteristic affecting it in Clayton Valley is the presence of salty brines which would act as a conductor. A 2010 CSAMT/MT traverse down Paymaster Canyon. Critical inflection points along the traverse are labeled with station numbers (i.e. 98, 102, etc.) on the map to help locate the traverse on the ground. “Cool” blue colors indicate higher resistivity/lower conductivity and “hot” red-orange colors indicate the reverse. The survey shows a dramatic increase in conductivity at the edge of the basin. The most likely explanation is the presence of brine fluids, which are known to be lithium-bearing from the nearby production wells. The method and sampling spacing were adequate to show a strong conductor as Paymaster Canyon entered Clayton Valley.

GeoXplor also conducted field geological studies which helped to put the NSP claims in a favorable context. A review of district mapping in May and June 2014 showed that basin sediments on the west side of the basin were derived from Paleozoic rocks while those on the east side as derived from Tertiary volcanic rocks. Volcanic rocks are interpreted to be a possible source for lithium. Paymaster Canyon on the northeast corner of the claims is a focus for river sediments in the basin. The canyon also eroded along the Paymaster Canyon fault which focused hot springs such as Pearl Hot Springs which may drive the lithium brine system.

Field work in April, 2012 showed that the Paymaster fault is a complex zone, not a single fault plane, which focused heat and hot water flow to leach components such as lithium and chlorine from the volcanic rocks and localize the resulting brines on the northeast part of Clayton Valley. A Niton XRF analyzer is a hand held instrument using x-ray fluorescence for field analyzes. It was used in May, 2012 for work in the Pearl Hot Springs area where very calcareous, almost tuffaceous sediments analyzed 1-15 ppm chlorine and anomalous in Na and K showing the fluids had leached from volcanic rocks, the potential original source for the lithium. Niton work in June, 2015 using indicator elements F, Cl, Na and Mg suggested that clays in Section 26 at Pearl Hot Springs were smectites which could alter to hectorite and source lithium.

As explained earlier in the Technical Report, there is no significant surface work that can be done on the playa. However, with the location near the edge of the valley, it is reasonable that work done on

nearby exposures can add value by showing the favor geologic conditions that can reasonable be projected onto the NSP claims. Gravity and seismic surveys suggest that the claims cover basin sediments with the extension faulting as seen on the producing property. Field mapping, field chemical analyses and the CSMAT/MT geophysical traverse show the Paymaster fault on the east edge of the claims and Pearl hot springs on that fault system are important parts of the mineralizing system. The work provides multiple evidence that the NSP claims have favorable stratigraphy and structure and a nearby source for lithium brines.

NSP Expenditures

2009	Gravity survey	\$ 38,000
2009	Seismic survey	\$ 46,000
2010	CSAMT/MT survey	\$ 26,250
2012	Mapping and field analyses in Paymaster Canyon/Pearl Hot Springs area	\$ 32,200
2014	District mapping which focused on Paymaster Canyon fault for structure, heat	\$ 25,000
2014	Re-evaluation of geophysical work	\$ 2,270
2015	Field analysis of clays	\$ 21,700

Drilling

There has been no current drilling which recovered chips or fluids on the Property.

Sample Preparation, Analysis and Security

Decades of pumping have drawn down basin fluid levels to where the historical springs around the Property no longer flow. No samples were taken during the field examination.

Mineral Resources and Mineral Reserves

The Project is exploration stage. There is no lithium brine resource estimate for the Property. There is no lithium brine mineral reserve estimate for the Property

Exploration and Development

Permitting

Proceed with permitting for two drill holes.

Drill Hole Testing

Drill two holes with drilling and sampling techniques which have been proven to work on the unconsolidated sediments and brines of Clayton Valley. The two proposed drill sites (at 454309E, 4185826N and at 455059E, 4186351N) are 1000-1300 feet northwest of the two production wells along the property boundary.

Budget

A proposed budget of US\$836,000 for the program is shown in the following table. Any subsequent work would be contingent upon favourable results from the two proposed drill holes and would fall under a separate future budget.

PROPOSED NSP CLAIMS BUDGET	
DRILLING BUDGET DIRECT COST	US\$
Access Construction / Maintain	\$40,000
Mobilization	\$25,000
Drilling	\$300,000
Production Well 1,200 feet	
Monitor Well 1,200 feet	
Drill Water Haulage	\$25,000
Drilling Additives	\$30,000
Borehole Geophysics	\$15,000
Production Well Casing	\$55,000
Monitoring Well Casing	\$30,000
Submersible Pumps	\$44,000
Flow Meters	\$25,000
Field Lithium Analyses Equipment	\$40,000
Chemical Analyses	\$27,000
Project Supervision	\$55,000
Geological Services	\$25,000
Subtotal	\$736,000
Contingency	\$100,000
GRAND TOTAL	\$836,000

Selected Financial Information and Management's Discussion and Analysis

Privco was incorporated on August 12, 2015 and accordingly has no operating history upon which its business can be evaluated.

On November 5, 2015, Privco signed the Amalgamation Agreement with Royce. Pursuant to the Amalgamation Agreement, Privco will merge with a wholly owned subsidiary of Royce, Subco, with Privco being the surviving entity. Under the terms of the agreement, all of the outstanding Privco Shares will then be exchanged for securities of the Resulting Issuer on the basis of one Resulting Issuer Share for every one Privco Common shares, resulting in Privco becoming a wholly-owned subsidiary of Royce. See "*Item III – Information Concerning the Resulting Issuer – Summary of Transactions – Amalgamation Agreement*".

To date, Privco has not paid any dividends on its outstanding securities and Privco does not expect to do so in the foreseeable future.

Description of Securities

Privco is authorized to issue an unlimited number of Privco Common Shares and an unlimited number of preferred shares, of which 5,000,000 Privco Common Shares and no preferred shares are issued and outstanding as at the date of this Filing Statement.

Privco Common Shares

The Privco Shareholders are entitled to receive notice of and to attend at all meetings of the holders of Privco Shares and to one vote for each Privco Share. The Privco Shareholders are entitled to receive dividends as and when declared by the board of directors of Privco. No dividends may be paid to holders of Privco Shares unless at a minimum the same dividend per share is paid to the holders of Privco Preferred Shares. Upon a liquidation event, subject to the prior rights of the holders of Privco Preferred Shares and any other shares ranking senior to the Privco Shares with respect to priority in the distribution of property or assets of Privco, the holders of Privco Shares will be entitled to receive the remaining property and assets of Privco.

Consolidated Capitalization

The following table outlines the capitalization of Privco.

Designation of Security	Amount Authorized	Amount Outstanding as at the date of this Filing Statement prior to giving effect to the Transactions
Common Shares	unlimited	5,000,000
Preferred Shares	unlimited	Nil
Stock Options	N/A	Nil
Warrants	N/A	Nil

Prior Sales

Privco issued one common share on being incorporated on August 12, 2015, which share was subsequently cancelled. On September 24, 2015, Privco issued 5,000,000 common shares at \$0.001 per share.

Stock Exchange Price

The Privco Common shares are not listed on any stock exchange.

Executive Compensation

Privco was incorporated on August 12, 2015 and has paid no compensation to its sole officer and director, has issued no share based awards or option based awards to its sole officer and director.

Termination and Change of Control Benefits

Privco does not have any plans or arrangements in place with its sole officer and director that provide for payment following or in connection with any termination, resignation, retirement, or change of control to Privco.

Director Compensation

Privco has no arrangements, standard or otherwise, pursuant to which its sole director is compensated by Privco for his service in his capacity as director. Privco's sole director does not receive remuneration for serving on the Privco board.

Management Contracts

Privco is not a party to a management contract with anyone.

Non-Arm's Length Party Transactions

Privco has not completed a transaction involving a Non-Arm's Length Party since its incorporation.

The proposed Privco Acquisition is a Non-Arm's Length Party transaction. Privco is a private company with 5,000,000 common shares outstanding, of which 1,000,000 are indirectly owned by Frank Giustra. Mr. Giustra currently indirectly owns 16.55% of the outstanding Royce Shares.

Legal Proceedings

There are no legal proceedings material to Privco to which Privco is a party or which any of its properties is the subject matter and, to the knowledge of Privco, no such proceedings are known to be contemplated as at the date of this Filing Statement.

Material Contracts

Privco is not a party to any material contracts, except contracts entered into in the ordinary course of business, other than:

- (a) the Option Agreement with Clayton Valley;
- (b) the Amalgamation Agreement; and
- (c) the Exploration Management Agreement.

Copies of all material contracts will be available for inspection at the registered offices of Privco, 25th floor, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3, during ordinary business hours, until completion of the Privco Acquisition and for a period of thirty (30) days thereafter.

PART III - INFORMATION CONCERNING THE RESULTING ISSUER

The following information is presented on a post-Transactions basis and is reflective of the projected business, financial and share capital position of the Resulting Issuer. This section only includes information respecting the Resulting Issuer that is materially different from information provided earlier in this Filing Statement. Following the completion of the Privco Acquisition, the Resulting Issuer will carry on the businesses currently carried on by Privco. See the various headings under "Part I - Information Concerning Royce" and "Part II - Information Concerning Privco" for additional information regarding Royce and Privco, respectively.

Summary of Transactions

Amalgamation Agreement

Effective November 5, 2015, Royce, Subco and Privco entered into the Amalgamation Agreement for the purpose of effecting the Transactions, pursuant to which Subco will amalgamate with Privco to form Amalco, and Royce will acquire all of the issued and outstanding Privco Shares, in exchange for the issuance of Resulting Issuer Shares to the Privco Shareholders on the basis of one (1) Resulting Issuer Share for every one (1) Privco Common Share. Upon completion of the Transactions, the Resulting Issuer will be engaged in the existing business of Privco.

Completion of the Transactions is subject to a number of conditions, including the requisite shareholder approval of Subco and Privco, the Exchange granting approval of the Transaction as a Reactivation of Royce, and completion of the Royce Private Placement on terms acceptable to Royce.

Subject to obtaining Exchange approval and the issuance of the Final Exchange Bulletin, the Amalgamation will be effected pursuant to section 269 of the BCBCA. Pursuant to the Amalgamation Agreement, Subco and Privco will amalgamate and continue as Amalco, and Amalco will be a wholly-owned subsidiary of the Resulting Issuer as follows:

- (i) Privco Shareholders will receive an aggregate of 5,000,000 Resulting Issuer Shares on the basis of one (1) Resulting Issuer Shares for every one (1) Privco Common Share held by such Privco Shareholder immediately prior to the Amalgamation becoming effective;
- (ii) All Privco Shares exchanged for Resulting Issuer Shares shall be cancelled without any repayment of capital in respect thereof;
- (iii) Each Subco common share outstanding immediately prior to the Amalgamation becoming effective will be exchanged for one (1) Amalco common share; and
- (iv) All Subco common shares exchanged for Amalco common shares shall be cancelled without any repayment of capital in respect thereof.

Upon completion of the Amalgamation, Amalco will be a wholly-owned subsidiary of the Resulting Issuer and will have the name "B.C. Ltd." following its incorporation number.

On the Closing Date, the Resulting Issuer will have 28,125,732 Resulting Issuer Shares issued and outstanding.

Upon closing of the Transaction, the Resulting Issuer's board of directors will be reconstituted to consist of Brian Paes-Braga, Paul Matysek, Geir Liland, Harry Pokrandt and Robert McLeod, and management

of the Resulting Issuer will consist of Paul Matysek as Executive Chairman, Brian Paes-Braga as President and Chief Executive Officer, Daniel Kriznic as Chief Financial Officer and Jasvir Kaloti as Corporate Secretary.

Name and Incorporation

Following the completion of the Privco Acquisition it is anticipated that, the Resulting Issuer will continue to exist under the BCBCA, and will change its name to "Lithium X Energy Corp."

The Resulting Issuer's registered office will continue to be at 25th floor, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3.

Intercorporate Relationships

After giving effect to the Privco Acquisition, the Resulting Issuer's direct and wholly-owned subsidiary will be Amalco, which will continue to subsist under the BCBCA. The Resulting Issuer will have no other subsidiaries.

Narrative Description of the Business

Stated Business Objectives

The Resulting Issuer's business objectives will be the same as Privco's business objectives, being to explore and develop the Property. See "*Part II - Information Concerning Privco – Product Development*" for further information.

Milestones

To accomplish the Resulting Issuer's stated business objectives, it is believed that the Resulting Issuer will need to perform the proposed work program.

The foregoing list is not exhaustive of the steps that the Resulting Issuer needs to take to be successful going forward and achievement of the foregoing milestones shall not guarantee success. Please see "*Risk Factors*".

Description of Securities

The share structure of the Resulting Issuer will be the same as the share structure of Royce and the rights associated with each Resulting Issuer Share will be the same as the rights associated with each Royce Share. See "*Part I - Information Concerning Royce - Description of Securities*".

Pro Forma Consolidated Capitalization

The following table outlines the expected pro forma share capitalization of the Resulting Issuer on completion of the Transactions.

Designation of Security	Amount Authorized	Amount Outstanding after completion of the Transactions
Common Shares ⁽¹⁾	Unlimited	28,125,732
Resulting Issuer Warrants	N/A	Nil
Resulting Issuer Options	N/A	2,805,000

Note:

- (1) As of the date this Filing Statement, Royce has 10,029,063 Royce Shares issued and outstanding. Upon the completion of the Transactions, the Resulting Issuer will issue 5,000,000 Resulting Issuer Shares. For further information, see "Part III - Information Concerning the Resulting Issuer – Summary of Transactions – Amalgamation Agreement".

Fully Diluted Share Capital

The following table outlines the expected number and percentage of securities of the Resulting Issuer to be outstanding on a fully diluted basis after giving effect to the Transactions:

	Number of the Resulting Issuer Shares	Percentage of Total
Resulting Issuer Shares held by current Royce Shareholders	10,029,063	30.66%
Resulting Issuer Shares issued in the Royce Private Placement	11,696,669	35.75%
Resulting Issuer Shares to be issued to Privco Shareholders pursuant to the Amalgamation Agreement	5,000,000	15.28%
Resulting Issuer Shares to be issued to Clayton Valley on the Closing Date	1,000,000	3.06%
Shares to be issued to Fiore Management and Advisory Corp.	400,000	1.23%
Resulting Issuer Shares to be issued in tranches to Clayton Valley under the Option Agreement	1,784,447	5.45%
Resulting Issuer Stock Options ⁽¹⁾	2,805,000	8.57%
Fully-Diluted	32,715,179	100%

Note:

- (1) Royce currently has 915,000 options outstanding. The Resulting Issuer anticipates granting an additional 1,890,000 Resulting Issuer Options on or before closing of the Privco Acquisition. Please see "Part III – Information Concerning the Resulting Issuer – Options and Warrants to Purchase Securities".

Other than as disclosed above, no other securities will be outstanding which are convertible into, or exchangeable for, Resulting Issuer Shares following the completion of the Privco Acquisition.

Available Funds and Principal Purposes

Funds Available

The Resulting Issuer is expected to have approximately \$2,473,250 in working capital available on Closing. The Resulting Issuer is expected to use the funds available to it in furtherance of its stated business objectives which are summarized in the table appearing below.

	Estimated Amount (\$CDN) ⁽⁴⁾
Sources of Funds:	
Estimated working capital of Royce as at September 30, 2015	\$ 718,750
Gross Proceeds from the Royce Private Placement	\$ 1,754,500
Total Sources	\$ 2,473,250
Uses of Funds:	
Professional fees related to the Transactions	\$ 100,000
Repayment of US\$36,450 Promissory Notes	\$ 48,268
Payment due on Closing Date to Clayton Valley	\$ 132,420 ⁽¹⁾
Payment due on recording of Tie-On Ground and Paymaster Ground (US\$112,500)	\$ 148,972
Exploration Program on the Property	\$ 1,383,789 ⁽²⁾
General and administrative expenses for the first 6 months	\$ 273,000 ⁽³⁾
Unallocated working capital to fund ongoing operations	\$ 386,801
Total Uses	\$ 2,473,250

Notes:

- (1) *Comprised of US\$100,000 to be paid by Royce to Clayton Valley on the Closing. In order to keep the Option in good standing the Resulting Issuer must pay US\$250,000 to Clayton Valley on the first anniversary of the Closing Date. The decision to make such payment will be based, among other things, on the results of the initial exploration program on the Property. .*
- (2) *Based on the recommended work program on the Property in the Technical Report of US\$836,000, and includes an additional 25% estimated additional fees payable pursuant to the Exploration Management Agreement.*
- (3) *Based on a 6 month estimate of \$195,000 for wages and consulting fees, \$18,000 for rent, office supplies and insurance, \$15,000 for legal and audit, \$5,000 for transfer agent, regulatory and filing fees, \$25,000 for shareholder relations and marketing, \$10,000 for travel, and \$5,000 for miscellaneous overhead costs.*
- (4) *All amounts in this table have been converted from US dollars to Canadian dollar amounts based on the noon exchange rate of the Bank of Canada on October 1, 2015 of CDN\$1.3242 = US\$1.00.*

Notwithstanding the proposed uses of available funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. It is difficult, at this time,

to definitively project the total funds necessary to effect the planned activities of the Resulting Issuer. For these reasons, management of Royce and Privco consider it to be in the best interests of the Resulting Issuer and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises. Further, the above uses of available funds should be considered estimates. See "*Forward-Looking Information*".

Dividends

There will be no restrictions in the Resulting Issuer's articles or elsewhere which would prevent the Resulting Issuer from paying dividends subsequent to the completion of the Privco Acquisition. It is not contemplated that any dividends will be paid on the Resulting Issuer Shares in the immediate future following the completion of the Privco Acquisition, as it is anticipated that all available funds will be invested to finance the growth of the Resulting Issuer's business. The Board of Directors will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Resulting Issuer's financial position at the relevant time. All of the Resulting Issuer Shares are entitled to an equal share in any dividends declared and paid. See "*Forward-Looking Information*".

Principal Securityholders

It is not anticipated that any Person will own of record or beneficially, directly or indirectly, or exercise control or direction over, more than 10% of the Resulting Issuer Shares following the completion of the Transactions other than:

Name of Shareholder and Municipality of Residence	Number of Shares After Giving Effect to the Transactions	Percentage of Issued and Outstanding After Giving Effect to the Transactions
Frank Giustra Vancouver, British Columbia	3,170,000 ⁽¹⁾	11.27% ⁽²⁾
Brian Paes-Braga Vancouver, British Columbia	3,000,000	10.67%

Notes:

(1) *1,560,000 of these shares are held through The Radcliffe Foundation over which Frank Giustra has control but not beneficial ownership, 1,500,000 are held through Fiore Financial Corporation, of which Mr. Giustra is the President and CEO, 100,000 shares are held through Radcliffe Corporation over which Frank Giustra has control and beneficial ownership, and the remaining 10,000 shares are held by a minor child of Frank Giustra, over which shares Frank Giustra has control.*

(2) *The percentage of the Resulting Issuer's Shares on a fully diluted basis after giving effect to the Transactions will be 9.69%.*

Directors, Officers and Promoters

At Closing, the directors and officers of the Resulting Issuer are expected to be comprised of the individuals set out below.

Name, Address, Occupation and Security Holdings

Name and Municipality of Residence	Position or Office to be held with the Resulting Issuer	Principal Occupation During Past 5 Years	Director of Royce or Privco Since ⁽¹⁾	Number and Percentage of Resulting Issuer Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly ⁽²⁾
Brian Paes-Braga Vancouver, British Columbia	President, Chief Executive Officer and a Director	President and a Director of Privco since August, 2015; Former Managing Director of Intrynsic Capital Corporation from December 2013 to April 2015; Former Vice-President of Jordan Capital Markets from February 2009 to December 2013.	September 1, 2015	3,000,000 common shares 10.67% of issued and outstanding
Paul Matysek West Vancouver, British Columbia	Executive Chairman and a Director	CEO, President and a Director of Goldrock Mines Corp. since 2012; CEO of Lithium One Inc. from November 2009 to 2011; President and CEO of Potash One Inc. from November 2007 to January 2011.	N/A	1,000,000 common shares 3.56% of issued and outstanding
Daniel Kriznic Vancouver, British Columbia	Chief Financial Officer	Business consultant since October 2014; Former Chief Financial Officer of Vancouver Career College from January 2009 to October 2014; Former Senior Manager, Deloitte from July 1999 to January 2009.	N/A	220,000 common shares 0.78% of issued and outstanding
Geir Liland Richmond, British Columbia	Director	Chief Executive Officer and a director of Royce from March 1, 2011 to the Closing Date; Business Consultant since 2002.	March 1, 2011	2,000 common shares 0.01% of issued and outstanding
Harry Pokrandt North Vancouver, British Columbia	Director	Business consultant since August 2015; Former Managing Director of Macquarie Capital Markets Canada Ltd. from September 1985 to August 2015.	N/A	200,000 common shares 0.71% of issued and outstanding
Robert McLeod North Vancouver, British Columbia	Director	President and Chief Executive Officer, IDM Mining Ltd. (TSX: IDM) since October 2013 and Vice-President of Exploration from April 2011 to October 2013; Former CEO and VP of Exploration, Full Metal Minerals Ltd. (TSXV: FFM) from May 2004 to October 2014.	N/A	Nil

Name and Municipality of Residence	Position or Office to be held with the Resulting Issuer	Principal Occupation During Past 5 Years	Director of Royce or Privco Since ⁽¹⁾	Number and Percentage of Resulting Issuer Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly ⁽²⁾
Jasvir Kaloti Burnaby, British Columbia	Corporate Secretary	Associate – Corporate Finance, Fiore Management & Advisory Corp. since July, 2015; Former CFO and Corporate Secretary of Redhill Resources Corp. (TSXV: RHR) from November 2006 to April 2014; Corporate Secretary of Cap-Ex Iron Ore Ltd. (TSXV: CEV) from July 2013 to May 2014 and CFO and Corporate Secretary from September 2009 to March 2012; CFO and Corporate Secretary of Stratton Resources Inc. (TSXV: SI) from September 2006 to June 2011.	N/A	17,000 common shares 0.06% of issued and outstanding

Notes:

- (1) *The term of office of each director of the Resulting Issuer will expire at the next annual general meeting of the shareholders of the Resulting Issuer.*
- (2) *Percentages shown are based on 28,125,732 Resulting Issuer Shares issued and outstanding immediately following the Closing.*

As of the Closing of the Transactions, Insiders and Promoters of the Resulting Issuer will own, as a group, directly or indirectly, 7,609,000 Resulting Issuer Shares, representing 27.05% of the then issued and outstanding Resulting Issuer Shares on an undiluted basis.

Pursuant to National instrument 52-110, the Resulting Issuer is required to have an Audit Committee of its board of directors. The proposed members of the Audit Committee will be Geir Liland, Harry Pokrandt and Robert McLeod.

Management

On closing, the management team of the Resulting Issuer is expected to be comprised of Paul Matysek as Executive Chairman, Brian Paes-Braga as President and Chief Executive Officer, Daniel Kriznic as Chief Financial Officer and Jasvir Kaloti as Corporate Secretary. It is anticipated that Board of the Resulting Issuer will consist of Brian Paes-Braga, Paul Matysek, Geir Liland, Harry Pokrandt and Robert McLeod.

In addition to the information set out in the table above, following is some information about the proposed members of the board and management of the Resulting Issuer:

Brian Paes-Braga (age: 27, President, Chief Executive Officer and a Director)

Mr. Paes-Braga has been the President and a Director of Privco since August 2015. He has spent almost a decade in the international financial sector working with firms ranging in services from underwriting, mergers and acquisitions, asset management, venture capital, and private equity. Mr. Paes-Braga has held various positions usually focused on deal origination and capital raising including Vice President of Retail Sales of Jordan Capital Markets and as Managing Director of Intrinsic Capital Corp., a boutique Merchant Bank. He is also a Board Member of Community First Foundation which focuses on childhood hunger in Vancouver, BC region through its program Backpack Buddies. Mr. Paes-Braga obtained his CIM designation in April 2013. He will devote approximately 70% of his time to the business and affairs of the Resulting Issuer.

Paul Matysek (age: 58, Executive Chairman and a Director)

Mr. Matysek, M. Sc., P. Geo has been President and CEO of Goldrock Mines Corp. since October 2012, and is a mining consultant to a number of TSXV and TSX companies. Mr. Matysek is a mining entrepreneur, professional geochemist and geologist with over 34 years of experience in the mining industry. He has held senior executive and director positions with several natural resource exploration and development companies and is a proven company builder. Mr. Matysek was CEO of Lithium One Inc. from 2009 to July 2012. He was also founder, President and CEO of Potash One Inc. from November 2007 to Jan 2011. Mr. Matysek obtained his Master of Science from University of British Columbia in 1995 and has been a member of BC Association of Professional Engineers and Geoscientists since 1994. He will devote approximately 10% of his time to the business and affairs of the Resulting Issuer.

Daniel Kriznic (age: 37, Chief Financial Officer)

Mr. Kriznic, CAP/CA is currently the Chief Financial Officer of RIWI Corp., a technology company trading on the Canadian Securities Exchange. Prior to this he was the Executive Vice-President and Chief Financial Officer of Primacorp Ventures Inc., an investment company that holds various investments in education, commercial real estate, senior care homes and public storage. Mr. Kriznic has been instrumental in building and exiting companies from start up's to excess of \$500 million in net asset value. He was the Chief Financial Officer of Vancouver Career Collage from January 2009 to October 2014. Previously Mr. Kriznic was a Senior Manager at Deloitte responsible for advising public and privately held companies for a period of 10 years. He has served on the boards of public, private and non-profit organizations in the education, mining and oil and gas sector. In 2003, Mr. Kriznic was admitted as a member of the Institute of Chartered Accountants of British Columbia. He has received numerous awards including the Governor General Award and Business in Vancouver's top 40 under 40. Mr. Kriznic will devote approximately 20% of his time to the business and affairs of the Resulting Issuer.

Jasvir Kaloti (age: 44, Corporate Secretary)

Ms. Kaloti has been an Associate – Corporate Finance of Fiore Management & Advisory Corp. since July 2015. She has over 17 years experience in the finance industry including IPO's, start-ups, public and private equity, financial planning and banking. Over the past 10 years, Ms. Kaloti has worked as a consultant to several TSXV listed junior mining companies. From November 27, 2006 to April 4, 2014, her principal occupation was Chief Financial Officer and Corporate Secretary of Redhill Resoures Corp. (TSXV: RHR). Ms. Kaloti was also the Corporate Secretary of Cap-Ex Iron Ore Ltd. (TSXV: CEV) from July 11, 2013 to May 12, 2014, and Chief Financial Officer and Corporate Secretary from September 19, 2009 to March 1, 2012. Lastly, she was Chief Financial Officer and

Corporate Secretary of Stratton Resources Inc. (TSXV: SI) from September 2006 to June 29, 2011. Ms. Kaloti has a BBA from Simon Fraser University. She will devote approximately 10% of her time to the business and affairs of the Resulting Issuer.

Geir Liland (age: 66, Director)

Mr. Liland spent 20 years with the TSX Venture Exchange and its predecessor companies. Mr. Liland started at the Exchange as a Listing Officer and progressed through the positions of Senior Corporate Analyst, Manager of Corporate Finance and Listings, Director of Corporate Finance Services ending his career as Vice-President of Corporate Finance. Mr. Liland has been the Chief Executive Officer and a director of Royce since March 1, 2011. Mr. Liland received a Bachelor of Arts in Economics and Commerce from Simon Fraser University in British Columbia in 1977. He will devote approximately 10% of his time to the business and affairs of the Resulting Issuer.

Harry Pokrandt (age: 55, Director)

Mr. Harry Pokrandt has been a business consultant since August 2015. Recently retired, Mr. Pokrandt was Managing Director of Macquarie Capital Markets Canada Ltd. from September 1985 to August 2015, leading its Metals & Mining Group at its Vancouver office. He was previously involved with resource-focused investment bank boutique, Orion Securities Inc., where he worked in Institutional Sales for over 20 years. Mr. Pokrandt has worked on numerous financing and advisory assignments in the metals and mining sector. He has been a Member of the Advisory Board at IDM Mining Ltd. since May 26, 2015. Additionally, Mr. Pokrandt was a member of the President's Council for the International Crisis Group from 2010 to 2013 and has been actively involved in the Local Advisory Committee for the TSX Venture Exchange since 2013. He will devote approximately 10% of his time to the business and affairs of the Resulting Issuer.

Robert McLeod (age: 44, Director)

Robert McLeod has been President and Chief Executive Officer of IDM Mining Ltd. (TSX: IDM) since October 2013 and was Vice-President of Exploration from April 2011 to October 2013. He has over twenty years' experience in mining and mineral exploration, working for a variety of major and junior mining companies. He is a highly technical, creative and innovative exploration geologist. Mr. McLeod is a graduate of Geology from the University of British Columbia, with an M.Sc. in Mineral Exploration from Queens University. He is a member of AMEBC as a Professional Geologist, and is an active member and volunteer in multiple industry and geological societies. Mr. McLeod will devote approximately 10% of his time to the business and affairs of the Resulting Issuer.

None of the Persons listed above have entered into non-competition or non-disclosure agreements with Royce or proposes to enter into such an agreement with the Resulting Issuer except for those individuals who will serve as employees or consultants of the Resulting Issuer who will be asked to sign agreements containing nondisclosure and/or non-solicitation obligations as well as non-disclosure obligations.

Corporate Cease Trade Orders or Bankruptcies

Except as disclosed below, no proposed director, officer or Promoter of the Resulting Issuer or shareholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer is or has, within the past 10 years, been a director, officer or Promoter of any Person or issuer that, while such Person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied that Person or issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days or became

bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold the assets of that Person.

Geir Liland, the Chief Executive Officer and a director of the Corporation, is a director of Pacific Imperial Mines Inc. ("**PPM**"). On November 6, 2008, PPM received a cease trade order issued by the British Columbia Securities Commission for failure to file audited financial statements and MD&A for the year ended June 30, 2008. PPM was unable to complete its annual audit as it could not obtain adequate financial information from its wholly-owned subsidiary in China. Effective February 1, 2010, PPM's listing on the TSX Venture Exchange was transferred to NEX (being the market on which former Exchange issuers that do not meet Exchange Tier Maintenance Requirements may continue to trade). The financial statements were filed and the cease trade order was subsequently revoked by the British Columbia Securities Commission on June 25, 2010. Pacific Imperial Mines Inc. shares were reinstated for trading on NEX on October 12, 2010.

Penalties or Sanctions

No proposed director, officer or Promoter of the Resulting Issuer or shareholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer or a personal holding corporation of such Persons is or has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions proposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable securityholder making a decision about the Privco Acquisition.

Personal Bankruptcies

No proposed director, officer or Promoter of the Resulting Issuer or shareholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding corporation of such Persons is or has, within the past 10 years, become bankrupt, made a proposal under bankruptcy or insolvency legislation or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets.

Conflicts of Interest

Some of the individuals proposed for appointment as directors or officers of the Resulting Issuer upon the completion of the Privco Acquisition are also directors, officers and/or Promoters of other reporting and non-reporting issuers, including those engaged in mineral exploration and production. As of the date of this Filing Statement and to the knowledge of the directors and officers of Royce and Privco, there are no existing conflicts of interest between the Resulting Issuer and any of the individuals proposed for appointment as directors or officers following the completion of the Privco Acquisition.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and Promoters of the Resulting Issuer that are, or have within the preceding five year period been, directors, officers or Promoters of other reporting issuers:

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position(s) Held	Term (From/To)
Brian Paes-Braga	None	N/A	N/A	N/A
Paul Matysek	Arena Minerals Inc. Aurcana Corporation Cardero Resource Corp. Dunnedin Ventures Inc. Forsys Metals Corp. Goldrock Mines Corp. Goldrock Mines Corp. Goldrock Mines Corp. Harvest One Capital Inc. Lithium One Inc. Lithium One Inc. Nevada Copper Corp. Oceanic Iron Ore Corp. Nano One Materials Corp. NMC Resource Corporation Potash One Inc. Potash One Inc. Potash One Inc. Sonora Gold & Silver Corp. WAI Capital Investments Corp. Wealth Minerals Ltd. Wolverine Minerals Corp.	TSXV TSXV TSX TSXV TSX TSXV TSXV TSXV TSXV TSX TSX TSX TSXV TSXV TSXV TSX TSX TSX TSXV TSXV TSXV TSX TSX TSX TSXV TSXV TSXV	Director Director Director Director Director CEO President Director Director Director CEO Director Director Director Director Director CEO CEO President Director Director Director Director Director Director	Since March 22, 2013 Feb. 2011 – Oct. 2013 Sept. 2012 – Aug. 2013 May 2010–March 2013 Since October 22, 2007 Since October 31, 2012 Since October 31, 2012 Since October 31, 2012 Dec. 2009 – Jan. 2012 July 2009 – July 2012 April 2011 – July 2012 Since May 22, 2008 Sept. 2010 – Feb. 2011 Since January 29, 2002 Jan. 2012 – Nov. 2012 Nov. 2007 – Jan. 2011 Nov. 2007 – Jan. 2011 Nov. 2007 – Jan. 2011 Sept. 2010 – Jan. 2013 March 2011–Sept. 2013 Oct. 2007 – Oct. 2013 Aug. 2006 – Feb. 2012
Daniel Kriznic	Armor Minerals Inc. Invictus MD Strategies Corp. Rio Cristal Resources Corporation RIWI Corp.	TSXV CSE TSXV CSE	Director CEO Director CEO	Since Aug. 29, 2014 Since Dec. 23, 2014 Aug. 2014 – April 2015 Since Dec.15, 2014
Jasvir Kaloti	Cap-Ex Iron Ore Ltd. Cap-Ex Iron Ore Ltd. Redhill Resources Corp. Stratton Minerals Corp.	TSXV TSXV TSXV TSXV	Corporate Secretary CFO & Corporate Secretary Secretary CFO & Corporate Secretary Secretary CFO & Corporate Secretary Secretary	July 2003 – May 2014 Sept. 2009 – Mar. 2012 Nov. 2006 – April 2014 Sept. 2006 – June 2011
Geir Liland	1042573 B.C. Ltd. (formerly PNO Resources Ltd.) Adamera Minerals Corp. Pacific Imperial Mines Inc. Sniper Resources Ltd. Tapango Resources Ltd. Uranium North Resources Corp.	NEX TSXV TSXV TSXV NEX TSXV	Director Director Director Director President, CEO and Director Director Director	July 2007 – Sept. 2015 Since May, 2006 Sept. 2004 – Nov. 2014 Feb. 2010 – Dec. 2013 June 2006 – July 2015 July 2006 – Feb. 2013
Harry Pokrandt	Sandspring Resources Ltd.	TSXV	Director	Since September, 2015

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position(s) Held	Term (From/To)
Robert McLeod	Aftermath Silver Ltd. Asanko Gold Inc. Copperbank Resources Corp. Copperbank Resources Corp. Entourage Metals Ltd. Full Metal Minerals Ltd. Full Metal Minerals Ltd. Gold Standard Ventures Corp. Gold Standard Ventures Corp. IDM Mining Ltd. IDM Mining Ltd. Independence Gold Corp. Inform Resources Corp. Redstar Gold Corp. Silver Quest Resources Ltd. Valhalla Resources Ltd. Vendetta Mining Corp.	TSXV TSX, AMEX CSE CSE TSXV TSXV TSXV AMEX, TSXV AMEX, TSXV TSX TSX TSXV TSXV TSXV TSXV TSXV TSXV TSXV	Director Director CEO Director Director CEO Chairman & Director Director Director President & CEO VP of Exploration Director Director Director Director Director Director Director	July 2011 – Dec. 2013 Feb. 2005 – Jan. 2012 Since October, 2014 Since October, 2014 Since December, 2010 May 2004 – Oct. 2014 May 2004 – Oct. 2014 July 2010 – March 2011 Since June, 2011 Since Oct. 2013 April 2010 – Oct. 2013 Since December, 2011 Sept. 2011 – Sept. 2013 Since January, 2015 April 2010 – Dec. 2011 June 2011 – June 2012 May 2010 – Aug. 2014

Executive Compensation

Following is the anticipated compensation, as known, for each of the Resulting Issuer's Named Executive Officers for the 12 month period after giving effect to the Privco Acquisition.

Name and principal position	Annual Salary (\$)	Share-based awards (\$)	Option-based awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation		Pension value (\$)	All other compensation (\$)	Total Compensation (\$)
				Annual Incentive Plans (\$)	Long-term incentive plans (\$)			
Brian Paes-Braga	120,000	Nil	35,195 ⁽¹⁾	N/A	N/A	N/A	N/A	155,195
Daniel Kriznic	Nil	Nil	35,195 ⁽¹⁾	N/A	N/A	N/A	N/A	35,195

Note:

- (1) It is anticipated that on Closing the Resulting Issuer will have granted an aggregate of 1,890,000 stock options with an exercise price of \$0.15, of which 300,000 are to be granted to Brian Paes-Braga and 300,000 are to be granted to Daniel Kriznic.

Incentive Plan Awards

Share-based awards

It is not expected that the Resulting Issuer will grant any share-based awards, being awards granted under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock. See "Forward-Looking Information".

Option-based awards

The Resulting Issuer will likely grant future option-based awards, being awards under an equity incentive plan of options, including, for greater certainty, by granting stock options to its directors, officers and employees. The timing, amounts, exercise price of these future option-based awards are not yet determined. Such stock options are expected to be granted under the Stock Option Plan. See "*Part I – Information Concerning Royce - Stock Option Plan*".

Pension Plan Benefits

During the 12 month period post-Privco Acquisition, it is not expected that the Resulting Issuer will provide for defined benefit plans or defined contribution plans, being plans that provide for payments or benefits at, following, or in connection with retirement, or provide for deferred compensation plans. See "*Forward-Looking Information*".

Compensation of Directors

It is not anticipated that the directors of the Resulting Issuer will be paid fees for their services, however, the amounts of such fees will be determined in the discretion of the Board of Directors of the Resulting Issuer following completion of the Privco Acquisition.

It is also expected that the Resulting Issuer will grant stock options to directors in recognition of the time and effort that such directors devote to the Resulting Issuer. The timing, amounts, exercise price of these future option-based awards are not yet determined.

Indebtedness of Directors and Officers

No individual who: (a) is a director or officer of Royce or Privco or is proposed to be a director or officer of the Resulting Issuer; (b) at any time during the most recently completed financial year of Royce or Privco, was a director or officer of Royce or Privco or (c) is an Associate of any of the foregoing, is either: (i) indebted to Royce or Privco or any of their subsidiaries; or (ii) indebted to another entity with such indebtedness being the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Royce, Privco or any of their subsidiaries.

Investor Relations Arrangements

No oral or written agreement has been entered into with any Person for the provision of investor relations services for the Resulting Issuer.

Options to Purchase Securities

There are 915,000 Royce Options outstanding as of the date of this Filing Statement. The Resulting Issuer has granted an additional 1,890,000 Resulting Issuer Options to directors, officers, employees and consultants. Immediately following closing, there will be 2,805,000 Resulting Issuer Options and 28,125,732 Resulting Issuer Shares outstanding. Other than the foregoing, no other securities will be outstanding which are convertible into, or exchangeable for, Resulting Issuer Shares following the completion of the Privco Acquisition. Please see "*Part III – Information Concerning the Resulting Issuer – Description of Securities – Fully Diluted Share Capital*".

Upon completion of the Privco Acquisition, the outstanding Resulting Issuer Options will be held under the Stock Option Plan by:

Group / Other Optionee	Number of Options
All proposed officers of the Resulting Issuer, as a group	810,000 ⁽¹⁾
All proposed directors of the Resulting Issuer who are not also officers, as a group	545,000 ⁽²⁾
All other employees of the Resulting Issuer, as a group	NIL
All consultants of the Resulting Issuer, as a group	850,000
Charities	275,000
Any other Person	325,000 ⁽³⁾

Notes:

- (1) *Comprised of 300,000 held by Brian Paes-Braga, 175,000 held by Paul Matysek. 300,000 held by Daniel Kriznic, and 35,000 held by Jasvir Kaloti.*
- (2) *Comprised of 175,000 stock options to be granted to each of Harry Pokrandt and Robert McLeod, 75,000 stock options to be granted to Geir Liland and 120,000 stock options presently held by Geir Liland.*
- (3) *Comprised of stock options granted to each of Kristen Reinertson, the Chief Financial Officer of Royce, (as to 85,000 stock options), Tom Shiffman, a director of Royce, (as to 120,000 stock options), and Julie Rennie, a director of Royce, (as to 120,000 stock options).*

915,000 of the stock options described in the foregoing table have been granted under the Stock Option Plan as of the date of this Filing Statement. A further 1,890,000 stock options will be granted concurrently with the Closing.

There are no assurances that the options described above will be exercised in whole or in part.

Upon Closing, no share purchase warrants will be outstanding.

Stock Option Plan

The Stock Option Plan of Royce will be the Stock Option Plan of the Resulting Issuer. For a description of the Stock Option Plan, see the heading "*Part I - Information Concerning Royce - Stock Option Plan*".

Escrowed Securities

Pursuant to the Resulting Issuer Escrow Agreement, 5,000,000 Resulting Issuer Shares will be held in escrow pursuant to the Resulting Issuer Escrow Agreement, with Computershare as escrow agent.

The following table lists the names of the shareholders of the Resulting Issuer who will hold Resulting Issuer Escrow Shares following the completion of the Transactions, which shares will be subject to Value Escrow (as that term is defined in the policies of the Exchange).

Number of Securities Held in Escrow (Percentage of Class)					
Name and Municipality of Residence of Securityholder ⁽¹⁾	Designation of Class	Resulting Issuer Shares Prior to Giving Effect to the Transactions ⁽¹⁾		Resulting Issuer Shares After Giving Effect to the Transactions ⁽¹⁾	
		Number of Securities Held in Escrow	Percentage of Class	Number of Securities to be held in escrow	Percentage of Class ⁽²⁾
Brian Paes-Braga Vancouver, British Columbia	Common Shares	Nil	N/A	3,000,000	10.67%
Daniel Kriznic Vancouver, British Columbia	Common Shares	Nil	N/A	100,000	0.35%
Fiore Financial Corporation ⁽³⁾ Vancouver, British Columbia	Common Shares	Nil	N/A	1,000,000	3.56%
0848610 B.C. Ltd. ⁽⁴⁾ North Vancouver, British Columbia	Common Shares	Nil	N/A	100,000	0.35%
Ramona Leeann Vorberg West Vancouver, British Columbia	Common Shares	Nil	N/A	200,000	0.71%
1051730 B.C. Ltd. ⁽⁵⁾ West Vancouver, British Columbia	Common Shares	Nil	N/A	300,000	1.07%
Thomas Humphreys West Vancouver, British Columbia	Common Shares	Nil	N/A	300,000	1.07%

Notes:

- (1) After giving effect to the Transactions.
- (2) Based on 28,125,732 Resulting Issuer Shares issued and outstanding immediately following the Closing.
- (3) A corporation controlled by Frank Giustra.
- (4) A corporation controlled by David Duggan.
- (5) A corporation controlled by Lucas Cahill.

Assuming the Resulting Issuer Shares are listed on the Exchange as a Tier 2 Issuer, the schedule of release of the Resulting Issuer Escrow Shares that are Value Shares (as that term is defined in the policies of the Exchange) is as follows:

Release Dates	Percentage of Total Resulting Issuer Escrow Shares to be Released
at the time of the Final Exchange Bulletin	10%
6 months after the Final Exchange Bulletin	15%
12 months after the Final Exchange Bulletin	15%
18 months after the Final Exchange Bulletin	15%

Release Dates	Percentage of Total Resulting Issuer Escrow Shares to be Released
24 months after the Final Exchange Bulletin	15%
30 months after the Final Exchange Bulletin	15%
36 months after the Final Exchange Bulletin	15%

Transfer of Resulting Issuer Escrow Shares

Where shares subject to escrow are to be held by a company or trust, such company or trust will be required to agree not to carry out, while its shares are in escrow, any transaction that would result in the change of control of the Resulting Issuer. Any such company will be required to further undertake to the Exchange that, to the extent reasonably possible, it will not permit or authorize any issuance or transfer of securities which could reasonably result in a change of control of Royce.

All holders of Resulting Issuer Escrow Shares must obtain Exchange consent to transfer such shares, other than in specified circumstances set out in the Resulting Issuer Escrow Agreement.

Auditors

The auditors of the Resulting Issuer will be Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants, located at Suite 1500 – 1140 West Pender Street, Vancouver, British Columbia, V6E 4G1.

Transfer Agent and Registrar

It is expected that Computershare, which is currently Royce's registrar and transfer agent, will serve as the Resulting Issuer's registrar and transfer agent. It is expected that transfers of the securities of the Resulting Issuer may be recorded at registers maintained by Computershare in Vancouver, British Columbia Canada.

PART IV - GENERAL MATTERS

Sponsor

No agent or sponsor has been retained in connection with the Transactions as the Exchange has waived the sponsorship requirement.

Relationships

There are no actual or anticipated agreements between either Privco or Royce with any registrant to provide sponsorship or corporate finance services either now or in the future.

Experts

The following opinions or reports have been described or included in this Filing Statement:

1. the Technical Report on the Property dated November 10, 2015 and entitled "Technical Report on the NSP Lithium Claim Group, Esmeralda County, Nevada, U.S.A.", was prepared for Royce by William Feyerabend, Certified Professional Geologist; and
2. the audit reports of Royce for the fiscal years ended June 30, 2015, 2014 and 2013 are provided by Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants.

William Feyerabend is independent from Royce, Privco and the Resulting Issuer. As at the date of this Filing Statement, he does not hold any securities of Royce, Privco or any Associates or Affiliate of Royce or Privco and, upon completion of the Transactions, will not hold any Resulting Issuer Shares.

Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants does not (a) have a direct or indirect interest in Royce or Privco; or (b) beneficially own, directly or indirectly, any securities of Royce, Privco or any Associate or Affiliate of Royce or Privco. In particular, Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants, has advised Royce that it is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

In addition, none of the aforementioned Persons or companies, nor any director, officer or employee of any of the aforementioned Persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Resulting Issuer or of any Associate or Affiliate of the Resulting Issuer. See "*Forward-Looking Information*".

Other Material Facts

There are no other material facts about Privco, Royce or the Resulting Issuer that are not disclosed elsewhere in this Filing Statement.

Board Approval

The contents and sending of this Filing Statement have been approved by the Board of Directors of Royce. Where information contained in this Filing Statement rests particularly within the knowledge of a Person other than Royce, Royce has relied upon information furnished by such Person.

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF ROYCE

JUNE 30, 2015, 2014, 2013

Financial Statements of

Royce Resources Corp.

Years ended June 30, 2015 and 2014
(Expressed in Canadian Dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Royce Resources Corp.

We have audited the accompanying financial statements of Royce Resources Corp., which comprise the statements of financial position as at June 30, 2015 and 2014, and the statements of loss and comprehensive loss, changes in equity 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.

Auditor's 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 that we have obtained in our audits 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 Royce Resources Corp. as at June 30, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

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

A handwritten signature in black ink that reads "DMCL".

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
September 30, 2015

An independent firm associated with
Moore Stephens International Limited

MOORE STEPHENS

Royce Resources Corp.
Statements of Financial Position
As at June 30, 2015 and 2014
(Expressed in Canadian dollars)

	Note	2015	2014
Assets			
Current assets			
Cash and cash equivalents		\$ 756,875	\$ 872,926
Amounts receivable		2,478	2,812
Prepaid expenses		1,250	1,250
Total assets		\$ 760,603	\$ 876,988
Liabilities			
Current liabilities			
Trade and other payables		\$ 12,485	\$ 9,894
Equity			
Share capital	4(b)	26,047,407	26,047,407
Equity reserve	4(c)	2,999,050	2,999,050
Deficit		(28,298,339)	(28,179,363)
Total equity		748,118	867,094
Total liabilities and equity		\$ 760,603	\$ 876,988

Nature and continuance of operations (Note 1)

Approved by the Board of Directors and authorized for issue on September 30, 2015:

"Geir Liland" Director

"Tom Shiffman" Director

The accompanying notes are an integral part of these financial statements

Royce Resources Corp.

Statements of Loss and Comprehensive Loss

For the years ended June 30, 2015 and 2014

(Expressed in Canadian dollars)

	2015	2014
Expenses		
Consulting	\$ 90,000	\$ 90,000
General and administrative	15,160	13,718
Regulatory and transfer agent	14,704	20,160
Professional fees	6,870	15,588
Share-based compensation (Notes 4(c), 5)	-	64,449
	(126,734)	(203,915)
Finance income	7,758	10,967
Loss and Comprehensive loss for the year	\$ (118,976)	\$ (192,948)
Basic and diluted loss per share for the year	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding - basic and diluted	10,029,063	10,029,063

The accompanying notes are an integral part of these financial statements

Royce Resources Corp.

Statement of Changes in Equity

For the years ended June 30, 2015 and 2014

(Expressed in Canadian dollars)

	Share Capital		Equity reserve	Deficit	Total equity
	Shares issued	Amount			
At June 30, 2013	10,029,063	\$ 26,047,407	\$ 2,934,601	\$ (27,986,415)	\$ 995,593
Share-based compensation (Note 4(c))	-	-	64,449	-	64,449
Loss and comprehensive loss	-	-	-	(192,948)	(192,948)
At June 30, 2014	10,029,063	26,047,407	2,999,050	(28,179,363)	867,094
Loss and comprehensive loss	-	-	-	(118,976)	(118,976)
At June 30, 2015	10,029,063	\$ 26,047,407	\$ 2,999,050	\$ (28,298,339)	\$ 748,118

The accompanying notes are an integral part of these financial statements

Royce Resources Corp.

Statements of Cash Flows

For the years ended June 30, 2015 and 2014

(Expressed in Canadian dollars)

	2015	2014
Operating activities		
Loss for the year	\$ (118,976)	\$ (192,948)
Adjust for:		
Share-based compensation	-	64,449
Finance income	(7,758)	(10,967)
Changes in non-cash working capital items:		
Amounts receivable	334	224
Prepaid expenses	-	(1,250)
Trade and other payables	2,591	(2,561)
Interest received	7,758	10,967
Cash used in operating activities	(116,051)	(132,086)
Decrease in cash and cash equivalents	(116,051)	(132,086)
Cash and cash equivalents, beginning of year	872,926	1,005,012
Cash and cash equivalents, end of year	\$ 756,875	\$ 872,926
Cash and cash equivalents is comprised of:		
Cash	\$ 56,875	\$ 47,926
Term deposits	700,000	825,000
	\$ 756,875	\$ 872,926

*No interest or taxes were paid during the years ended June 30, 2015 or 2014

The accompanying notes are an integral part of these financial statements

Royce Resources Corp.

Notes to the Financial Statements

For the years ended June 30, 2015 and 2014

(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Royce Resources Corp. (the “Company”) was incorporated as Vehicle Recycling Technologies Inc. under the Business Corporations Act (Alberta) on August 28, 1997 and continued to British Columbia effective May 11, 2011. Effective January 2, 2008, as a result of the sale of the automotive recycling business, the Company changed its name to Royce Resources Corp. and the trading of the Company’s shares was transferred to the NEX Board from Tier 2 of the TSX Venture Exchange. The trading symbol for the Company is “ROY.H”. The address of the Company’s registered office is 25th Floor, 700 West Georgia Street, Vancouver, BC V7Y 1B3. The Company is currently inactive and looking for projects in the natural resource sector.

These financial statements have been prepared on the basis of a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2015, the Company had working capital of \$748,118, representing funds available to cover on-going operating costs. The Company has incurred negative cash flows from operations, recorded a loss of \$118,976 for the year ended June 30, 2015, and has an accumulated deficit of \$28,298,339 as at June 30, 2015. The Company does not currently have a recurring source of revenue, other than interest income on its cash deposit. Although the Company presently has sufficient financial resources to cover its operating costs and undertake its currently planned programs and has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company. The uncertainty of the Company’s success in raising additional capital funding may cast significant doubt on the Company’s ability to continue as a going concern.

2. BASIS OF PRESENTATION

(a) *Statement of compliance*

The Company prepares its annual financial statements in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretation Committee issued and outstanding as of June 30, 2015.

(b) *Basis of measurement*

These financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value.

(c) *Significant accounting judgments and estimates*

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. 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 may affect both the period of revision and future periods.

Significant judgments about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the inputs used in accounting for share-based compensation expense in the statements of loss and comprehensive loss; and
- the inputs used in assessing the recoverability of deferred income tax assets to the extent that the deductible temporary differences will reverse in the foreseeable future and that the Company will have future taxable income.

Royce Resources Corp.

Notes to the Financial Statements

For the years ended June 30, 2015 and 2014

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies used in the preparation of these financial statements are described below:

(a) *Cash and cash equivalents*

Cash and cash equivalents includes deposits held with banks that are available on demand.

(b) *Share capital*

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity.

(c) *Loss per share*

Basic loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive. For this purpose, the treasury stock method is used which assumes proceeds upon the exercise of share options and warrants are used to purchase common shares at the average market price during the period. Options outstanding as at June 30, 2015, as disclosed in Note 4(c), are anti-dilutive and, therefore, have not been taken into account in the diluted per share calculations.

(d) *Share-based payments*

The Company's share option plan allows Company employees, directors, officers, consultants and charitable organizations to acquire shares of the Company. The fair value of options granted is recognized as share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. In situations where equity instruments are issued to consultants and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

(e) *Financial instruments*

Financial instruments are classified into one of the following categories: fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets, or other financial liabilities. Financial instruments are measured in the statement of financial position at fair value, except for loans and receivables, held-to-maturity investments, and other financial liabilities, which are measured at amortized cost. Subsequent measurement of financial instruments measured at fair value is dependent upon initial classification as follows: (1) fair-value-through-profit-and-loss financial assets are measured at fair value with changes in fair value recognized in net loss; (2) available-for-sale financial instruments are measured at fair value with changes in fair value recognized in other comprehensive loss until the instrument is derecognized or impaired.

The Company's financial instruments consist of cash and cash equivalents, amounts receivable and trade and other payables. Cash and cash equivalents are classified as fair value through profit and loss, amounts receivable are classified as loans and receivables, and trade and other payables are classified as other financial liabilities.

Refer to Note 7 for additional disclosure.

Royce Resources Corp.

Notes to the Financial Statements

For the years ended June 30, 2015 and 2014

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) *Income taxes*

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss. Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(g) *Newly adopted accounting standards*

The following standards became effective for annual periods beginning on or after January 1, 2014, with earlier application permitted. The Company adopted these standards on July 1, 2014 and they did not have a material impact on the financial statements.

IAS 32 – Financial Instruments: Presentation addresses inconsistencies when applying the offsetting requirements.

(h) *Accounting standards issued but not yet effective*

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective.

IFRS 9 – Financial Instruments is a partial replacement of IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.

4. EQUITY

On November 5, 2013, the Company’s shares were consolidated on the basis of 10 pre-consolidation common shares for 1 post-consolidation common share. All common share, share option, share purchase warrant, and per share amounts in these financial statements have been retrospectively restated to present post-consolidation amounts.

(a) *Authorized*

Unlimited common shares with no par value
Unlimited preferred shares with no par value

(b) *Issued and fully paid common shares*

As at June 30, 2015, issued share capital was comprised of 10,029,063 common shares (June 30, 2014: 10,029,063). No common shares were issued during the years ended June 30, 2015 or 2014.

Royce Resources Corp.

Notes to the Financial Statements

For the years ended June 30, 2015 and 2014

(Expressed in Canadian dollars)

4. EQUITY (continued)

(c) Share options

The Company has established a “rolling” share option plan (the “Plan”) in compliance with the TSX Venture Exchange’s policy for granting share options. Under the Plan, the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares and the term of any option granted under the Plan may not exceed ten years. The exercise price of each option shall not be less than the market price of the Company’s stock at the date of grant. Each option vesting period is determined on a grant by grant basis.

A summary of the changes in share options is presented below:

	Outstanding and exercisable
Balance, June 30, 2013	520,000
Granted	395,000
Balance, June 30, 2014 and 2015	915,000

The weighted average exercise price of options outstanding and exercisable as at June 30, 2015 is \$0.11 (2014: \$0.11)

No share options were granted during the year ended June 30, 2015.

During the year ended June 30, 2014, the Company granted 395,000 share options to directors, officers, and consultants of the Company with an exercise price of \$0.12 and an expiry date of February 3, 2024. Using the Black-Scholes Option Pricing Model, the grant date fair value was \$37,744, or \$0.10 per option. The following assumptions were used in the fair value calculation of the share options that were granted during the year ended June 30, 2014:

	2014
Risk-free interest rate	2.84%
Expected life	10 years
Annualized volatility	75.00%
Dividend rate	0.00%
Forfeiture rate	0.00%

On November 25, 2013, 520,000 outstanding options were re-priced as follows:

Number of options	Expiry date	Previous exercise price (\$)	Revised exercise price (\$)
430,000	March 1, 2021	2.10	0.11
40,000	January 19, 2022	1.00	0.11
40,000	January 7, 2023	1.00	0.11
10,000	April 17, 2023	1.00	0.11

Royce Resources Corp.

Notes to the Financial Statements

For the years ended June 30, 2015 and 2014

(Expressed in Canadian dollars)

4. EQUITY (continued)

(c) *Share options (continued)*

Using the Black-Scholes Option Pricing Model for share-based compensation, the value of the share options that were re-priced during the year ended June 30, 2014 was \$26,705. The following assumptions were used in the fair value calculation of the share options that were re-priced during the year ended June 30, 2014:

	2014
Risk-free interest rate	2.58% - 2.97%
Expected life	7.3 - 9.4 years
Annualized volatility	75.00%
Dividend rate	0.00%
Forfeiture rate	0.00%

The following table summarizes information about the share options outstanding at June 30, 2015:

Outstanding and exercisable	Weighted average exercise price	Expiry date	Weighted average remaining contractual life (years)
430,000	\$ 0.11	March 1, 2021	5.7
40,000	0.11	January 19, 2022	6.6
40,000	0.11	January 7, 2023	7.5
10,000	0.11	April 17, 2023	7.8
395,000	0.12	February 3, 2024	8.6
915,000	\$ 0.11		7.1

5. RELATED PARTY TRANSACTIONS

During the year ended June 30, 2015, key management personnel compensation, including directors, was comprised of share-based compensation of nil (2014: \$35,351).

6. INCOME TAXES

Income tax expense varies from the amount that would be computed by applying the Canadian federal and provincial income tax rates to earnings before income taxes as shown in the following table:

	2015	2014
Loss before income taxes	\$ (118,976)	\$ (192,948)
Canadian federal and provincial income tax rates	26.0%	26.0%
Income tax recovery based on the above rates	(31,000)	(50,000)
Increase due to:		
Non-deductible expenses and other permanent differences	-	17,000
Change in unrecognized undeductible temporary differences, and other	31,000	33,000
	\$ -	\$ -

Royce Resources Corp.

Notes to the Financial Statements

For the years ended June 30, 2015 and 2014

(Expressed in Canadian dollars)

6. INCOME TAXES (continued)

The components of unrecognized deferred tax assets are as follows:

	2015	2014
Future tax assets:		
Non-capital losses	\$ 1,966,000	\$ 2,763,000
Share issue costs	-	3,000
	<u>\$ 1,966,000</u>	<u>\$ 2,766,000</u>

In assessing the realizability of deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

The gross amount of the Canadian tax losses for which a tax benefit has not been recorded expire as follows:

2026	\$ 3,314,000
2027	2,567,000
2028	921,000
2029	107,000
2030	70,000
2031	98,000
2032	113,000
2032	103,000
2034	139,000
2035	130,000
	<u>\$ 7,562,000</u>

Tax attributes are subject to review and potential adjustment by tax authorities.

7. FINANCIAL INSTRUMENTS

Fair Value Measurement

The Company classifies the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1 – quoted prices in active markets for identical assets or liabilities.
- Level 2 – 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).
- Level 3 – inputs for the asset or liability that are not based on observable market data.

Cash and cash equivalents have been recorded at fair value.

Amounts receivable and trade and other payables are held at amortized cost which approximates fair value due to the short-term nature of these instruments.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Royce Resources Corp.

Notes to the Financial Statements

For the years ended June 30, 2015 and 2014

(Expressed in Canadian dollars)

7. FINANCIAL INSTRUMENTS (continued)

Credit Risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company's exposure to credit risk is on its cash and cash equivalents and amounts receivable. The Company reduces its credit risk by maintaining its bank accounts at a large international financial institution. The maximum exposure to credit risk is equal to the fair value or carrying value of the Company's financial assets.

Liquidity Risk

The Company's cash and cash equivalents is invested in bank accounts and term deposits and is available on demand. Management has concluded that the Company has adequate financial resources to settle obligations as at June 30, 2015.

Market Risk

The only significant market risk to which the Company is exposed is interest rate risk. The Company's cash earns interest at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates as a result of the short-term nature of these instruments. The Company's future earned interest is exposed to short-term rates.

8. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions, business opportunity and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or return capital to its shareholders. The Company is not exposed to externally imposed capital requirements. There were no significant changes in its approach to capital management during the year ended June 30, 2015.

Financial Statements of

Royce Resources Corp.

Years ended June 30, 2014 and 2013
(Expressed in Canadian Dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

VANCOUVER
1500 – 1140 W. Pender Street
Vancouver, BC V6E 4G1
TEL 604.687.4747 | FAX 604.689.2778

TRI-CITIES
700 – 2755 Lougheed Hwy.
Port Coquitlam, BC V3B 5Y9
TEL 604.941.8266 | FAX 604.941.0971

WHITE ROCK
301 – 1656 Martin Drive
White Rock, BC V4A 6E7
TEL 604.531.1154 | FAX 604.538.2613

WWW.DMCL.CA

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Royce Resources Corp.

We have audited the accompanying financial statements of Royce Resources Corp., which comprise the statements of financial position as at June 30, 2014 and 2013, and the statements of loss and comprehensive loss, changes in equity 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.

Auditor's 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 that we have obtained in our audits 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 Royce Resources Corp. as at June 30, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

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

/s/ DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, Canada
October 15, 2014

Royce Resources Corp.
Statements of Financial Position
As at June 30, 2014 and 2013
(Expressed in Canadian dollars)

	Note	2014	2013
Assets			
Current assets			
Cash and cash equivalents		\$ 872,926	\$ 1,005,012
Amounts receivable		2,812	3,036
Prepaid expenses		1,250	-
Total assets		\$ 876,988	\$ 1,008,048
Liabilities			
Current liabilities			
Trade and other payables		\$ 9,894	\$ 12,455
Equity			
Share capital	4(b)	26,047,407	26,047,407
Equity reserve	4(c)	2,999,050	2,934,601
Deficit		(28,179,363)	(27,986,415)
Total equity		867,094	995,593
Total liabilities and equity		\$ 876,988	\$ 1,008,048

Nature and continuance of operations (Note 1)

Approved by the Board of Directors and authorized for issue on October 15, 2014:

"Geir Liland" Director

"Tom Shiffman" Director

Royce Resources Corp.

Statements of Loss and Comprehensive Loss

For the years ended June 30, 2014 and 2013

(Expressed in Canadian dollars)

	2014	2013
Expenses		
Consulting	\$ 90,000	\$ 62,500
Share-based compensation (Notes 4(c), 5)	64,449	11,736
Regulatory and transfer agent	20,160	13,827
Professional fees	15,588	9,161
General and administrative	13,718	13,732
Donations	-	5,000
	(203,915)	(115,956)
Finance income	10,967	12,178
Loss and Comprehensive loss for the year	\$ (192,948)	\$ (103,778)
Basic and diluted loss per share for the year	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	10,029,063	10,029,063

The accompanying notes are an integral part of these financial statements

Royce Resources Corp.

Statement of Changes in Equity

For the years ended June 30, 2014 and 2013

(Expressed in Canadian dollars)

	<u>Common Shares</u>		<u>Equity reserve</u>	<u>Deficit</u>	<u>Total equity</u>
	<u>Shares issued</u>	<u>Amount</u>			
At June 30, 2012	10,029,063	\$ 26,047,407	\$ 2,922,865	\$ (27,882,637)	\$ 1,087,635
Share-based compensation					
(Note 4(c))	-	-	11,736	-	11,736
Loss and comprehensive loss	-	-	-	(103,778)	(103,778)
At June 30, 2013	10,029,063	26,047,407	2,934,601	(27,986,415)	995,593
Share-based compensation					
(Note 4(c))	-	-	64,449	-	64,449
Loss and comprehensive loss	-	-	-	(192,948)	(192,948)
At June 30, 2014	10,029,063	\$ 26,047,407	\$ 2,999,050	\$ (28,179,363)	\$ 867,094

The accompanying notes are an integral part of these financial statements

Royce Resources Corp.

Statements of Cash Flows

For the years ended June 30, 2014 and 2013

(Expressed in Canadian dollars)

	2014	2013
Operating activities		
Loss for the year	\$ (192,948)	\$ (103,778)
Adjust for:		
Share-based compensation	64,449	11,736
Finance income	(10,967)	(12,178)
Changes in non-cash working capital items:		
Amounts receivable	224	1,511
Prepaid expenses	(1,250)	
Trade and other payables	(2,561)	(7,286)
Interest received	10,967	12,178
Cash used in operating activities	(132,086)	(97,817)
Decrease in cash	(132,086)	(97,817)
Cash and cash equivalents, beginning of year	1,005,012	1,102,829
Cash and cash equivalents, end of year	\$ 872,926	\$ 1,005,012
Cash and cash equivalents is comprised of:		
Cash	\$ 47,926	\$ 55,012
Term deposits	825,000	950,000
	\$ 872,926	\$ 1,005,012

*No interest or taxes were paid during the years ended June 30, 2014 or 2013

The accompanying notes are an integral part of these financial statements

Royce Resources Corp.

Notes to the Financial Statements

For the years ended June 30, 2014 and 2013

(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated as Vehicle Recycling Technologies Inc. under the Business Corporations Act (Alberta) on August 28, 1997 and continued to British Columbia effective May 11, 2011. Effective January 2, 2008, as a result of the sale of the automotive recycling business, the Company changed its name to Royce Resources Corp. and the trading of the Company's shares was transferred to the NEX Board from Tier 2 of the TSX Venture Exchange. The trading symbol for the Company is "ROY.H". The address of the Company's registered office is 1600-609 Granville Street, Vancouver, British Columbia, Canada, V7Y 1C3. The Company is currently inactive and looking for projects in the natural resource sector.

These financial statements have been prepared on the basis of a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2014, the Company had working capital of \$867,094, representing funds available to cover on-going operating costs. The Company has incurred negative cash flows from operations, recorded a loss of \$192,948 for the year ended June 30, 2014, and has an accumulated deficit of \$28,179,363 as at June 30, 2014. The Company does not currently have a recurring source of revenue, other than interest income on its cash deposit. Although the Company presently has sufficient financial resources to cover its operating costs and undertake its currently planned programs and has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company. The uncertainty of the Company's success in raising additional capital funding may cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

(a) *Statement of compliance*

The Company prepares its annual financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretation Committee issued and outstanding as of June 30, 2014.

(b) *Basis of measurement*

These financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value.

(c) *Significant accounting judgments and estimates*

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. 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 may affect both the period of revision and future periods.

Significant judgments about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the inputs used in accounting for share-based compensation expense in the statements of loss and comprehensive loss; and
- the inputs used in assessing the recoverability of deferred income tax assets to the extent that the deductible temporary differences will reverse in the foreseeable future and that the Company will have future taxable income.

Royce Resources Corp.

Notes to the Financial Statements

For the years ended June 30, 2014 and 2013

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies used in the preparation of these financial statements are described below:

(a) *Cash and cash equivalents*

Cash and cash equivalents includes deposits held with banks that are available on demand.

(b) *Share capital*

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity.

(c) *Loss per share*

Basic loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive. For this purpose, the treasury stock method is used which assumes proceeds upon the exercise of share options and warrants are used to purchase common shares at the average market price during the period. Options outstanding as at June 30, 2014, as disclosed in Note 4(c), are anti-dilutive and, therefore, have not been taken into account in the diluted per share calculations.

(d) *Share-based payments*

The Company's share option plan allows Company employees, directors, officers, consultants and charitable organizations to acquire shares of the Company. The fair value of options granted is recognized as share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. In situations where equity instruments are issued to consultants and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

(e) *Financial instruments*

Financial instruments are classified into one of the following categories: fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets, or other financial liabilities. Financial instruments are measured in the statement of financial position at fair value, except for loans and receivables, held-to-maturity investments, and other financial liabilities, which are measured at amortized cost. Subsequent measurement of financial instruments measured at fair value is dependent upon initial classification as follows: (1) fair-value-through-profit-and-loss financial assets are measured at fair value with changes in fair value recognized in net loss; (2) available-for-sale financial instruments are measured at fair value with changes in fair value recognized in other comprehensive income until the instrument is derecognized or impaired.

The Company's financial instruments consist of cash and cash equivalents, amounts receivable and trade and other payables. Cash and amounts receivable are classified as loans and receivables. Trade and other payables are classified as other financial liabilities.

Refer to Note 7 for additional disclosure.

Royce Resources Corp.

Notes to the Financial Statements

For the years ended June 30, 2014 and 2013

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) *Income taxes*

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss. Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(g) *Newly adopted accounting standards*

The following standards became effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Company adopted these standards on July 1, 2013 and they did not have a material impact on the financial statements.

IFRS 10 – Consolidated Financial Statements identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control comprises three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity's returns.

IFRS 11 – Joint Arrangements focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, whereas entities in the latter case account for the arrangement using the equity method.

IFRS 12 – Disclosure of Interests in Other Entities establishes disclosure requirements for entities reporting interest in other entities, including joint arrangements, special purpose vehicles, and off balance sheet vehicles.

IFRS 13 – Fair Value Measurement provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRS. The key points of IFRS 13 are as follows:

- fair value is measured using the price in a principal market for the asset or liability, in the absence of a principal market, the most advantageous market;
- financial assets and liabilities with offsetting positions in market risks or counterparty credit risks can be measured on the basis of an entity's net risk exposure;
- disclosures regarding the fair value hierarchy has been moved from IFRS 7 to IFRS 13, and further guidance has been added to the determination of classes of assets and liabilities;
- a quantitative sensitivity analysis must be provided for financial instruments measured at fair value;
- a narrative must be provided discussing the sensitivity of fair value measurements categorized under Level 3 of the fair value hierarchy to significant unobservable inputs; and
- information must be provided on an entity's valuation processes for fair value measurements categorized under Level 3 of the fair value hierarchy.

Royce Resources Corp.

Notes to the Financial Statements

For the years ended June 30, 2014 and 2013

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) *Newly adopted accounting standards (continued)*

IAS 27 - Separate Financial Statements has the objective of setting standards to be applied in accounting for investments in subsidiaries, jointly ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

IAS 28 - Investments in Associates and Joint Ventures prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture).

(h) *Accounting standards issued but not yet effective*

IFRS 9 – Financial Instruments is a partial replacement of IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The effective date of IFRS 9 has not been specified.

IAS 32 – Financial Instruments: Presentation addresses inconsistencies when applying the offsetting requirements, and is effective for annual periods beginning on or after January 1, 2014. The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on its financial statements. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s financial statements.

4. EQUITY

On November 5, 2013, the Company’s shares were consolidated on the basis of 10 pre-consolidation common shares for 1 post-consolidation common share. All common share, share option, share purchase warrant, and per share amounts in these financial statements have been retrospectively restated to present post-consolidation amounts.

(a) *Authorized*

Unlimited common shares with no par value
Unlimited preferred shares with no par value

(b) *Issued and fully paid common shares*

As at June 30, 2014, issued share capital was comprised of 10,029,063 common shares (June 30, 2013: 10,029,063). No common shares were issued during the years ended June 30, 2014 or 2013.

(c) *Share options*

The Company has established a “rolling” share option plan (the “Plan”) in compliance with the TSX Venture Exchange’s policy for granting share options. Under the Plan, the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares and the term of any option granted under the Plan may not exceed ten years. The exercise price of each option shall not be less than the market price of the Company’s stock at the date of grant. Each option vesting period is determined on a grant by grant basis.

Royce Resources Corp.

Notes to the Financial Statements

For the years ended June 30, 2014 and 2013

(Expressed in Canadian dollars)

4. EQUITY (continued)

(c) Share options (continued)

A summary of the changes in share options is presented below:

	Outstanding and exercisable	Weighted average exercise price
Balance, June 30, 2012	470,000	\$ 1.22
Granted	50,000	1.00
Balance, June 30, 2013	520,000	1.21
Granted	395,000	0.12
Balance, June 30, 2014	915,000	\$ 0.11

During the year ended June 30, 2014, the Company granted 395,000 share options to directors, officers, and consultants of the Company with an exercise price of \$0.12 and an expiry date of February 3, 2024.

During the year ended June 30, 2013, 50,000 share options were granted to directors and officers of the Company with an exercise price of \$1.00, 40,000 of which are exercisable until January 7, 2023 and 10,000 of which are exercisable until April 17, 2023.

Using the Black-Scholes option pricing model, the grant date fair value was determined to be \$37,744 (2013: \$11,736), or \$0.10 (\$0.23) per option. The following assumptions were used in the fair value calculations of the share options that were granted during the years ended June 30, 2014 and 2013:

	2014	2013
Risk-free interest rate	2.84%	2.33% - 2.43%
Expected life	10 years	10 years
Annualized volatility	75.00%	75.00%
Dividend rate	0.00%	0.00%
Forfeiture rate	0.00%	0.00%

On November 25, 2013, 520,000 outstanding options were re-priced as follows:

Number of options	Expiry date	Previous exercise price (\$)	Revised exercise price (\$)
430,000	March 1, 2021	2.10	0.11
40,000	January 19, 2022	1.00	0.11
40,000	January 7, 2023	1.00	0.11
10,000	April 17, 2023	1.00	0.11

Using the Black-Scholes fair value method for share-based compensation, the incremental increase in the fair value of the share options that were re-priced was determined to be \$26,705. The following assumptions were used in the fair value calculation of the share options that were re-priced during the year ended June 30, 2014:

Risk-free interest rate	2.58% - 2.97%
Expected life	7.3 - 9.4 years
Annualized volatility	75.00%
Dividend rate	0.00%
Forfeiture rate	0.00%

Royce Resources Corp.

Notes to the Financial Statements

For the years ended June 30, 2014 and 2013

(Expressed in Canadian dollars)

4. EQUITY (continued)

(c) Share options (continued)

The following table summarizes information about the share options outstanding at June 30, 2014:

Outstanding and exercisable	Weighted average exercise price	Expiry date	Weighted average remaining contractual life (years)
430,000	\$ 0.11	March 1, 2021	6.7
40,000	0.11	January 19, 2022	7.6
40,000	0.11	January 7, 2023	8.5
10,000	0.11	April 17, 2023	8.8
395,000	0.12	February 3, 2024	9.6
915,000	\$ 0.11		8.1

5. RELATED PARTY TRANSACTIONS

During the year ended June 30, 2014, key management personnel compensation, including directors, was comprised of share-based compensation of \$35,351 (2013: \$11,736).

6. INCOME TAXES

Income tax expense varies from the amount that would be computed by applying the Canadian federal and provincial income tax rates to earnings before income taxes as shown in the following table:

	2014	2013
Loss before income taxes	(192,948)	(103,778)
Canadian federal and provincial income tax rates	26.0%	25.3%
Income tax recovery based on the above rates	\$ (50,000)	\$ (26,000)
Increase due to:		
Non-deductible expenses and other permanent differences	17,000	3,000
Change in tax rates	-	(1,000)
Losses for which no tax benefit has been recorded	33,000	24,000
	\$ -	\$ -

The components of unrecognized deferred tax assets are as follows:

	2014	2013
Future tax assets:		
Non-capital losses	\$ 2,763,000	\$ 2,726,000
Share issue costs	3,000	5,000
Unrecognized deferred tax assets	\$ 2,766,000	\$ 2,731,000

In assessing the realizability of deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

Royce Resources Corp.

Notes to the Financial Statements

For the years ended June 30, 2014 and 2013

(Expressed in Canadian dollars)

6. INCOME TAXES (continued)

The gross amount of the Canadian tax losses for which a tax benefit has not been recorded expire as follows:

2015	\$	2,250,000
2026		3,314,000
2027		2,567,000
2028		921,000
2029		107,000
2030		70,000
2031		98,000
2032		113,000
2032		103,000
2034		139,000
	\$	<u>9,682,000</u>

7. FINANCIAL INSTRUMENTS

Fair Value Measurement

The Company classifies the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1 – quoted prices in active markets for identical assets or liabilities.
- Level 2 – 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).
- Level 3 – inputs for the asset or liability that are not based on observable market data.

Cash, amounts receivable and trade and other payables are held at amortized cost which approximates fair value due to the short-term nature of these instruments.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit Risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company's exposure to credit risk is on its cash and cash equivalents and amounts receivable. The Company reduces its credit risk by maintaining its bank accounts at a large international financial institution. The maximum exposure to credit risk is equal to the fair value or carrying value of the Company's financial assets.

Liquidity Risk

The Company's cash and cash equivalents is invested in bank accounts and term deposits and is available on demand. Management has concluded that the Company has adequate financial resources to settle obligations as at June 30, 2014.

Royce Resources Corp.

Notes to the Financial Statements

For the years ended June 30, 2014 and 2013

(Expressed in Canadian dollars)

7. FINANCIAL INSTRUMENTS (continued)

Market Risk

The only significant market risk to which the Company is exposed is interest rate risk. The Company's cash earns interest at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates as a result of the short-term nature of these instruments. The Company's future earned interest is exposed to short-term rates.

8. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions, business opportunity and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or return capital to its shareholders. The Company is not exposed to externally imposed capital requirements. There were no significant changes in its approach to capital management during the year ended June 30, 2014.

CERTIFICATE OF ROYCE RESOURCES CORP.

The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of Royce Resources Corp. ("**Royce**"), assuming completion of the Privco Acquisition (as that term is defined in the Filing Statement of Royce dated November 20, 2015).

DATED: November 20, 2015

"Geir Liland"

Geir Liland, Chief Executive Officer

"Kristen Reinertson"

Kristen Reinertson, Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS OF ROYCE

"Tom Shiffman"

Tom Shiffman, Director

"Julie Rennie"

Julie Rennie, Director

CERTIFICATE OF 1045564 B.C. LTD.

The foregoing document as it relates to 1045564 B.C. Ltd. ("**Privco**") constitutes full, true and plain disclosure of all material facts relating to the securities of Privco.

DATED: November 20, 2015

"Brian Paes-Braga"

Brian Paes-Braga, President

ON BEHALF OF THE BOARD OF DIRECTORS OF PRIVCO

"Brian Paes-Braga"

Brian Paes-Braga, Director

ACKNOWLEDGEMENT OF PERSONAL INFORMATION

"Personal Information" means any information about an identifiable individual, and includes information contained in any Items in the attached filing statement that are analogous to Items 4.2, 11, 13.1, 16, 18.2, 19.2, 24, 25, 27, 32.3, 33, 34, 35, 36, 37, 38, 39, 41 and 42 of the Exchange Form 3D2, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

(a) the disclosure of Personal Information by the undersigned to the TSX-V (as defined in Appendix 6B) pursuant to the Form 3D2; and

(b) the collection, use and disclosure of Personal Information by the TSX-V for the purposes described in Appendix 6B or as otherwise identified by the TSX-V, from time to time.

ON BEHALF OF THE BOARD OF DIRECTORS OF ROYCE RESOURCES CORP.

"Geir Liland"

Geir Liland,
Chief Executive Officer and a Director