Jayden Resources Inc.

Consolidated Financial Statements

For the year ended December 31, 2015

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Contents

Management's Responsibility

To the Shareholders of Jayden Resources Inc. (the "Company"):

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board of Directors is also responsible for recommending the appointment of the Company's external auditors.

MNP LLP is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

April 27, 2016

(signed)	(signed)
Letty Wan	*Herrick Lau*
CEO and director	CFO

MNP LLP

Independent Auditors' Report

To the Shareholders of Jayden Resources Inc.:

We have audited the accompanying consolidated financial statements of Jayden Resources Inc., and its subsidiary, (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of operations and comprehensive loss, changes in shareholders' 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our 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 an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which discloses matters and 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.

MNP LLP

April 27, 2016

Vancouver, BC

Chartered Professional Accountants

Jayden Resources Inc.
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

	Notes	Years Ended December 31 2015	2014
Expenses			
Administrative expenses	4	$ (331,785)	$ (709,444)
Impairment loss on available-for-sale investments	6	(66,894)	
Impairment loss on exploration and evaluation assets	7	(16,178,223)	(1,560)
Operating loss for the year		(16,576,902)	(711,004)
Other income			
Interest income		732	921
Net loss for the year		**(16,576,170)**	**(710,083)**
Other comprehensive loss			
Item that may be reclassified subsequently to profit or loss :			
Unrealized loss on available-for-sale investments		(1,502)	(10,853)
Comprehensive loss for the year		**$ (16,577,672)**	**$ (720,936)**
Loss per share			
- Basic and diluted		$ (0.27)	$ (0.01)
Weighted average number of common shares outstanding			
- Basic and diluted		61,443,931	55,666,199

The accompanying notes are an integral part of these Consolidated Financial Statements.

Jayden Resources Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at	Notes	December 31, 2015	December 31, 2014
		$	$
ASSETS			
Current assets			
Cash and cash equivalents		239,432	147,220
Other receivables		1,090	2,893
Prepaid expenses and deposits		19,151	4,994
Available-for-sale investments	6	3,930	5,432
		263,603	160,539
Non-current assets			
Property, plant and equipment	5	84,988	87,842
Exploration and evaluation assets	7	-	16,066,526
Deposits	7	-	67,300
Total Assets		348,591	16,382,207
Liabilities and Shareholders' Equity			
Current liabilities			
Amounts due to related companies	10	-	31,818
Convertible debenture	8	179,739	-
Payables and accruals		5,209	31,753
		184,948	63,571
Convertible debenture	8	-	155,215
Total Liabilities		184,948	218,786
Shareholders' Equity			
Share capital	9	44,484,300	43,973,300
Reserves		2,225,728	2,160,336
Accumulated losses		(46,546,385)	(29,970,215)
Total equity		163,643	16,163,421
Total Liabilities and Shareholders' Equity		348,591	16,382,207

Approved on Behalf of the Board

"Letty Wan" Director
Letty Wan

"Ringo Hui" Director
Ringo Hui

The accompanying notes are an integral part of these Consolidated Financial Statements.

Jayden Resources Inc.
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Number of issued shares	Share capital	Share-based payments reserve	Fair value reserve for available-for -sale investments	Accumulated losses	Total
		$	$	$	$	$
Balances, January 1, 2014	50,279,282	43,422,881	2,048,233	(54,539)	(29,260,132)	16,156,443
Private Placement	5,700,000	570,000	-	-	-	570,000
Share Issuance Costs	-	(19,581)	-	-	-	(19,581)
Guarantor Bonus Shares	2,513,964	-	-	-	-	-
Convertible Debenture Reserves	-	-	52,395	-	-	52,395
Share-based payments	-	-	125,100	-	-	125,100
Decrease in fair value of available-for-sale investments	-	-	-	(10,853)	-	(10,853)
Loss for the year	-	-	-	-	(710,083)	(710,083)
Total comprehensive loss for the year				(10,853)	(710,083)	(720,936)
Balances, December 31, 2014	58,493,246	43,973,300	2,225,728	(65,392)	(29,970,215)	16,163,421
Balances, January 1, 2015	58,493,246	43,973,300	2,225,728	(65,392)	(29,970,215)	16,163,421
Private Placement	7,300,000	511,000	-	-	-	511,000
Decrease in fair value of available-for-sale investments	-	-	-	(1,502)	-	(1,502)
Other than temporary loss on available-for-sale investments	-	-	-	66,894	-	66,894
Loss for the year	-	-	-	-	(16,576,170)	(16,576,170)
Total comprehensive loss for the year	-	-	-	65,392	(16,576,170)	(16,510,778)
Balances, December 31, 2015	65,793,246	44,484,300	2,225,728	-	(46,546,385)	163,643

The accompanying notes are an integral part of these Consolidated Financial Statements.

Jayden Resources Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Years Ended December 31, 2015	2014
	$	$
Cash flows from operating activities		
Loss for the year	(16,576,170)	(710,083)
Adjustments for:		
Depreciation	2,854	3,232
Bank interest income	(732)	(921)
Loss on available-for-sale investments	66,894	-
Impairment of mineral property	16,178,223	-
Loss on sales of available-for-sale investment	-	1,560
Convertible debenture interest expense	24,524	3,610
Share-based payments	-	125,100
Operating loss before working capital changes	(304,407)	(577,502)
Decrease in other receivables	1,803	26,112
Decrease (Increase) in prepaid expenses and deposits	(14,157)	13,912
Increase (decrease) in amount due to related parties	(31,818)	31,818
Decrease in payables and accruals	(26,544)	(149,469)
Net cash used in operating activities	(375,123)	(655,129)
Cash flows from investing activities		
Sales proceeds of available-for-sale investments	-	165
Acquisition of exploration and evaluation assets	(44,397)	(222,291)
British Columbia mineral exploration tax credits received	-	27,635
Interest received	732	921
Net cash used in investing activities	(43,665)	(193,570)
Cash flows from financing activities		
Proceeds from private placement, net of share issuance costs	511,000	550,419
Proceeds from convertible debenture	-	204,000
Net cash generated from financing activities	511,000	754,419
Net (decrease) increase in cash and cash equivalents	92,212	(94,280)
Cash and cash equivalents, beginning of the year	147,220	241,500
Cash and cash equivalents, end of the year	239,432	147,220

Supplementary cash flow information (note 14)

The accompanying notes are an integral part of these Consolidated Financial Statements.

1. Nature of operations and going concern

(a) Nature of operations

Jayden Resources Inc. (the "Company") was incorporated under the laws of the Province of British Columbia. On December 9, 2010, the Company's common shares ceased trading on the TSX Venture Exchange and began trading on the Toronto Stock Exchange ("TSE") under the symbol JDN. On August 8, 2012, the Company changed its place of jurisdiction and was registered in the Cayman Islands as an exempted company with limited liability by way of continuation. Its subsidiary, Jayden Resources (Canada) Inc. ("Jayden Canada") still remains a BC Company. The Company is principally engaged in the business of acquiring, exploring and developing interests in mining projects. To date, the Company has not generated revenues from its principal activities and is considered to be in the exploration stage.

The head office and principal address of the Company are located at Zephyr House, Mary Street, PO Box 709, Grand Cayman KY1-1107, Cayman Islands. The registered and records office are located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7.

(b) Going concern

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operation, and do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

The Company has not generated any revenues and has incurred accumulated losses of $46,546,385 (2014: $29,970,215) since inception. During the year ended December 31, 2015 the Company generated negative cash flows from operations of $375,123 (2014: $655,129). The Company is not expected to generate cash inflow from its operation during the next twelve months and therefore must rely on securing additional funds from either debt or equity financings for cash consideration. During the year ended December 31, 2015, the Company received net cash proceeds of $511,000 (2014: $754,419) pursuant to financing activities. The business of exploring for and mining of minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. While the Company is expanding its best efforts to achieve the above plan, there is no assurance that any such activity will generate sufficient funds for future operations.

The continuation of the Company as a going concern is depend upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its mineral property interests, the attainment of profitable mining operations or the receipt of proceeds from the disposition of its mineral property interest. The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. The Company's continuing operations, and the recoverability of the amounts shown for mineral properties are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests. These matters and conditions, primarily as a result of the conditions described above, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as going concern. These factors raise significant doubt about the Company's ability to continue as a going concern. If the going concern assumption is not appropriate, material adjustments to the financial statements could be required.

2. Basis of presentation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Boards ("IASB"), and interpretations of the International Financial Reporting Interpretations Committee. These consolidated financial statements were approved by the board of directors for issue on April 27, 2016.

(b) Basis of measurement

These consolidated financial statements have been prepared on a going concern basis, under the historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Jayden Canada. The Company consolidates the subsidiary on the basis that it controls the subsidiary. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through the power over the investee. All the intercompany transactions and balances have been eliminated on consolidation.

(d) Critical accounting judgements, estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations as of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Decommissioning and rehabilitation liabilities
Decommissioning and rehabilitation costs have been estimated based on the Company's interpretation of current regulatory requirements and have been measured at the net present value of expected future cash expenditure upon reclamation and closure. Such costs are capitalized as exploration and evaluation assets. Because the fair value measurement requires the input of subjective assumptions, including reclamation and closure costs, changes in subjective input assumptions can materially affect the fair value estimate. Based on the assessment, the Company did not have any significant decommissioning and rehabilitation liabilities at the reporting dates.

Deferred taxes
The Company recognizes the deferred tax benefit related to deferred tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in the future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

2. Basis of presentation (continued)

(d) Critical accounting judgments, estimates and assumptions (continued)

Critical judgments in applying the Company's accounting policies

The following is the critical judgment, apart from those involving estimations that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Going concern
Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its consolidated financial statements for the year ended December 31, 2015. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. As a result of the assessment, management concluded the ultimate appropriateness of the use of accounting principles applicable to a going concern.

Impairment of exploration and evaluation assets
Exploration and evaluation assets are considered for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Assessment of impairment indicators involves the application of a number of significant judgment over the internal and external factors. External factors include future commodity prices, investors' sentiment and changes in environmental and mineral tenure regulations. Internal factors include technical data interpretation of the mineral resources estimates and the Company's exploration plans for the properties. As new data comes up and economy and market continually change, the recoverable amounts of the assets and the impairment loss might be different from these judgments and estimates. Management has determined to impair the entire carrying value of the exploration and evaluation assets as at December 31, 2015.

Impairment of available-for-sale investments
The Company follows the guidance of IAS 39 to determine when an available-for-sale equity investment in impaired. This determination requires significant judgement in evaluating if a decline in fair value is significant or prolonged, which triggers an impairment loss. In making this judgement, the Company's management evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, the volatility of the investment and the business outlook. Management as determined to write down the available-for-sale investment to fair value and the loss is recognized in the statement of operations and comprehensive loss as of December 31, 2015.

3. Significant accounting policies

(a) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks and on hand, and short term money market instruments with an original maturity of three months or less when acquired, which are readily convertible into a known amount of cash and which are subject to an insignificant risk of change in value. The cash and cash equivalents are mainly denominated in Canadian dollars and Hong Kong dollars. At December 31, 2015 and 2014, the cash and cash equivalents held by the Company comprised bank balances and cashable guaranteed investment certificates ("GICs"). GICs are matured in one year and are eligible for immediate cancellation after a 30 day hold period with interest earned to the date of cancellation. The GICs earn respective interest prime – 2% and 0.65% per annum (2014: prime – 1.95% and 0.8%).

3. Significant accounting policies (continued)

(b) Interest income

Interest income from financial assets is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's carrying amount.

(c) Financing costs

The costs related to equity transactions are deferred until the closing of the equity transactions. These costs are accounted for as a deduction from equity. Transaction costs of abandoned equity transactions are recognized in profit or loss.

(d) Property, plant and equipment

Property, plant and equipment, other than land, is recorded at cost less accumulated depreciation. The cost of an item consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use.

Depreciation is calculated using the declining balance method to write off the cost of asset, less the estimated residual value, at the following rates:

Computer equipment	30%
Other equipment	20%
Software	100%
Mining equipment	20%
Building	4%

Land is stated at acquisition cost less any impairment losses. Land is not depreciated.

The asset's residual values, depreciation method and useful lives are reviewed and adjusted if appropriate at each reporting date.

An item is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain and loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognize in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

(e) Mining tax credits

The Company applies for British Columbia Mining Exploration Tax Credit (the "METC"), with respect to certain exploration costs incurred in that province. The METC is recorded upon receipts from the Canadian Revenue Agency ("CRA"). The METC is accounted for using the cost reduction approach whereby the amounts received each year are applied to reduce the cost of the related assets or related deferred expenditures or expenses.

(f) Long lived assets and impairment

The carrying values of long-lived assets with fixed or determinable lives are reviewed for impairment whenever events or changes in circumstances indicate the recoverable value may be less than the carrying amount. Recoverable value determinations are based on management's estimates of undiscounted future net cash flows expected to be recovered from specific assets or groups of assets through use or future disposition. Impairment charges are recorded in the period in which determination of impairment is made by management.

3. Significant accounting policies (continued)

(f) Long lived assets and impairment (continue)

Assets with indefinite or indeterminable lives are not amortized and are reviewed for impairment on a reporting period basis using fair value determinations through management's estimate of recoverable value.

The carrying amounts of the Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is an indication of impairment, then the asset's recoverable amount is estimated.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss.

(g) Exploration and evaluation assets

The Company's exploration and evaluation assets are intangible assets relating to mineral rights acquired and exploration and valuation expenditure capitalized in respect of projects that are at the exploration/pre-development stage.

Exploration and evaluation expenditure related to an area of interest where the Company has tenure are capitalized on initial recognition at cost. Exploration and evaluation assets are subsequently stated at cost less any accumulated impairment losses and are not amortized. These assets are transferred to mine development assets in property, plant and equipment upon the commencement of mine development.

Exploration and evaluation expenditure in the relevant area of interest comprises costs which are directly attributable to:

- Acquisition:
- Surveying, geological, geochemical and geophysical;
- Exploratory drilling;
- Land maintenance;
- Sampling; and
- Assessing technical feasibility and commercial viability.

3. Significant accounting policies (continued)

(g) Exploration and evaluation assets (continued)

Exploration and evaluation expenditure also includes the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. Capitalized costs, including general and administrative costs, are only allocated to the extent that those costs can be related directly to operation activities in the relevant area of interest. Proceeds received from government assistances in a property will be credited against the carrying value of the property, with any excess included in operations for the period.

The carrying amount of the exploration and evaluation assets is reviewed whenever events or changes in circumstances indicate the recoverable value may be less than the carrying amount. Recoverable value determinations are based on management's estimates of discounted future net cash flows expected to be recovered from specific assets or groups of assets through use or future disposition. An impairment loss is recognized in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

(h) Decommissioning and rehabilitation liabilities

The Company recognized a decommissioning and restoration liability, which would be discounted to its net present value, in the year in which it is incurred when a reasonable estimate of value can be made. Such costs are capitalized as part of the related long-lived asset at the start of each project, as soon as the obligation to incur such costs arise.

Changes in the measurement of decommissioning and restoration liability that result from changes in estimated timing or amount of the cash flow, including the effects of inflation, revisions to estimated reserves, resources and lives of operations, or a change in the discount rate, are added to, or deducted from, the cost of the related asset in the period it occurred. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognized immediately in profit or loss. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, an impairment test is performed in accordance with the accounting policy set out in the 'Impairment of non-financial assets" note.

The Company did not have any significant decommissioning and restoration obligations at the reporting dates.

(i) Share-based payment transactions

The share option plan allows the Company employees (including directors and senior executives) and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant 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.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The charge or credit for a period recognized in profit or loss represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve. No expense is recognized for awards that do not ultimately vest.

3. Significant accounting policies (continued)

(i) Share-based payment transactions

At the time when the share options are exercised, the amount previously recognized in share option reserve is transferred to share capital. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in share option expenses is transferred to accumulated losses.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

The Company grants stock options to buy common shares of the Company to directors, officers and employees. The board of directors grants such options for periods of up to five years, which vest immediately and priced at the previous day's closing price.

j) Warrants issued in equity financing transactions

The Company engages in equity financing transaction to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common share and a certain number of warrant. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction.

The carrying amount of the warrants that are part of units is determined based on any difference between gross proceeds and the estimated fair market value of the shares and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for agency fee or other transactions costs are accounted for as share-based payments.

(k) Loss per share

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of shares outstanding during the year. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the year.

Existing stock options and share purchase warrants have not been included in the computation of diluted loss per share as to do so would be anti-dilutive. Accordingly, basic and diluted loss per share are the same.

3. Significant accounting policies (continued)

(l) Translation of foreign currencies

The functional and presentation currency of the Company and its subsidiary are Canadian dollar as this is the principal currency of the economic environment in which they operate. Transactions in foreign currencies (currencies other than Canadian dollars) are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of each reporting period. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

(m) Income taxes

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

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

(n) Financial instruments

Financial assets

Financial assets are classified into one of four categories:

i. Fair value through profit or loss;
ii. Held-to-maturity;
iii. Available-for-sale; and
iv. Loans and receivables.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

3. Significant accounting policies (continued)

(n) Financial instruments (continued)

i. Fair value through profit or loss ("FVTPL")

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL. Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company has classified its cash and cash equivalent as FVTPL.

ii. Held-to-maturity ("HTM")

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as HTM investments.

iii. Available-for-sale ("AFS")

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes therein, other than impairment losses, interest calculated using the effective interest method and foreign currency differences on AFS monetary items, recognized in other comprehensive income or loss. When an investment is derecognized or is determined to be impaired, the cumulative gain or loss previously recognized in equity is transferred to profit or loss for the period. The Company has classified its investments in shares of public companies as AFS investments.

iv. Loans and receivables

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

Financial Liabilities and Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

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

i Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

3. Significant accounting policies (continued)

(n) Financial instruments (continued)

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

The Company has classified payables and accruals, due to related parties and convertible debentures as other financial liabilities.

ii. Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:
i) Significant financial difficulty of the issuer or counterparty;
ii) Default or delinquency in interest or principal payments; or
iii) It has become probable that the borrower will enter bankruptcy or financial reorganization.

Impairment of financial assets

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

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

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized; the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

3. Significant accounting policies (continued)

(o) Related parties

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

(p) Segment reporting

The Company identifies operating segments and prepares segment information based on the regular internal financial information reported to the directors for their decisions about resources allocation to the Company's business components and for their review of the performance of those components. All of the Company's contributions to its operating results during the reporting periods are attributable to its single operating segment of acquisition, exploration and development of mineral properties in Canada.

(q) Adoption of new accounting standards and amendments

The following new standards, interpretations, amendments and improvements to existing standards issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") were adopted as of January 1, 2015 without any material impact to the Company's consolidated financial statements:

<u>IFRS 3 – Business Combinations</u>
The amendments to IFRS 3, issued in December 2013, clarify the accounting for contingent consideration in a business combination. At each reporting period, an entity measures contingent consideration classified as an asset or a financial liability at fair value, with changes in fair value recognized in profit or loss. Additional amendments to IFRS 3, issued in December 2013, clarify that IFRS 3 does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself.

<u>IFRS 13 – Fair Value Measurement</u>
The amendments to IFRS 13, issued in December 2013, clarify that the portfolio exception applies to all contracts within the scope of IFRS 9 Financial instruments or IAS 39 Financial instruments: Recognition and measurement, regardless of whether they meet the definitions of financial assets or financial liabilities in IAS 32 Financial instruments: Presentation.

<u>IAS 24 – Related Party Disclosures</u>
The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation.

(r) New and Revised IFRS Issued but Not Effective

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below except those which the Company does not expect any impacts on the consolidated financial statements.

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

(r) New and Revised IFRS Issued but Not Effective (continued)

IFRS 9 Financial Instruments

IFRS 9 was issued in November 2009 and subsequently amended as part of an ongoing project to replace IAS 39 Financial instruments: Recognition and measurement. The standard requires the classification of financial assets into two measurement categories based on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The two categories are those measured at fair value and those measured at amortized cost. The classification and measurement of financial liabilities is primarily unchanged from IAS 39. However, for financial liabilities measured at fair value, changes in the fair value attributable to changes in an entity's "own credit risk" is now recognized in other comprehensive income instead of in profit or loss. This new standard will also impact disclosures provided under IFRS 7 Financial instruments: disclosures.

In November 2013, the IASB amended IFRS 9 for the significant changes to hedge accounting. In addition, an entity can now apply the "own credit requirement" in isolation without the need to change any other accounting for financial instruments. The standard was initially effective for annual periods beginning on or after January 1, 2013, but the complete version of IFRS 9, issued in July 2014, moved the mandatory effective date to January 1, 2018. The Company does not expect this amendment to have a material impact on its consolidated financial statements.

4. Administrative expenses

	Years Ended December 31,	
	2015	2014
	$	$
Depreciation	2,854	3,232
Corporate administration	85,213	188,752
Net foreign exchange (gain) loss	(7,829)	(2,157)
Investor relations	1,225	1,654
Professional fees	39,651	94,153
Regulatory and shareholder services	77,522	63,924
Staff costs		
- Salaries and others	133,149	234,786
- Share-based payments	-	125,100
	331,785	709,444

(Expressed in Canadian Dollars)

5. Property, plant and equipment

	Computer equipment	Other equipment	Software	Building	Land	Total
	$	$	$	$	$	$
Cost						
As at December 31, 2013, 2014 and 2015	6,652	12,597	4,145	59,100	36,138	118,632
Accumulated depreciation						
As at December 31, 2013	3,881	9,625	4,145	9,907	-	27,558
Depreciation	742	551	-	1,939	-	3,232
As at December 31, 2014	4,623	10,176	4,145	11,846	-	30,790
Depreciation	543	450	-	1,861	-	2,854
As at December 31, 2015	5,166	10,626	4,145	13,707	-	33,644
Net book value						
As at December 31, 2014	2,029	2,421	-	47,254	36,138	87,842
As at December 31, 2015	1,486	1,971	-	45,393	36,138	84,988

6. Available-for-sale investments

	Shares	2015	2014
		$	$
Mountain Boy Minerals Ltd.	300,975	1,505	3,010
Great Bear Resources Ltd.	97,000	2,425	2,422
		3,930	5,432

The fair values of the above investments have been determined by reference to their quoted bid prices at the respective reporting dates.

As of December 31, 2015, the Company has determined that there has been a prolonged decline in the fair value of the above investments. Thus, the unrealized loss of $66,894 accumulated as other comprehensive loss is recognized in the statement of operations and comprehensive loss during the year.

7. Exploration and evaluation assets

Mineral Properties Canada	
	$
At December 31, 2013	15,958,207
Additions	135,954
British Columbia mineral exploration tax credit	(27,635)
At December 31, 2014	16,066,526
Additions	44,397
Impairment of mineral exploration property	(16,110,923)
At December 31, 2015	-

(Expressed in Canadian Dollars)

7. Exploration and evaluation assets

Canada	Silver Coin and Kansas	Other	Total
	$	$	$
At December 31, 2013	15,935,806	22,401	15,958,207
Surveying, geological, geochemical and geophysical	62,074	-	62,074
Land maintenance	3,452	-	3,452
Sampling	13,955	-	13,955
Assessing technical feasibility and commercial viability	56,473	-	56,473
British Columbia mineral exploration tax credit	(27,635)	-	(27,635)
At December 31, 2014	16,044,125	22,401	16,066,526
Surveying, geological, geochemical and geophysical	43,313	-	43,313
Land maintenance	1,084	-	1,084
Impairment of mineral exploration property	(16,088,522)	(22,401)	(16,110,923)
At December 31, 2015	-	-	-

(a) Silver Coin Property

In 2004, the Company entered into an option agreement with Mountain Boy Minerals Ltd. ("Mountain Boy") whereby the Company can acquire a 51% interest in Mountain Boy's 100% owned Silver Coin and 55% owned Dauntless projects as well as the 100% owned FR claims (collectively, the "Silver Coin Property") by spending $1.75 million on exploration on the Silver Coin Property over a three year period (incurred). In 2006, the Company earned a 51% interest in the Silver Coin Property.

In July 2009, the Company entered into an agreement with Mountain Boy to increase its ownership in the Silver Coin Property to 70% and to purchase land and buildings in Stewart, BC in return for a payment of $440,000 (paid) of which $340,000 was allocated to the Silver Coin property and $100,000 to land and buildings inclusive of goods and services tax. The Company can further increase its ownership to 80% after spending $4,000,000 on exploration and development expenditures on any or all of the Silver Coin Property and Kansas Property by July 2014. The agreement gives the Company the exclusive right to manage the project through feasibility and also to negotiate on behalf of both parties the sale of the Silver Coin Property and Kansas Property.

In September 2011, pursuant to this agreement the Company increased its ownership to 80% after spending $4,000,000 on exploration and development expenditures on all of the Silver Coin Property and Kansas Property.

In September 2011, the Company entered into an asset purchase agreement with Nanika Resources Inc. ("Nanika") to acquire Nanika's 45% interest in mineral claims INDI 9-12 (collectively, the "INDI Claims") which are adjacent to and form part of the Company's Silver Coin Project. The consideration has been mutually agreed between the Company and Nanika, an independent third party, with reference to the market value of similar assets. The Company paid $250,000 and issued 350,000 common shares of the Company, at a value of $49,000, to complete the agreement. Legal costs of $4,145 were incurred in the transaction. Nanika retains a 2% net smelter returns royalty on the INDI Claims which at any time the Company can buy-back for $1,000,000 per each 1%.

7. Exploration and evaluation assets (continued)

(b) Kansas Property

In 2004, the Company entered into an option agreement with Tenajon Resources Corp. ("Tenajon") whereby the Company earned a 60% interest in Tenajon's 100% owned Kansas Property by making a cash payment of $50,000 ($25,500 paid by the Company and $24,500 paid by the joint venture partner Mountain Boy) on signing, issuing 77,000 common shares and spending $1.0 million on exploration and development.

The Kansas Property adjoins the Silver Coin Property. The expenditures incurred on the Kansas Property are included in the Silver Coin Property expenditures and are eligible for the expenditures required for the Silver Coin Property. Pursuant to an option agreement entered into with Mountain Boy in 2004, Mountain Boy will be participating in the Kansas Property and earned a 49% interest in the Company's 60% interest by making a cash payment of $24,500 upon the signing of the agreement and issuing to the Company 98,000 shares of Mountain Boy. If the Company elects to put the Kansas Property or any adjoining property into production, Mountain Boy would be reduced to owning 40% of the Company's interest.

In April 2008, the Company entered into a binding letter agreement whereby the Company purchased Tenajon's wholly owned subsidiary, 0781639 B.C. Ltd. which holds an undivided 40% ownership in the Kansas Property and a 100% ownership interest in the Summit Lake property (which the Company disposed of in 2009). Since 0781639 B.C. Ltd.'s only asset was mineral properties, it was not considered a business and the transaction was accounted for as an asset acquisition.

On closing the agreement, the Company issued to Tenajon 13,500,000 common shares at a value of $2,430,000 and incurred related costs totaling $165,000. The Company also issued 187,500 units with a value of $37,500 in relation to this acquisition.

The July 2009 agreement with Mountain Boy set the Company interest in the Kansas Property at 70% with Mountain Boy having the remaining 30%. The Company further increased its ownership to 80% after spending $4,000,000 on exploration and development expenditures on the Silver Coin and Kansas properties.

(c) Impairment

In 2015, the Company impaired exploration and evaluation assets for $16,110,923 given the fact that the Company has not invested any significant expenditures on the property and management's intention to abandon the property.

The Company made project reclamation deposits of $67,300. Such deposits will not be recovered and has been fully written off together with the exploration and evaluation assets as of December 31, 2015.

8. Convertible debenture

On November 6, 2014, the Company completed a non-brokered private placement of $204,000 aggregate principal amount of unsecured convertible debentures. The debentures were issued to the Company's related parties and bear nil interest. The debt will mature on November 16, 2016 and are convertible, at the election of the holder into units of the Company at a price of $0.12 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire an additional common share at a price of $0.12 until November 6, 2016.

For accounting purposes, the convertible debenture is considered to have both a debt and equity component. On November 6, 2014, the issuance date, an equity component of $52,395 was recorded, which was calculated as the issue price of the debenture less the fair value of the liability component at the date of issuance of the convertible debenture. The fair value of the liability component was calculated as the present value of the convertible note's price discounted at the Company's estimated incremental borrowing rate of 16% for the period from November 6, 2014 to the expected remaining life of the note.

The carrying value of the liability portion will be accreted to its redemption principle value of $204,000 over a period from the date of issuance to the estimated maturity and conversion date.

Interest accretion was recorded in the consolidated statements of operations and comprehensive loss in the amount of $24,524 for the year ended December 31, 2015 (December 31, 2014: $3,610).

9. Share capital and stock options

(a) Share capital

The authorized share capital of the Company is 5,000,000,000 shares without par value.

On March 26, 2014, the Company closed a non-brokered private placement consisting of 5,700,000 units (the "Units") at a price of $0.10 per Unit for gross proceeds of $570,000. Each Unit consists of one common share of the Company (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one additional Share (a "Warrant Share") of the Company at a price of $0.12 per Warrant Share until March 25, 2016. The fair value of the common share component of the Units at the date of issuance was $0.10 being equal to market price therefore the Company allocated the entire $570,000 to common shares and nil to warrants.

On August 8, 2014, upon the approval of the disinterested shareholders, the Company issued 2,513,964 Guarantor Shares to Gather Success Holding Limited, a Company held by Ms. Letty Wan Ho Yan, the CEO and a director of the Company, under the Rights Offering in 2013.

On June 24, 2015, the Company closed the first tranche of its non-brokered private placement consisting of 2,300,000 units (the "Units") at a price of $0.07 per Unit for gross proceeds of $161,000. Each Unit consists of one common share of the Company (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one additional Share (a "Warrant Share") of the Company at a price of $0.09 per Warrant Share until June 24, 2017. The fair value of the common share component of the Units at the date of issuance was $0.07 being equal to market price therefore the Company allocated the entire $161,000 to common shares and nil to warrants.

On August 25, 2015, the Company closed the second tranche of its non-brokered private placement consisting of 5,000,000 units (the "Units") at a price of $0.07 per Unit for gross proceeds of $350,000. Each Unit consists of one common share of the Company (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one additional Share (a "Warrant Share") of the Company at a price of $0.09 per Warrant Share until August 25, 2017. The fair value of the common share component of the Units at the date of issuance was $0.07 being equal to market price therefore the Company allocated the entire $350,000 to common shares and nil to warrants.

(Expressed in Canadian Dollars)

9. Share capital and stock options (continued)

(b) Stock options

The Company has a stock option plan whereby the maximum number of shares subject to the plan, in the aggregate, shall not exceed 10% of the Company's issued and outstanding shares. The maximum term of any option will be ten years and the vesting is at the direction of the board, however, options granted to consultants performing “investor relations' activities” must at a minimum vest in stages over a period of not less than twelve months, with no more than ¼ of the options vesting in any three month period or such longer period as the board determines. The exercise price shall be no less than the discount market price as determined in accordance with TSE policies.

Pursuant to the Option Plan, on April 4, 2014, the Company granted 1,425,000 stock options to the Company's directors and officers, exercisable at a price of $0.11 per share for a period of five years from date of grant. These options vested immediately upon granting.

The Company recorded share-based payment expense of $Nil (2014: $125,100) in the statements of operations and comprehensive loss.

Stock option transactions and the number of stock options outstanding and exercisable as at December 31, 2015 and 2014 are summarized as follows:

	Year ended December 31, 2015		Year ended December 31, 2014	
	Number	Weighted average exercise price	Number	Weighted average exercise price
		$		$
Options outstanding, beginning of the year	2,993,500	1.03	1,750,000	1.90
Granted	-	-	1,425,000	0.11
Expired	(1,148,500)	1.99	(181,500)	1.78
Options outstanding	1,845,000	0.43	2,993,500	1.03
Options exercisable	1,845,000	0.43	2,993,500	1.03

Options outstanding			Options exercisable	
Number outstanding	Expiry date	Exercise price	Number exercisable	Exercise price
		$		$
420,000	January 6, 2017	1.50	420,000	1.50
1,425,000	April 4, 2019	0.11	1,425,000	0.11
1,845,000		0.43	1,845,000	0.43

(Expressed in Canadian Dollars)

9. Share capital and stock options (continued)

(b) Stock options (continued)

Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessary provide reliable measure of the fair value of the Company's stock options.

The fair value of the options granted during 2014 determined using the Black-Scholes option-pricing model was $0.11 per option with the following assumptions:

	December 31, 2014
Risk-free interest rate	1.52%
Expected life of stock options	5 years
Expected dividend	-
Expected volatility	112%

(c) Share purchase warrants

On March 26, 2014, the Company closed a non-brokered private placement consisting of 5,700,000 units (the "Units") at a price of $0.10 per Unit for gross proceeds of $570,000. Each Unit consists of one common share of the Company (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one additional Share (a "Warrant Share") of the Company at a price of $0.12 per Warrant Share until March 25, 2016. The fair value of the common share component of the Units at the date of issuance was $0.10 being equal to market price therefore the Company allocated the entire $570,000 to common shares and $nil to warrants.

On June 24, 2015, the Company closed the first tranche of its non-brokered private placement consisting of 2,300,000 units (the "Units") at a price of $0.07 per Unit for gross proceeds of $161,000. Each Unit consists of one common share of the Company (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one additional Share (a "Warrant Share") of the Company at a price of $0.09 per Warrant Share until June 24, 2017. The fair value of the common share component of the Units at the date of issuance was $0.07 being equal to market price therefore the Company allocated the entire $570,000 to common shares and $nil to warrants.

On August 25, 2015, the Company closed the second tranche of its non-brokered private placement consisting of 5,000,000 units (the "Units") at a price of $0.07 per Unit for gross proceeds of $350,000. Each Unit consists of one common share of the Company (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one additional Share (a "Warrant Share") of the Company at a price of $0.09 per Warrant Share until August 25, 2017. The fair value of the common share component of the Units at the date of issuance was $0.07 being equal to market price therefore the Company allocated the entire $570,000 to common shares and $nil to warrants.

Share purchase warrant transactions and the number of share purchase warrants outstanding as at December 31, 2015 are summarized as follows:

(Expressed in Canadian Dollars)

9. Share capital and stock options (continued)

	Number of Warrants		Weighted Average Exercise Price	Expiry Date
Balance, December 31, 2014	5,700,000 *	$	0.12	March 25, 2016
Issued	2,300,000		0.09	June 24, 2017
Issued	5,000,000		0.09	August 25, 2017
Balance, December 31, 2015	13,000,000	$	0.10	

* 5,700,000 warrants expired without exercise subsequent to yearend

10. Related party balances and transactions

(a) Related party balances

	Notes	As at December 31, 2015	As at December 31, 2014
		$	$
Amounts due to related companies/ directors			
- Baron Global Financial Canada Ltd.	(1)	-	31,818

(1) Mr. Herrick Lau Mong Tak, officer the Company, is the managing director Baron Global Financial Canada Ltd.

(b) Related party transactions

In addition to the stock options granted to the Company's directors and officers disclosed in Note 9, the Company entered into the following material related party transactions during the following periods:

Services provided for the year ended December 31, 2015	Management services	Consulting and advisory services	Rent and office expenses
	$	$	$
Baron Global Financial Canada Ltd. (1)	13,000	-	7,000

Services provided for the year ended December 31, 2014	Management services	Consulting and advisory services	Rent and office expenses
	$	$	$
Baron Global Financial Canada Ltd. (1)	58,500	-	31,500

(1) Mr. Herrick Lau Mong Tak, officer the Company, is the managing director Baron Global Financial Canada Ltd.

(Expressed in Canadian Dollars)

10. Related party balances and transactions (continued)

(c) Compensation of key management personnel

Key management personnel are the directors of the Company whose compensations included in staff costs comprised the following:

	Years ended December 31	
	2015	2014
	$	$
Management fee	9,375	162,322
Share based payments (Note 9)	-	125,100
	9,375	287,422

On January 6, 2014, Letty Wan, an executive director of the Company, provided a credit facility of up to approximately $2,061,855 to the Company to support the funding of the Company. Any drawdown would be non-interest bearing and none of the Company's assets are pledged as security.

11. Income Taxes

The following table reconciles the expected income tax expense (recovery) at the Cayman Islands statutory income tax rates to the amounts recognized in the consolidated statements of operations and comprehensive loss for the years ended December 31, 2015 and 2014:

	2015	2014
Loss before taxes	(16,576,170)	(710,084)
Statutory tax rate	-	-
Expected income tax (recovery)	-	-
Non-deductible items	19	71
Change in estimates	-	11,639
Foreign tax rate difference	(4,267,775)	(85,219)
Tax credits	-	(7,185)
Change in deferred tax asset not recognized	4,267,756	80,694
Total income taxe expense (recovery)	-	-
Current tax expense (recovery)	-	-
Deferred tax expense (recovery)	-	-
	-	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets as at December 31, 2015 and 2014 are comprised of the followings:

(Expressed in Canadian Dollars)

11. Income Taxes (continued)

	2015	2014
Property, plant and equipment	(4,206)	(4,690)
Exploration and evaluation assets	5,094,602	917,306
Non-capital losses	812,550	722,574
Investment tax credits	361,460	361,460
	6,264,406	1,996,650
Deferred tax asset not recognized	6,264,406	1,996,650
Net Deferred tax asset (liability)	-	-

The Company has non-capital loss carryforwards of approximately $3,125,192 (2014: $2,779,130) which may be carried forward and applied to reduce taxable income in a future year for Canadian income tax purposes, subject to the final determination by taxation authorities and expiring in the following years:

Expiry year		
2029	$	293,440
2030		882,345
2031		404,443
2032		873,348
2033		325,554
2034		346,062
Total	$	3,125,192

The deferred tax assets have not been recognized at this stage of the Company's development, as it is not probable that future taxable profit will be available against which the Company can utilize such deferred tax assets.

12. Financial instruments

The Company is exposed to financial risks through its use of financial instruments in its ordinary course of operations. The financial risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company does not have any written risk management policies and guidelines. However, the board of directors meets regularly and co-operates closely with key management to identify and evaluate risks and to formulate strategies to manage financial risks. The Company has not used any derivatives or other instruments for hedging purposes and does not hold or issue derivative financial instruments for trading purposes. The most significant risks to which the Company is exposed to are described below.

(i) Currency risk

Some of the operating expenses and cash held are denominated in foreign currencies and as such are subject to currency risk. The Company does not enter into derivative financial instruments to mitigate this risk but the Company does not believe its net exposure to foreign exchange risk is significant as most funds are held by the Company in CAD.

12. Financial instruments (continued)

(ii) Credit risk

The Company's cash is held in authorized Canadian financial institutions. The Company does not have any asset-backed commercial paper. Management believes that the credit risk concentration with respect to its financial instruments is minimal.

The Company adopts conservative investment strategies. Usually investments are in liquid securities quoted on recognized stock exchanges. No margin trading is allowed. Loans and financial guarantees to individuals on non-Group entities have to be approved by the board of directors. The board monitors the Company's overall investment position and exposure on a day to day basis.

The credit and investment policies have been followed by the Company since prior years and are considered to have been effective in limiting the Company's exposure to credit risk to a desirable level.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest-bearing assets in relation to cash at banks and GICs carried at floating interest rates with reference to the market and non-interest bearing director's loans. The Company's operating cash flows are substantially independent of changes in market interest rates. The Company has not used any financial instrument to hedge potential fluctuations in interest rates. The exposure to interest rates for the Company is considered minimal. The Company has no interest bearing borrowings.

The policies to manage interest rate risk have been followed by the Company since prior years and are considered to be effective.

(iv) Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the board of directors are actively involved in the review, planning and approval of significant expenditures and commitments.

The liquidity policies have been followed by the Company since prior years and are considered to have been effective in managing liquidity risk.

(v) Other price risk

Other price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes in interest rates and foreign exchange rates). The Company is exposed to change in market prices of listed equity in respect of its investments classified as available-for-sale investments (Note 6).

The policies to manage other price risk have been followed by the Company since prior years and are considered to be effective.

12. Financial instruments (continued)

(vi) Fair value measurements

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets. The fair value hierarchy has the following three levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets;
Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – inputs for the asset that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset is categorized in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The cash and cash equivalent and available-for-sale investments measured are grouped into level 1 as at December 31, 2015 and 2014.

There have been no significant transfers between levels 1 and 2 in the respective reporting periods. The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods. The listed equity securities are denominated in Canadian dollars. Fair values have been determined by reference to their quoted bid prices at the reporting dates.

The fair value of the Company's other receivables approximates its carrying values which is the amount receivable on the consolidated statements of financial position date.

The fair value of the Company's amounts due to related companies and payables and accruals approximates its carrying values.

13. Capital risk management

The Company's capital management objectives are to insure the Company's ability to continue as a going concern so as to benefit from its operations to provide an adequate return for its shareholders.

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

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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

The Company is not subject to externally imposed capital requirements.

14. Supplementary cash flow information

	Year Ended December 31,	
	2015	2014
	$	$
Non-cash investing activities		
Change in mineral property expenditures included in accounts payable	-	(86,337)

15. Commitment

The Company entered into consulting contracts providing the following services:

	Monthly Fee	Service Provided
	$	
James Andrew & Company	6,000	Consultant
TransMax Investing	5,000	Consultant

16. Subsequent event

See Note 9 c).