



Consolidated Financial Statements

Glen Eagle Resources Inc.

December 31, 2015 and 2014
(in Canadian dollars, unless otherwise stated)



April 26, 2016

Independent Auditor's Report

To the Shareholders of Glen Eagle Resources Inc.

We have audited the accompanying consolidated financial statements of Glen Eagle Resources Inc., which comprise the consolidated statements of financial position as at December 31, 2015 and 2014 and the consolidated statements of loss, comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes, which comprise 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.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

*PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.
1250 René-Lévesques Blvd West, suite 2500, Montréal, Québec, Canada H3B 4Y1
T: +1 205-5000, F: +1 514-876-1502, www.pwc.com/ca*

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Glen Eagle Resources Inc. as at December 31, 2015 and 2014 and their financial performance and their 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 describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Glen Eagle Resources Inc.'s ability to continue as a going concern.

PricewaterhouseCoopers LLP¹

¹ CPA auditor, CA, public accountancy permit n° A123642

Glen Eagle Resources Inc.
Consolidated Statements of Financial Position
As at December 31, 2015 and 2014

(in Canadian dollars)

	2015 \$	2014 \$
Assets		
Current assets		
Cash (note 6)	55,061	759,847
Amounts receivable (note 8)	51,568	212,089
Prepaid expenses	994	7,000
Inventories (note 9)	32,125	44,487
	<u>139,748</u>	<u>1,023,423</u>
Non-current assets		
Property and equipment (note 10)	1,962,836	81,985
Exploration and evaluation assets (note 11)	3,993,429	4,511,215
	<u>5,956,265</u>	<u>4,593,200</u>
Total assets	<u>6,096,013</u>	<u>5,616,623</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	612,874	252,726
Term loans (note 12)	350,000	-
Other liability (note 13)	36,951	47,143
Current portion of long term debt	31,632	-
Current portion of convertible debenture (note 14)	164,402	-
	<u>1,195,859</u>	<u>299,869</u>
Non-current liabilities		
Long term debt	13,593	-
Balance of purchase price payable (note 5)	109,107	-
Convertible debentures (note 14)	591,598	144,104
Total liabilities	<u>1,910,157</u>	<u>443,973</u>
Equity		
Share capital (note 15)	27,205,088	26,377,066
Warrants (note 15)	120,747	761,609
Stock options (note 16)	669,232	592,694
Equity component of convertible debentures (note 14)	168,319	5,896
Contributed surplus	2,475,250	1,655,065
Deficit	(26,505,622)	(24,219,680)
Accumulated other comprehensive income	38,872	-
	<u>4,171,886</u>	<u>5,172,650</u>
Non-controlling interests	13,970	-
Total equity	<u>4,185,856</u>	<u>5,172,650</u>
Total liabilities and equity	<u>6,096,013</u>	<u>5,616,623</u>
Going concern (note 1)		
Subsequent events (note 25)		
Commitments and contingencies (note 24)		

Approved by the Board of Directors

/s/ Jean Labrecque

Director

/s/ Daniel Bélisle

Director

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

Glen Eagle Resources Inc.

Consolidated Statements of Comprehensive Income (Loss)

For the years ended December 31, 2015 and 2014

(in thousands of Canadian dollars, unless otherwise stated)

	2015 \$	2014 \$
Expenses		
General and administrative (note 18)	(1,310,016)	(742,749)
General exploration, net of tax credits	(26,333)	(75,927)
Impairment of inventories and advances (note 8-9)	(67,567)	-
Impairment of property and equipment (note 10)	(91,214)	-
Impairment of exploration and evaluation assets (note 11)	(911,658)	(221,331)
Operating loss	(2,406,788)	(1,040,007)
Interest income	645	212
Interest expense on debenture	(101,002)	(25,931)
Interest expense on term loan and bank charges	(30,496)	(3,447)
Foreign exchange loss	(51,142)	(7,160)
Residual gain on option payments on mining assets (note 11)	-	150,000
Gain on acquisition of subsidiary (note 5)	274,942	-
Loss before income tax	(2,313,841)	(926,333)
Deferred income tax recovery (note 20)	122,223	60,000
Net loss for the year	(2,191,618)	(866,333)
Other comprehensive income, net of income taxes:		
Currency translation adjustment	38,872	-
Comprehensive loss for the period	(2,152,746)	(866,333)
Net loss and comprehensive loss for the year attributable to:		
Non-controlling interest	(7,938)	-
Equity holders of the parent	(2,144,808)	(866,333)
	(2,152,746)	(866,333)
Loss per share		
Basic and diluted (note 17)	(0.03)	(0.02)

Glen Eagle Resources Inc.
Consolidated Statements of Changes in Equity
For the years ended December 31, 2015 and 2014

(in Canadian dollars)

	(Note)	Number of common shares	Share Capital \$	Warrants \$	Stock options \$	Equity component of convertible debenture \$	Contributed surplus \$	Accumulated other comprehensive loss \$	Non-Controlling interests \$	Deficit \$	Total \$
Balance as at January 1, 2014		49,735,822	25,275,653	695,682	505,369	-	1,617,760	-	-	(23,353,347)	4,741,117
Net loss for the year		-	-	-	-	-	-	-	-	(866,333)	(866,333)
Comprehensive loss for the year										(866,333)	(866,333)
Issued and paid in cash	(15)	9,714,286	1,222,857	-	-	-	-	-	-	-	1,222,857
Warrants issued	(15)	-	(35,000)	35,000	-	-	-	-	-	-	-
Share issue costs	(15)	-	(107,842)	(3,175)	-	-	-	-	-	-	(111,017)
Issuance of broker warrants	(15)	-	(34,102)	34,102	-	-	-	-	-	-	-
Fair value of stock option expired	(16)	-	-	-	(37,305)	-	37,305	-	-	-	-
Acquisition of mining assets	(15)	444,000	55,500	-	-	-	-	-	-	-	55,500
Equity component on convertible debenture	(14)	-	-	-	-	5,896	-	-	-	-	5,896
Share based compensation expense(16)		-	-	-	124,630	-	-	-	-	-	124,630
		10,158,286	1,101,413	65,927	87,325	5,896	37,305	-	-	(866,333)	431,533
Balance as at December 31, 2014		59,894,108	26,377,066	761,609	592,694	5,896	1,655,065	-	-	(24,219,680)	5,172,650
Balance as at January 1, 2015		59,894,108	26,377,066	761,609	592,694	5,896	1,655,065	-	-	(24,219,680)	5,172,650
Net loss for the year		-	-	-	-	-	-	-	(7,938)	(2,183,680)	(2,191,618)
Currency translation adjustment		-	-	-	-	-	-	38,872	-	-	38,872
Comprehensive loss for the year		-	-	-	-	-	-	-	(7,938)	(2,183,680)	(2,152,746)
Issued and paid in cash	(15)	7,834,000	528,638	-	-	-	-	-	-	-	528,638
Warrants issued	(15)	-	(69,616)	69,616	-	-	-	-	-	-	-
Acquisition of 90% common shares of Honduras subsidiary	(15)	4,000,000	360,000	-	-	-	-	-	21,908	-	381,908
Finder fee on acquisition - subsidiary	(15)	100,000	9,000	-	-	-	-	-	-	-	9,000
Equity component on convertible debenture	(14)	-	-	-	-	222,707	-	-	-	-	222,707
Deferred income tax on equity component of convertible debentures	(14)	-	-	-	-	(60,284)	-	-	-	-	(60,284)
Warrants expiration	(15)	-	-	(695,683)	-	-	695,683	-	-	-	-
Deferred tax on warrant expiration	(15)	-	-	(14,795)	-	-	-	-	-	-	(14,795)
Fair value of stock option expired	(16)	-	-	-	(124,502)	-	124,502	-	-	-	-
Balance of purchase price payable		-	-	-	-	-	-	-	-	(102,262)	(102,262)
Share based compensation expense.(16)		-	-	-	201,040	-	-	-	-	-	201,040
		11,934,000	828,022	(640,682)	76,538	162,423	820,185	38,872	13,970	(2,285,942)	(986,794)
Balance as at December 31, 2015		71,828,108	27,205,088	120,747	669,232	168,319	2,475,250	38,872	13,970	(26,505,622)	4,185,856

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

Glen Eagle Resources Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2015 and 2014

(in Canadian dollars)

	2015	2014
	\$	\$
Cash flows provided (used in)		
Operating activities		
Net loss for the year	(2,191,618)	(866,333)
Adjustments for		
Depreciation and amortization	86	257
Impairment of inventories and advances	67,567	-
Impairment of property and equipment	91,214	-
Impairment of exploration and evaluation assets	911,658	221,331
Accretion expense	107,892	-
Deferred income tax	(122,223)	(60,000)
Residual gain on option payments on mining assets	-	(150,000)
Residual gain on acquisition	(274,942)	-
Part XII.6 tax and non-compliance penalty	467,134	-
Share-based compensation expense	201,040	124,630
Unrealised foreign exchange	1,223	-
Foreign exchange on cash	51,442	-
Other	46,186	-
	<u>(643,341)</u>	<u>(730,115)</u>
Changes in non-cash working capital items		
Amounts receivable	148,720	(161,681)
Prepaid expenses	6,006	12,499
Inventories	(24,181)	(44,487)
Accounts payable and accrued liabilities	(23,474)	9,483
Other liabilities	37,788	-
	<u>144,859</u>	<u>(184,186)</u>
Net cash used in operating activities	<u>(498,482)</u>	<u>(914,301)</u>
Investing activities		
Residual gain on option payments on exploration and evaluation assets	-	150,000
Acquisition of property & equipment	(277,302)	(61,161)
Tax credits received	-	4,515
Increase in exploration and evaluation assets	(501,051)	(311,041)
Advances to subsidiary	(233,300)	-
Net cash used in investing activities	<u>(1,011,653)</u>	<u>(217,687)</u>
Financing activities		
Issuance of convertible debenture (note 14)	-	150,000
Increase of term loans (note 12)	350,000	-
Repayment of long-term debt	(15,847)	-
Repayment of convertible debenture	(15,000)	-
Issuance of share capital net of issue costs (note 15)	537,638	1,158,983
Net cash provided by financing activities	<u>856,791</u>	<u>1,308,983</u>
Foreign exchange on cash	(51,442)	-
Net increase (decrease) in cash	(704,786)	176,995
Cash - Beginning of year	<u>759,847</u>	<u>582,852</u>
Cash - End of year	<u>55,061</u>	<u>759,847</u>
Additional information		
Interest received	645	212
Acquisition of exploration and evaluation assets included in accounts payable and accrued liabilities	-	107,179
Acquisition of exploration and evaluation assets through share issuance	-	55,500

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

Glen Eagle Resources Inc.

Notes to Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

1 Incorporation, nature of activities and going concern

Glen Eagle Resources Inc. (the "Corporation") is incorporated under the Canada Business Corporations Act and is engaged in the acquisition, the exploration and the evaluation of mining properties. The address of the registered office and its principal place of business is 999 de Maisonneuve Street, Suite 725, Montréal, Québec, Canada. The Corporation's shares are listed on the TSX Venture Exchange.

Although management has taken steps to verify titles of mining properties in which the Corporation has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Corporation's title. Property title may be subject to unregistered prior agreements and non-compliant with regulatory requirements.

The Corporation has not yet determined whether the exploration and evaluation assets have economically recoverable ore reserves. Recovery of amounts indicated under exploration and evaluation assets and other tangible assets are subject to certain conditions: the discovery of economically recoverable reserves, the Corporation's ability to obtain the financing required to complete exploration, evaluation, development, construction and, ultimately, the sale of such assets.

The Corporation's consolidated financial statements have been prepared using accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting year. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Corporation's ability to continue as a going concern as described in the following paragraph, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These consolidated financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and balance sheet classifications that would be necessary were the going concern assumption would not be appropriate. These adjustments could be material.

For the year ended December 31, 2015, the Corporation reported a comprehensive loss of \$2,152,746 (\$866,333 for the year ended December 31, 2014) and has an accumulated deficit of \$26,505,622 as at December 31, 2015 (24,219,680 for the year ended December 31, 2014). The loss for the year 2015, includes a total amount of \$1,070,439 (\$221,331 in 2014) representing the impairment for the year on exploration and evaluation assets, inventories and advances, and property and equipment. In addition to ongoing working capital requirements, the Corporation must secure sufficient funding to meet its existing commitments for exploration and evaluation programs and pay general and administration costs. As at December 31, 2015, the Corporation had a negative working capital of \$1,056,111 (positive working capital of \$579,450 in 2014). Management estimates that current funds will not be sufficient to meet the Corporation's obligations and budgeted expenses through December 31, 2016. Any additional funding may be met in the future in a number of ways including but not limited to, increase in production, the issuance of new equity instruments and debt financing. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Corporation or that they will be available on terms which are acceptable to the Corporation. If management is unable to obtain new funding, the Corporation may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these consolidated financial statements.

These consolidated financial statements were approved and authorized for issue by the board of directors on April 26, 2016.

Glen Eagle Resources Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

2 Summary of significant accounting policies

The Corporation prepares its financial statements in accordance with International Financial Reporting Standards (“IFRS”), as published by the International Accounting Standards Board (“IASB”).

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis, except for the revaluation of certain financial asset and financial liabilities to fair value, including available for sale financial assets.

Consolidation

The consolidated financial statements include the accounts of the Corporation and those of its wholly-owned foreign subsidiaries, Minera Temex S.A (inactive) and Sand Gold SA., and those of its 90% owned subsidiary, Cobra Oro De Honduras. The amounts presented in the consolidated financial statements of subsidiaries have been adjusted, if necessary, so that they meet the accounting policies adopted by the Corporation. Profit or loss or other comprehensive loss of subsidiaries set up, acquired or sold during the year are recorded from the actual date of acquisition or until the effective date of the sale, if any. All intercompany transactions, balances, income and expenses are eliminated at consolidation.

Cash

Cash consists of cash on hand and bank balances including high interest savings accounts.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each consolidated entity in the Corporation group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Canadian dollars, which is the functional currency of each consolidated entity, except for Cobra Oro De Honduras which is the Honduran Lempira (note 5).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income (loss).

Foreign exchange gains and losses that relate to borrowings and cash are presented in the consolidated statement of comprehensive income (loss) in “foreign exchange gain (loss)”.

Glen Eagle Resources Inc.

Notes to Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

Non-monetary assets and liabilities are translated at historical rates, unless such assets and liabilities are carried at market value, in which case, they are translated at the exchange rate in effect at the date of the balance sheet. Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognized in profit or loss as part of the fair value gain or loss.

Inventories

Inventories are physically measured and valued at the lower of cost and net realizable value. Cost is determined using the weighted average cost method.

Net realizable value is the estimated selling price in the normal course of business, less estimated costs of completion and applicable selling expenses.

Property, plant and equipment

Property, plant and equipment are accounted for at historical cost less any accumulated depreciation charge and impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the asset. 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 can be measured reliably. When property, plant and equipment are purchased through the acquisition of a company through a business combination, the fair value of the property, plant and equipment is used as the base of evaluation for these assets (note 5).

Machinery and equipment related to the Nicaraguan subsidiary (Sand Gold SA) and the Honduran subsidiary (Cobra Oro De Honduras), have not been amortized since they are not yet at the production stage (note 3-e).

Gains or losses on disposal of property, plant and equipment are determined by comparing the net proceeds with the net carrying amount of the asset and are included in the consolidated statement of comprehensive income (loss).

Exploration and evaluation (E&E) assets

E&E assets are comprised of deferred E&E expenditures and mining properties. Expenditures incurred on activities that precede exploration for and evaluations of mineral resources, or all expenditures incurred prior to securing the legal rights to explore an area, are expensed immediately as general exploration expenses in the consolidated statement of comprehensive income (loss).

E&E assets includes rights in mining properties, paid or acquired through a business combination or an acquisition of assets, and costs related to the initial search for mineral deposits with economic potential or to obtain more information about existing mineral deposits.

Mining rights are recorded at acquisition cost or at recoverable amount being the higher of its fair value less cost to sell and its value in use, in the case of a devaluation caused by an impairment of value. Proceeds received from the sale or an option on mineral properties are applied in reduction of related carrying costs and any excess or shortfall is recorded as a gain or loss in the consolidated statements of comprehensive income (loss). In the case of partial sale, if the carrying costs exceed the proceeds, only the losses are recorded.

From time to time, the Corporation may acquire or dispose of a property pursuant to the terms of an option agreement. Due to the fact that options are exercisable entirely at the discretion of the option holder, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

Glen Eagle Resources Inc.

Notes to Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

E&E assets include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore like topographical, geological, geochemical and geophysical studies. They also reflect costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition. E&E assets include the cost of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body;
- determining the optimal methods of extraction and metallurgical and treatment processes;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

E&E expenditures for each separate area of interest are capitalized on basis of specific mining claim blocks or areas of geological interest until the E&E assets to which they relate are placed into production, sold or abandoned.

E&E expenditures include overhead expenses directly attributable to the related activities.

Cash flows attributable to capitalized E&E assets are classified as investing activities in the consolidated statement of cash flows under the heading increase in exploration and evaluation assets and cash flows attributable to expensed E&E are classified as operating activities in the consolidated statement of cash flows.

Convertible debentures

The liability and equity components of convertible debentures are presented separately on the consolidation statements of financial position starting from initial recognition.

The liability component is recognized initially at the fair value, by discounting the stream of future payments of interest and principal at the prevailing market rate for a similar liability of comparable credit status and providing substantially the same cash flows that do not have an associated conversion option. Subsequent to initial recognition, the liability component is measured at amortized cost using the effective interest method; the liability component is increased by accretion of the discounted amounts to reach the nominal value of the debentures at maturity.

The carrying amount of the equity component is calculated by deducting the carrying amount of the financial liability from the amount of the debentures and is presented in shareholders' equity as equity component of convertible debentures. A deferred tax liability is recognized with respect to any temporary difference that arises from the initial recognition of the equity component separately from the liability component. The deferred tax is charged directly to the carrying amount of the equity component. Subsequent changes in the deferred tax liability are recognized through the consolidated statement of comprehensive loss.

Impairment of non-financial assets

Property, plant and equipment and E&E assets are reviewed for impairment on an annual basis if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Corporation estimates the recoverable amount of the asset group to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that

Glen Eagle Resources Inc.

Notes to Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or asset group is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in the consolidated statement of comprehensive income (loss) as impairment of exploration and evaluation assets. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized.

Income taxes

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

Mining taxes represent Canadian provincial taxes levied on mining operations and are classified as income taxes since such taxes are based on a percentage of mining profits.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The temporary differences are not provided for if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date and whose implementation is expected over the period during which the deferred tax is realized or recovered.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred income tax assets and liabilities are presented as non-current and are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Flow through shares

The Corporation finances some E&E expenditures through the issuance of flow through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. The Corporation recognizes a deferred tax liability for flow through shares and a deferred tax expense, at the moment the eligible expenditures are incurred. The difference between the quoted price of the common shares and the amount the investors pay for the shares (the "premium") is recognized as an other liability which is reversed as a deferred income tax recovery in the consolidated statement of comprehensive income (loss), when eligible expenditures have been incurred.

Glen Eagle Resources Inc.

Notes to Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

Refundable tax credits for mining E&E expenditures

The Corporation is entitled to a refundable tax credit on qualified mining E&E expenditures incurred in the province of Quebec and on mining duties credits. The credits are accounted for against the E&E expenditures incurred.

Provisions for other liabilities and charges

Provisions for environmental restoration and legal claims are recognized when: the Corporation has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Share-based compensation

The Corporation accounts for all share-based compensation using the fair value method. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value is calculated based on the Black-Scholes valuation model. Compensation expense is recognized over the tranche's vesting period based on the number of awards expected to vest, by increasing the account stock options. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately in the consolidated statement of comprehensive income (loss), with a corresponding adjustment to equity. When stock options are exercised, any consideration paid is credited to share capital.

Earnings per share

Basic earnings per share are computed using the weighted average number of common shares outstanding during the periods. Provided that they are not anti-dilutive, diluted earnings per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. The treasury stock method assumes that proceeds received from the exercise of stock options and warrants and any unamortized share-based compensation amounts are used to repurchase common shares at the prevailing market rate.

Financial instruments

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Corporation classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

Glen Eagle Resources Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

- i) *Financial assets and liabilities at fair value through profit or loss:* A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short term. Derivatives are also included in this category unless they are designated as hedges. Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the consolidated statements of comprehensive income (loss). Gains and losses arising from changes in fair value are presented in the consolidated statements of comprehensive income (loss) within other gains and losses in the period in which they arise. Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the statement of financial position date, which is classified as non-current.
- ii) *Available for sale financial assets:* Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Available for sale financial assets are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income (loss). Available for sale financial assets are classified as non-current, unless the investment matures within twelve months, or management expects to dispose of them within twelve months. Interest on available for sale financial assets, calculated using the effective interest method, is recognized in the consolidated statement of comprehensive income (loss) as part of interest income. Dividends on available for sale equity instruments are recognized in the consolidated statement of comprehensive income (loss) as part of other gains and losses when the Corporation's right to receive payment is established. When an available for sale financial assets is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive loss to the consolidated statement of comprehensive income (loss) and are included in other than temporary write-down on available-for-sale investments.
- iii) *Loans and receivables:* Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.
- iv) *Financial liabilities at amortized cost:* Financial liabilities at amortized cost include accounts payable and accrued liabilities. Accounts payables and accrued liabilities are initially recognized at the amount required to be paid, less, when material, a discount to reduce to fair value. Accounts payables and accrued liabilities are measured at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

The Corporation's financial instruments consist of the following:

	Method
Cash	
Amounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Loans and receivables
Term loan	Financial liabilities at amortized cost
Convertible debenture	Financial liabilities at amortized cost
Long term debt	Financial liabilities at amortized cost
Balance of purchase price payable	Financial liabilities at amortized cost

Glen Eagle Resources Inc.

Notes to Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset/liability and of allocating interest income/expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including transaction costs) through the expected life of the financial asset/liability, or, if appropriate, a shorter period.

Impairment of financial assets

At each reporting date, the Corporation assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Corporation recognizes an impairment loss, as follows:

- i) Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.
- ii) Available for sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the consolidated statement of comprehensive income (loss). This amount represents the cumulative loss in accumulated other comprehensive loss that is reclassified to net loss.
- iii) Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available for sale equity instruments are not reversed.

Share capital and warrants

Common shares and warrants are classified as equity. Incremental costs directly attributable to the issuance of shares or warrants are recognized as a deduction from the proceeds in equity in the period where the transaction occurs. As part of its financing activities, the Corporation may grant warrants. Each warrant entitles its holder to purchase a determined number of shares at a price determined at grant for a certain period of time. Proceeds from unit placements are allocated between shares and warrants issued using the relative fair value method on a pro rata basis. The Corporation uses the Black-Scholes pricing model to determine the fair value of warrants issued.

Segment disclosures

The Corporation currently operates in three segments which are the acquisition, exploration and evaluation, development of mineral properties and recovery of gold from tailings and recovery of gold from rocks. The Corporation's activities are conducted in Québec (Canada), Nicaragua and Honduras.

3 Critical accounting estimates, judgments and assumptions

Many of the amounts included in the financial statements require management to make judgments and/or estimates. These judgments and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the financial statements.

Areas of significant judgment and estimates affecting the amounts recognized in the consolidated financial statements include:

Glen Eagle Resources Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

a) Impairment of non-financial assets

Pursuant to the Corporation's significant accounting policies, after the legal right to undertake exploration and evaluation activities on a project is acquired, the cost of acquiring mining claims and exploration and evaluation expenditures are capitalized to exploration and evaluation assets. After capitalization, mining properties are reviewed for impairment annually and if there is any indication that the carrying amount may not be recoverable.

Determining if there are any facts or circumstances indicating impairment, loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases. Determining whether to test for impairment exploration and evaluation assets requires management's judgment regarding the following, among others:

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

Additional external factors which could trigger an impairment review include, but are not limited to, significant negative industry or economic trends and a significant drop in ore prices. When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs must be determined. Identifying the cash generating units requires considerable management judgment. In testing an individual asset or cash generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Corporation's assets and losses may occur during the next period.

b) Provision and contingent liabilities

Judgments are made as to whether a past event has led to a liability that should be recognized in the financial statements or disclosed as a contingent liability. Quantifying any such liability often involves judgments and estimations. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received, previous experience and the probability of a loss being realized. Several of these factors are source of estimation uncertainty.

c) Income tax recovery

Significant judgment is required in determining the income tax recovery as there are transactions and calculations for which the ultimate tax determination is uncertain.

Glen Eagle Resources Inc.

Notes to Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

d) Going concern

The assessment of the Corporation's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances (see note 1).

e) Production start date

The Corporation assesses the stage of each construction project to determine when a project moves into the production stage. The criteria used to assess the start date are determined by the nature of each project and include factors such as the complexity of a project and its location. The Corporation considers various criteria to assess when a construction project is completed and ready for its use and moves into the production stage.

Some of the criteria evaluated include the following:

- Completion of a reasonable period of testing of the plant and equipment
- Ability to produce gold in a saleable form
- Ability to sustain ongoing and continuous production of gold.

When a construction project moves into the production stage, the costs of a category of assets are moved from the P&E development stage to the producing assets stage; the capitalization of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for costs capitalized and related to mining assets additions or improvements. At that point, the assets are amortized when it is probable that future economic benefits will flow to the Corporation. When the cost of assets moves from the pre-production into the production stage, the other income represented by metals (gold-silver) produced is no more reducing the value of property and equipment assets but is then recorded as revenue in the consolidated statement of comprehensive income (loss).

f) Functional currency

The functional currency for the parent entity, and each of its subsidiaries, is the currency of the primary economic environment in which the entity operates. The parent entity has determined the functional currency of each entity is the Canadian dollar, except for Cobra Oro De Honduras which is the Honduran Lempira. The determination of the functional currency may involve certain judgments as to defining the primary economic environment, and the parent entity will reconsider the functional currency of its entities if there is a change in events and conditions which determine the primary economic environment in which these entities operate.

4 Recent accounting standards

Recent accounting pronouncements not yet adopted

The Corporation has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date of later than January 1, 2015. Many of these updates are not relevant to the Corporation and are therefore not discussed herein.

IFRS 9, Financial Instruments ("IFRS 9")

In July 2014, the IASB issued IFRS 9 – Financial Instruments. The IASB has previously published versions of IFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). The July 2014 publication represents the final version of the Standard, replaces earlier versions of IFRS 9 and substantially completes the IASB's project to replace IAS 39 – Financial

Glen Eagle Resources Inc.

Notes to Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

Instruments: Recognition and Measurement. This standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only three classification categories: amortized cost and fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset or liability. The standard introduces a new, expected loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and it lowers the threshold for recognition of full lifetime expected losses. The new standard also introduces a substantially-reformed model for hedge accounting with enhanced disclosures about risk management activity and aligns hedge accounting more closely with risk management. The new standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The extent of the impact of the adoption of IFRS 9 has not yet been determined.

IFRS 16, Leases ("IFRS 16")

In January 2016, IASB issued IFRS 16, "Leases", which specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard will be mandatory for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of this standard on its financial statements.

5 Acquisition of 90% of outstanding shares of Cobra Oro De Honduras SA

On February 25, 2015, the Corporation announced a definitive agreement with a Canadian company named Gestion Cobra Gold International Inc. ("Cobra Canada"), which owned Cobra Oro De Honduras SA ("Cobra Honduras"), to acquire 90% of the outstanding shares of Cobra Honduras, located in Choluteca, Honduras. This transaction was subject to a satisfactory due diligence by the Corporation and to the approval by TSX Venture authorities of the transaction. The transaction was closed on May 21, 2015 ("the acquisition date").

Therefore, on May 21, 2015, the Corporation acquired 90% of the outstanding shares of Cobra Honduras', by way of issuing four (4) million treasury shares and issuing a convertible debenture of \$750,000. This convertible debenture was issued to Cobra Canada to replace a debt of \$912,827 due to Cobra Canada by Cobra Honduras and renounced in favor of the Corporation.

The four (4) million shares are issued but trading is allowed over a period of one year after the acquisition date as follows:

- One (1) million shares, three months after the transaction;
- One (1) million shares, six months after the transaction; and
- Two (2) million shares, twelve months after the transaction.

The convertible debenture of \$750,000 matures three years after the acquisition date, bearing an annual interest rate of 6% and convertible at a price of \$0.20 per share.

As part of the transaction with Cobra Canada, the Corporation will have the obligation to purchase an additional 5% of the issued and outstanding shares of Cobra Honduras in consideration of \$125,000, once Cobra Honduras reaches \$500,000 in net profits as defined in the sale/purchase agreement.

In accordance with IFRS 3, *Business Combinations*, a business combination is a transaction in which an acquirer obtains control of a business which is defined as an integrated set of activities and assets that is capable of being conducted and managed to provide a return to investors. For an integrated set of activities and assets to be

Glen Eagle Resources Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

considered a business, the set needs to contain inputs and processes. The acquisition of Cobra Oro De Honduras SA meets the definition of a business combination as the company generates revenues and has processes. Consequently, the transaction has been recorded as a business combination.

As of the reporting date, the purchase price allocation over the identifiable net assets resulted in a gain on acquisition of \$274,942. This gain is the result of comparing the consideration paid with the net assets acquired at fair value.

Since the acquisition date up to December 31, 2015, the other income resulting from the selling of gold and silver is \$191,450. As the Corporation is still in a pre-production stage, this income received from production and all development costs for the building and the equipment, are capitalised and recorded as a reduction and increase of the property and equipment costs (note 3-e). If the acquisition had been completed as of January 1, 2015, the consolidated revenues and net earnings would not have changed as all expenses incurred were capitalized as development cost for the property and equipment.

The table below presents the purchase price allocation based on the information available to the Corporation, to date.

Consideration paid	May 21, 2015 \$
Issuance of 4,000,000 common shares valued at fair value on transaction date (\$0.09)	360,000
Convertible debenture maturing on May 21, 2018, at the annual interest rate of 6% (note 14)	750,000
Debt acquired	<u>(912,827)</u>
	<u>197,173</u>
 Net assets acquired at fair value	
Cash	3,497
Other current assets	11,377
Inventory	8,942
Property, plant and equipment	1,696,793
Current liabilities	(26,940)
Advances due to Glen Eagle Resources Inc.	(233,300)
Debt towards Cobra Oro De Honduras	(912,827)
Long term debt	(53,519)
Non-controlling interests	<u>(21,908)</u>
	<u>472,115</u>
 Gain on acquisition	 <u>274,942</u>

Glen Eagle Resources Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

Management assessed the functional currency of Cobra Oro De Honduras from the date of the acquisition to December 31, 2015. Given the level of activity undertaken by the subsidiary with Honduran suppliers and that amounts disbursed are now mostly denominated in the local currency, the Corporation determined that the functional currency of Cobra Oro De Honduras is the Honduran Lempira (“HNL”).

Effective May 21, 2015, assets, liabilities and transactions of Cobra Oro De Honduras are therefore translated into Canadian dollars on consolidation. Assets and liabilities are translated into Canadian dollars using the reporting date closing exchange rate. Income and expenses are translated into the Canadian dollars at the average exchange rate over the reporting period. Exchange differences are presented in other comprehensive loss and recognised in the accumulated other comprehensive loss.

6 Cash

	2015	2014
	\$	\$
Cash	46,730	751,548
Cash – Restricted*	8,331	8,299
	<u>55,061</u>	<u>759,847</u>

* Cash includes a restricted cash amount of \$8,331 given as a guarantee for the corporate credit card.

7 Funds reserved for E&E expenditures

On December 23, 2013, the Corporation closed a flow-through financing of \$400,000; the Corporation had until December 23, 2014 to spend this amount on exploration and evaluation work. As at December 31, 2014, the Corporation spent \$400,000 in exploration and evaluation work and complied with the requirements of flow-through financing. On November 18, 2014, the Corporation closed a \$940,000 flow-through financing of which \$381,000 was spent during the year ended December 31, 2015. As at December 31, 2015, the Corporation had \$559,000 not spent on those flow-through financings, resulting in a provision of \$467,134 being accounted for Part XII.6 tax and other non-compliance penalty, classified in Accounts payable and accrued liabilities.

Glen Eagle Resources Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

8 Amounts receivable

	2015 \$	2014 \$
Sales tax receivable	12,367	73,414
Receivable from related party (note 19)	19,911	19,311
Advance on tailings (note a)	-	23,080
Other receivables (note b)	19,290	96,284
	51,568	212,089

a) During the year ended December 31, 2015, the Corporation recorded an impairment of \$23,080 for Sandgold (Nicaragua) advances on tailings.

b) Includes an amount of \$67,920 on December 31, 2014, advanced for the Cobra Oro de Honduras project.

9 Inventories

	2015 \$	2014 \$
Balance – Beginning of year	44,487	-
Acquisition (a)	32,125	44,487
Impairment (b)	(44,487)	-
Balance – End of year	32,125	44,487

(a) On December 31, 2015, Cobra Oro De Honduras inventory included gold and silver for a value of \$32,125.

(b) During the year ended December 31, 2015, the Corporation recorded an impairment of \$44,487 on Sandgold (Nicaragua) inventory.

Glen Eagle Resources Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

10 Property and equipment (P&E)

A) Costs of property and equipment (P&E) assets at the end of the year:

	2015			2014		
	Cost \$	Accumulated depreciation \$	Total \$	Cost \$	Accumulated depreciation \$	Total \$
Canada						
Computer equipment	1,384	(1,384)	-	1,384	(1,298)	86
Nicaragua						
Building (c)	-	-	-	66,256	-	66,256
Machinery and equipment (c)	-	-	-	15,643	-	15,643
Honduras						
Building (a) (b)	143,626	-	143,626	-	-	-
Machinery and equipment (a) (b)	1,819,210	-	1,819,210	-	-	-
Balance end of year	1,964,220	(1,384)	1,962,836	83,283	(1,298)	81,985

- (a) Includes the fair value of assets recorded on the acquisition date (May 21, 2015) minus the revenue of production plus the development costs for the building and the equipment which are capitalised since that date (note 5).
- (b) Property and equipment assets are in progress and will be amortized when completed and commercial production phase has started (note 3-e, 5).
- (c) At the end of the period, the corporation recorded an impairment of \$91,214 for the building and equipment for the Nicaragua subsidiary, Sandgold SA.

Glen Eagle Resources Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

B) Movement in the property and equipment (P&E) assets during the year:

	2015			2014		
	P&E development \$	Producing assets \$	Total \$	P&E development \$	Producing assets \$	Total \$
Balance – Beginning of year	81,985	-	81,985	21,081	-	21,081
Canada						
Computer equipment	-	-	-	86	-	86
Nicaragua						
Purchase/installation of mining equipment	9,229	-	9,229	15,643	-	15,643
Building	-	-	-	45,175	-	45,175
Depreciation	-	-	-	-	-	-
Impairment (a)	(91,214)	-	(91,214)	-	-	-
Honduras						
Acquisition-subsiary						
May 21, 2015 (note 5)	1,696,793		1,696,793	-	-	-
Additions to P&E						
Purchase/installation of mining equipment	208,053	-	208,053	-	-	-
Building	43,626	-	43,626	-	-	-
Cost of material (ore)	16,394	-	16,394	-	-	-
Other income – metals (b)	(191,450)	-	(191,450)	-	-	-
Depreciation (note 3-e))	-	-	-	-	-	-
Foreign exchange	189,420	-	189,420	-	-	-
Balance – End of year	1,962,836	-	1,962,836	81,985	-	81,985

(a) During the year ended December 31, 2015, the Corporation recorded an impairment of \$91,214 for the building and mining equipment for the Nicaragua subsidiary, Sandgold SA.

(b) This amount represents the revenue of gold and silver sales since the acquisition date (note 3-e).

Glen Eagle Resources Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

11 Exploration and evaluation assets (E&E)

Capitalized exploration and evaluation (E&E) assets are comprised of wholly owned mining rights, undivided interests in properties and deferred E&E expenditures, detailed as follows:

A) Costs of E&E assets at the end of year:

Mining properties	2015			2014		
	Mining claims \$	Deferred E&E expenditures \$	Total \$	Mining claims \$	Deferred E&E expenditures \$	Total \$
Quebec						
Lithium property						
Authier-Lamothe (a)	914,503	1,390,913	2,305,416	914,503	1,390,913	2,305,416
Phosphate properties						
Lac Lisette (b)	-	-	-	15,505	769,301	784,806
Moose Lake (c)	184,005	1,420,707	1,604,712	221,303	1,188,721	1,410,024
Itouk Lake (d)	1	83,300	83,301	-	-	-
Nicaragua						
Sombrero Negro (f)	-	-	-	10,969	-	10,969
	1,098,509	2,894,920	3,993,429	1,162,280	3,348,935	4,511,215

Glen Eagle Resources Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

B) Movement in the E&E assets during the year:

Mining properties	2015			2014		
	Mining claims \$	Deferred E&E expenditure \$	Total \$	Mining claims \$	Deferred E&E expenditure \$	Total \$
Balance – Beginning of year	1,162,280	3,348,935	4,511,215	1,295,520	2,963,306	4,258,826
Quebec						
Lithium property						
Authier-Lamothe						
Additions to mining claims	-	-	-	10,000	-	10,000
Geology and equipment	-	-	-	-	574	574
Phosphate properties						
Lisette Lake – Lac St-Jean						
Additions to mining claims	-	-	-	7,000	-	7,000
Impairment (b)	(15,505)	(769,301)	(784,806)	(78,170)	(15,258)	(93,428)
Moose Lake – Lac St-Jean						
Additions to mining claims	13,285	-	13,285	55,500	-	55,500
Geology and equipment	-	125,000	125,000	-	-	-
Drilling expenses	-	130,586	130,586	-	400,178	400,178
Impairment (c)	(50,583)	(23,600)	(74,183)	(127,903)	-	(127,903)
Itouk Lake – Lac St-Jean						
Additions to mining claims	1	-	1	-	-	-
Geology and equipment	-	125,000	125,000	-	-	-
Impairment (d)	-	(41,700)	(41,700)	-	-	-
Nicaragua						
Sombrero Negro						
Additions to mining claims	-	-	-	333	-	333
Impairment (f)	-	(10,969)	(10,969)	-	-	-
Tax credits	-	-	-	-	135	135
Balance – End of year	1,109,478	2,883,951	3,993,429	1,162,280	3,348,935	4,511,215

Glen Eagle Resources Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

a) Authier (La Motte – Quebec)

On April 26, 2011, the Corporation finalized an agreement initiated on September 10, 2010 (anniversary date) with Royal Nickel Corporation. Under the terms of this agreement, the Corporation is purchasing an option and establishing the terms of a joint venture agreement regarding 70% of an undivided specific claim in the La Motte Township. To acquire this option which will then automatically convert itself to a joint venture for this property, the Corporation shall pay one hundred thousand dollars (\$100,000) (revised from \$80,000) and spend \$450,000 in E&E expenditures over the next seven (revised from five) years as follow: i) a cash payment for \$10,000 at the signing of the agreement (paid); ii) at the first anniversary date of the signing of the agreement, the Corporation shall pay \$10,000 (paid), and must have spent \$100,000 on E&E work (completed) on the property; iii) at the second anniversary date of the signing of the agreement, the Corporation shall pay \$10,000 (paid), and must have spent an additional \$150,000 on E&E work (completed), iv) at the third anniversary date of the signing of the agreement, the Corporation shall pay \$10,000 (paid) (revised from \$30,000), and have spent nil (revised from \$200,000) on E&E work on the property, v) at the fourth anniversary date of the signing of the agreement, the Corporation shall pay \$10,000 (revised from nil) (paid) and, vi) at the fifth anniversary date of the signing of the agreement (revised to August 10, 2016), the Corporation shall pay \$10,000 (revised from \$30,000) and have spent an additional nil (revised from \$200,000), vii) at the sixth anniversary date of the signing of the agreement, the Corporation shall pay \$10,000 (revised from nil) and viii) at the seventh anniversary date of the signing of the agreement, the Corporation shall pay \$30,000 (revised from nil) and must have spent an additional \$200,000 (revised from nil), on E&E work.

Furthermore, when the undivided specific claim is transferred, the Corporation will assume a 2% net smelter returns (“NSR”) payable, where 1% is redeemable for \$1,000,000.

On November 2, 2010, the Corporation concluded an agreement with an individual for the acquisition of 19 claims at La Corne, in the vicinity of the Authier property. According to the agreement, the Corporation agreed to remit 132,000 shares (remitted) upon the TSX’s final approval of the transaction. Furthermore, the vendor received a 2% NSR royalty out of which 1% can be repurchased for \$200,000. As a result of the exploration campaign, on September 2, 2011, the Corporation abandoned 10 of these 19 claims resulting in an impairment charge of \$12,505. On July 18, 2012, the Corporation abandoned 3 of the remaining claims, resulting in an impairment charge of \$3,752.

On October 5, 2010, the Corporation concluded a binding agreement with Globex Mining Enterprises for the acquisition of 12 claims close to the Authier property at La Motte. According to the agreement, the Corporation agreed to remit \$25,000 at the signing date (paid) and another \$25,000 at the first anniversary date (paid). In addition, the Corporation agreed to remit 400,000 shares (remitted) upon the TSX’s final approval of the transaction. The vendor will receive a 2% non-repurchasable Gross Metal Royalty (GMR).

On June 8, 2010, the Corporation entered into an option agreement with a private Corporation to acquire a 100% interest in a lithium property, composed of three (3) mineral claims, located in La Motte (Quebec). As per the agreement, the Corporation has agreed to pay \$225,000 in cash, to issue 1,800,000 common shares and to spend \$2,250,000 on E&E work over the next three years. Under the terms of the agreement, the vendor agrees to grant the Corporation the exclusive and irrevocable right to earn a 100% interest in the property in consideration of the following: i) a cash payment for \$75,000, where \$20,000 was paid at the signing of the agreement, \$30,000 was paid when the file was deposited with the regulatory authorities and a payment of \$25,000 (paid) was to be paid and the issuance of 300,000 common shares (issued) were to be issued within seven days after the date of approval by the regulatory authorities; ii) at the first anniversary date of the signing of the agreement, the Corporation shall pay

Glen Eagle Resources Inc.

Notes to Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

\$50,000 (paid), issue 500,000 common shares (issued) and must have spent \$500,000 on E&E work (completed) on the property; iii) at the second anniversary date of the signing of the agreement, the Corporation shall pay \$50,000 (paid), issue 500,000 common shares (issued) and must have spent an additional \$750,000 (revised at \$600,000) on E&E work (completed); iv) at the third anniversary date of the signing of the agreement, the Corporation shall pay \$50,000 (paid), issue 500,000 common shares (issued) and have spent \$1,000,000 (revised at \$120,000) on E&E work (completed). On the deposit of a positive feasibility study, the Corporation shall pay \$500,000 and issue 1,000,000 common shares to the vendor.

Furthermore, the Corporation grants a 1% GMR and a 1% NSR pertaining to one specific claim; on the other two claims, the Corporation grants a 2% NSR royalty, 1% of which is redeemable for a cash consideration of \$1,000,000. No E&E assets or liabilities have been recorded for the future payments on this option agreement.

Although the titles of the properties have been transferred, the future payments per contract were not recorded at the inception of the contract, as a payable. The Corporation has the right to remain the owner of the properties or cease the payments without penalties by returning the properties to the vendor.

b) Lisette Lake (Lac St-Jean – Quebec)

On March 8, 2011, the Corporation entered into an option agreement with a private company to acquire a 100% interest in a phosphate property (179 claims) (“Lisette Lake property”) located in St-Jean Lake area (Quebec). As per the agreement, the Corporation has agreed to pay \$250,000 in cash and to spend \$1,000,000 on exploration work over a four year period. Under the terms of the agreement, the vendor agrees to grant the Corporation the exclusive and irrevocable right to earn a 100% interest in the property in consideration of the following: i) a cash payment for \$50,000, where \$20,000 was paid on March 15, 2011 and \$30,000 was paid on April 6, 2011; ii) at the first anniversary date of the signing of the agreement, the Corporation shall pay \$50,000 (paid), and must have spent \$300,000 on exploration work on the property (completed); iii) at the second anniversary date of the signing of the agreement, the Corporation shall pay \$7,000 (paid) (revised from \$50,000) and must have spent nil (revised from \$300,000) on exploration work; iv) at the third anniversary date of the signing of the agreement, the Corporation shall pay \$7,000 (revised from \$50,000) and must have spent nil (revised from \$400,000) on exploration work on the property; v) at the fourth anniversary date of the signing of the agreement, the Corporation shall pay nil (revised from \$50,000); at the fifth anniversary date of the signing of the agreement, the Corporation shall pay \$93,000 (revised from \$43,000) and must have spent \$300,000 (revised from nil), on exploration work on the property; at the sixth anniversary date of the signing of the agreement, the Corporation shall pay \$43,000 (revised from nil) and must have spent \$400,000 (revised from nil) on exploration work on the property. Once the obligations of the option agreement are fully respected, the right to property will be transferred to the Corporation. All claim charges for annual fees and costs for transferring and managing the claims will be at the charge of the Corporation. The vendor, being an exploration company, will be in charge of the realization of the E&E work on the field. Furthermore, when claims are transferred, the Corporation will assume a 1.5% NSR payable to the vendor and redeemable by tranche of 0.5% for \$500,000 each.

During 2014, the Corporation abandoned 121 claims for a balance of 24 claims; this resulted in an impairment charge of \$93,428.

At the end of the year 2015, the Corporation recorded a \$784,806 impairment charge for the property of Lisette Lake, as it did not expect further geological exploration work for 2016, on this property. The Corporation also decided it will not exercise its option to acquire the Lisette Lake Property and hence do not have any commitments with respect to this agreement as at December 31, 2015.

Glen Eagle Resources Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

c) Moose Lake (Lac St-Jean – Quebec)

On October 12, 2011, the Corporation entered into an option agreement with a private company and two individuals, to acquire a 100% interest in a phosphate property (“Moose Lake”), composed originally of 90 claims, located in St-Jean Lake area (Quebec), approximately 150 km South of Lisette Lake. As per the agreement, the Corporation has agreed to pay an amount of \$455,000 in cash or in share equivalent and to spend \$400,000 on E&E work over a four year period. Under the terms of the agreement, the vendors agreed to grant the Corporation the exclusive and irrevocable right to earn a 100% interest in the property in consideration of the following: i) upon acceptance by the TSX Venture Exchange, the Corporation issued to the Vendors 200,000 shares representing a \$93,000 payment; ii) after six months, the Corporation shall pay \$100,000 (paid in share equivalent); iii) at the first anniversary date of the signing of the agreement, the Corporation shall pay \$75,000 (paid in share equivalent); iv) after 20 months of the signing of the agreement, the Corporation must have spent \$100,000 in E&E work (completed); v) at the second anniversary date of the signing of the agreement, the Corporation shall pay \$60,000 (paid in share equivalent); vi) at the third anniversary date of the signing of the agreement, the Corporation shall pay \$60,000 (in cash or in share equivalent), and have spent an additional \$100,000 on E&E work on the property (completed); vii) at the fourth anniversary date of the signing of the agreement, the Corporation shall pay \$60,000 (in cash or in share equivalent) (revised to one payment of \$10,000 on December 15, 2015 and five monthly payments of \$10,000 starting June 12, 2016), and have spent an additional \$200,000 (completed) on E&E work on the property; once the obligations of the option agreement are fully respected, the right to property will be transferred to the Corporation.

Following an addendum to the original agreement, the Corporation could stake claims adjacent to the Moose property and therefore, more than doubled the size of the property. All claim charges for annual fees and costs for transferring and managing the claims will be at the charge of the Corporation. The vendor, being an exploration company, will be in charge of the realization of the E&E work on the field. Furthermore, when claims are transferred, the Corporation will assume a 1% NSR payable to the vendor and redeemable by tranche of 0.5% for \$500,000 each. During 2012, the Corporation was able to increase the number of claims on the property, from 90 to 202. The claims were staked by the Corporation.

During 2015, the Corporation abandoned 24 claims which resulted in an impairment charge of \$74,183. During 2014, the Corporation abandoned 58 claims which resulted in an impairment charge of \$91,585, and created a provision of \$36,318 for claims whose renewal date is in July and should not be renewed, for a total of \$127,903.

Since the beginning of 2015, the Corporation spent \$255,000 in exploration work on Moose Lake property and acquired an additional 60 claims for a total of 141 claims.

d) Itouk Lake (Lac St-Jean – Quebec)

On February 13, 2015, the Corporation entered into an option agreement with a private company and two individuals, to acquire a 100% interest in a phosphate property (“Itouk Lake”), composed originally of 66 claims, located in St-Jean Lake area (Quebec), contiguous to Moose Lake property. As per agreement, the Corporation has agreed to pay an amount of \$20,000 in cash at the end of third anniversary, and to spend \$125,000 on E&E work before March 2015 (completed) to spend \$50,000 on prospecting before December 31, 2016 (revised from December 31, 2015) and \$200,000 in drilling expenses before the third anniversary. Bonus for \$10,000 and \$50,000 will be payable if a significant or major discovery occurs and a \$50,000 bonus paid if a resource calculation can identify more than 100 million tons of resources/reserves. Finally, a 2% NSR is granted where 1% can be bought back for \$250,000.

Glen Eagle Resources Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

During 2015, the Corporation abandoned 22 claims for a residual total of 44 claims; this resulted in an impairment charge of \$41,700.

Since the beginning of 2015, the Corporation spent \$125,000 of exploration work on Itouk Lake property.

e) Souart (Lebel-sur-Quevillon – Quebec)

On April 19, 2012, the Corporation signed an agreement with a private company at arm's length, for the sale of 75% interest in the Barry Souart Gold property for an upfront cash payment of \$300,000 (received). The remaining 25% interest can be purchased for a minimum of \$500,000. The Corporation receives a 1% royalty NSR that can be repurchased for \$1 million.

On November 5, 2014, the Corporation agreed to sell the remaining 25% and 1% NSR of Souart for a total consideration of \$150,000.

f) Sombrero Negro – Nicaragua

On June 20, 2013, Sand Gold S.A., the Corporation's subsidiary in Nicaragua, signed an agreement with Precious Metal of Nicaragua (called Premenicsa), to acquire mining rights on six hectares in the concession called Sombrero Negro for a total amount of US\$10,000 (CA\$10,969) payable in four installments.

At the end of the year 2015, the Corporation recorded a \$10,969 impairment charge for the property of Sombrero Negro, as it did not expect further development exploration work on the property for 2016.

12 Term loans

	2015 \$	2014 \$
Balance – Beginning of year	-	-
Increase during the year (a)	350,000	-
Balance – End of year	350,000	-

(a) The term loans are composed of:

A first loan is a non-guaranteed gold loan closed on August 12, 2015 for \$200,000 that bears interest at an annual rate of 20% due on August 12, 2016. The loan was contracted for the purchase of additional mining equipment and working capital. The loan is to be repaid in four quarterly payments from the closing date on the principal plus interests. The Corporation has the right to repay the outstanding principal and any accrued interest under this loan, in cash or in bullion bars, subject to a fifteen days prior notice.

A second loan is a term loan of \$50,000 that bears interest at 10% and due on September 18, 2015. The loan was contracted by the Corporation and personally guaranteed by an officer of the Corporation. At the end of the year, the parties agreed that until it is repaid, the interest will be capitalised to the value of the loan.

Glen Eagle Resources Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

A third loan is a term loan of \$100,000 that bears interest at 12% and due on March 1, 2016. The loan was contracted by the Corporation and personally guaranteed by an officer of the Corporation. At the end of the period, the parties agreed that until it is repaid, the interest will be capitalised to the value of the loan.

The first and third loans totalling \$300,000 were contracted with an insider of the Corporation.

13 Other liability

	2015 \$	2014 \$
Balance – Beginning of year (note 15-a)vi)	47,143	60,000
Other liabilities	30,608	47,143
Decrease related to flow-through expenses incurred	(40,800)	(60,000)
Balance – End of year	<u>36,951</u>	<u>47,143</u>

The increase in 2014 represents the excess of the proceeds received from flow-through shares issued over the fair market value of the shares issued, net of issue costs. On November 5 and November 18 2014, 3,571,428 and 3,142,858 flow-through common shares, respectively, were issued at a price of \$0.14 per share, respectively, for total proceeds of \$940,000. Other various liabilities for \$30,608 are labor related at the end of 2015.

14 Convertible debenture

	2015 \$	2014 \$
Balance – Beginning of year	144,104	-
Increase during the year (b)	750,000	150,000
Decrease for equity component (b)	(224,107)	(5,896)
Current portion of convertible debenture (a)	(164,402)	-
Accretion expense	86,003	-
Balance – End of year	<u>591,598</u>	<u>144,104</u>

(a) Convertible debenture of \$150,000 – March 3, 2014

On March 3, 2014, the Corporation completed the financing of a \$150,000 convertible debenture bearing interest at a rate of 20% per annum and maturing on March 3, 2016. The principal amount of the debenture will be payable at the maturity date and accrued interest is payable on June 30 and December 31 of each year until the maturity date.

The debenture is convertible into common shares of the Corporation at the option of the holder at any time prior to the maturity date, at a conversion price equal to \$0.50 per common share. On conversion date, the holder will receive accrued interest on the debenture from the last payment date of interest before the conversion date.

The Corporation has the right, at any time, to redeem the note by paying the principal and accrued interest with a 15-day notice.

Glen Eagle Resources Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

The convertible debenture is a compound financial instrument and as such it has been recorded as a liability and as equity. The liability component was valued first, and the difference between the proceeds of the debenture and the fair value of the liability was assigned to the equity component. The present value of the liability was calculated using a discount rate of 20%. The effective interest rate used of 23% represents the estimated market rate at closing that the Corporation would obtain for similar financing without the conversion option. The liability component would be accreted to the face value of the debenture over the term of the debenture with a resulting charge to interest expense. The equity component of \$5,896 was accounted for on March 3, 2014. During 2015, the Corporation recorded an accretion expense of 35,298, repaid \$15,000 and accrued for \$15,000 of interests due on December 31, 2015 which brings the amount of the debenture to \$164,402 at the end of the year. No issuance cost was paid in relation with this closing.

This debenture is held by an insider of the Corporation.

(b) Convertible debenture of \$750,000 - May 21, 2015 (note 5)

On May 21, 2015, to acquire 90% of the shares of Cobra Honduras, the Corporation issued a \$750,000 convertible debenture bearing interest at a rate of 6% per annum and maturing on May 21, 2018. The principal amount of the debenture will be payable at the maturity date and accrued interest will be payable annually, on May 21, or capitalized on the principal until the maturity date.

The debenture is convertible into common shares of the Corporation at the option of the holder at any time prior to the maturity date, at a conversion price equal to \$0.20 per common share. On conversion date, the holder will receive unpaid accrued interest on the debenture or the Corporation will file a claim for settlement of debt, through share issuance, for the interest earned, in regards to the Policy 4.3 of the TSX venture exchange.

The Corporation has the right, by consent of all parties, to redeem the note in whole or in part, by paying the principal and accrued interest to the holder.

The convertible debenture is a compound financial instrument and as such it has been recorded as a liability and as equity. The liability component was valued first, and the difference between the proceeds of the debenture and the fair value of the liability was assigned to the equity component. The present value of the liability was calculated using discount rate of 18%. The effective interest rate used of 18% represents the estimated market rate at closing that the Corporation would obtain for similar financing without the conversion option. The liability component would be accreted to the face value of the debenture over the term of the debenture with a resulting charge to interest expense. The equity component of \$222,707 was accounted for with net of tax effect of \$60,284 leaving the total equity component of convertible debenture at \$162,423 and convertible debenture at 525,893 on May 21, 2015. Since then, the recording of accretion interest for \$65,705 increased this convertible debenture to \$591,598 at the end of the year. No issuance cost was paid in relation with this closing.

Glen Eagle Resources Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

15 Share capital and warrants

Share capital

Authorized

Unlimited number of voting common shares, participating, without par value.

a) Issued and fully paid

- i) On December 23, 2015, the Corporation completed a private placement of 2,500,000 units at a price of \$0.05 per unit for a cash consideration of \$125,000. Each unit consists of one common share and one half warrant common share which entitles its holder to purchase, with two half warrants, one common share at a price of \$0.10 per share until December 23, 2017. The fair value of \$17,374 was assigned to the warrant account and the total share issue cost amounted to \$1,772. The fair value of the warrants was determined using the Black-Scholes model with the following assumptions: share price of \$0.05, expected dividend yield of 0%, expected volatility of 100%, risk free rate of 0.5% and expected life of 2 years.
- ii) On October 2, 2015, the Corporation completed a private placement of 3,000,000 units at a price of \$0.05 per unit for a cash consideration of \$150,000. Each unit consists of one common share and one half warrant common share which entitles its holder to purchase, with two half warrants, one common share at a price of \$0.10 per share until October 2, 2017. The fair value of \$20,847 was assigned to the warrant account and the total share issue cost amounted to \$4,272. The fair value of the warrants was determined using the Black-Scholes model with the following assumptions: share price of \$0.05, expected dividend yield of 0%, expected volatility of 100%, risk free rate of 0.5% and expected life of 2 years.
- iii) On May 22, 2015, the Corporation completed a private placement of 1,500,000 units at a price of \$0.10 per unit for a cash consideration of \$150,000. Each unit consists of one common share and one half warrant common share which entitles its holder to purchase, with two half warrants, one common share at a price of \$0.15 per share until May 22, 2017. The fair value of \$20,649 was assigned to the warrant account and the total share issue cost amounted to \$13,772. The fair value of the warrants was determined using the Black-Scholes model with the following assumptions: share price of \$0.09, expected dividend yield of 0%, expected volatility of 100%, risk free rate of 0.49% and expected life of 2 years.
- iv) On March 26, 2015, the Corporation completed a private placement of 834,000 units at a price of \$0.15 per unit for a cash consideration of \$125,100. Each unit consists of one common share and one half warrant common share which entitles its holder to purchase, with two half warrants, one common share at a price of \$0.20 per share until March 26, 2017. The fair value of \$10,745 was assigned to the warrant account and the total share issue cost amounted to \$1,647. The fair value of the warrants was determined using the Black-Scholes model with the following assumptions: share price of \$0.09, expected dividend yield of 0%, expected volatility of 100%, risk free rate of 0.58% and expected life of 2 years.

Glen Eagle Resources Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

- v) On December 15, 2014, the Corporation completed a private placement of 3,000,000 units at a price of \$0.11 per unit for a cash consideration of \$330,000. Each unit consists of one common share and one half warrant common share which entitles its holder to purchase, with two half warrants, one common share at a price of \$0.20 per share until December 15, 2016. The fair value of \$35,000 was assigned to the warrant account and the total share issue cost amounted to \$24,828, before accounting for the allocation of \$3,175 of share issue costs to the warrant account. The fair value of the warrants was determined using the Black-Scholes model with the following assumptions: share price of \$0.15, expected dividend yield of 0%, expected volatility of 100%, risk free rate of 0.98% and expected life of 2 years.
- vi) On November 18, 2014, the Corporation completed a private placement of 3,142,858 flow-through shares at a price of \$0.14 per share for a cash consideration of \$440,000. From the total flow-through proceeds received, \$346,334 was assigned to share capital and \$47,143 was assigned to the "Other liabilities" account in accordance with IFRS, representing the difference between the quoted price of the shares on the day of the issue and the issue price of the placement; this amount will be reversed into earnings as "Deferred income tax recovery" when eligible expenditures will be incurred. Share issue costs amounted to \$46,523 which included an amount of \$13,754 as the fair value of the issuance of 228,571 broker warrants. The fair value of the broker warrants was determined using the Black-Scholes model with the following assumptions: share price of \$0.15, expected dividend yield of 0%, expected volatility of 100%, risk free rate of 1% and expected life of 2 years. Each broker warrant gives the right to purchase a common share at a price of \$0.15 until November 18, 2016. No warrants were issued with the placement.
- vii) On November 5, 2014, the Corporation completed a private placement of 3,571,428 flow-through shares at a price of \$0.14 per share for a cash consideration of \$500,000. From the total flow-through proceeds received, \$426,232 was assigned to share capital and share issue costs amounted to \$73,768 which included an amount of \$20,349 as the fair value of the issuance of 285,714 broker warrants. The fair value of the broker warrants was determined using the Black-Scholes model with the following assumptions: share price of \$0.15, expected dividend yield of 0%, expected volatility of 100%, risk free rate of 1% and expected life of 2 years. Each broker warrant gives the right to purchase a common share at a price of \$0.15 until November 5, 2016. No warrants were issued with the placement.
- b) Share issuance for mining properties

On November 5, 2014, the Corporation issued a total of 444,000 shares as a payment on the Moose Lake property due on the second anniversary date of the agreement. The fair value of the shares transferred was determined to be \$55,500 at the date of the transfer.

- c) Share issuance for acquisition of Cobra Honduras

On May 21, 2015, the Corporation issued a total of 4,000,000 shares for the purchase of 90% of the common shares of Cobra Honduras. At the date of transaction, the valuation of the shares is \$0.09 for a total of \$360,000. A finder's fee of 100,000 shares was paid relating to the transaction. The fair value of those shares was \$9,000 at the date of transaction.

Glen Eagle Resources Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

Warrants

d) Warrants expired

During the year ended December 31, 2015, a total of 5,500,000 share purchase warrants expired without being exercised. An amount of \$695,683 was reclassified from the warrants to the Contributed surplus account.

e) Changes in Corporation warrants are as follows:

Share purchase warrants	2015		2014	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Balance – Beginning of year	7,514,285	0.30	5,500,000	0.35
Issued	3,917,000	0.12	2,014,285	0.15
Expired	(5,500,000)	(0.35)	-	-
Balance – End of year	5,931,285	0.13	7,514,285	0.30

Number of warrants	Exercise price \$	Expiry date
285,714	0.15	November 5, 2016
228,571	0.15	November 18, 2016
1,500,000	0.15	December 15, 2016
417,000	0.20	March 26, 2017
750,000	0.15	May 22, 2017
1,500,000	0.10	October 2, 2017
1,250,000	0.10	December 23, 2017

The weighted average contractual life of all warrants outstanding is 17 months as at December 31, 2015 (9 months as at December 2014).

Glen Eagle Resources Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

16 Share based payments

The Corporation has a stock option plan whereby the Board of Directors, may grant to directors, officers or consultants of the Corporation, options to acquire common shares. The Board of Directors has the authority to determine the terms and conditions of the grant of options. The Board of Directors approved a “Rolling” stock option plan (“Plan”) reserving a maximum of 10% of the shares of the Corporation at the time of the stock option grant, with a vesting period allowed of zero up to eighteen months, when the grant of option is made at market price, for the benefit of its directors, officers, employees and consultants. The Plan provides that no single person may hold options representing more than 5% of the outstanding common shares. The number of stock options granted to a beneficiary and the vesting period are determined by the Board of Directors.

The exercise price of any option granted under the Plan is fixed by the Board of Directors at the time of the grant and cannot be less than the market price per common share the day before the grant. The term of an option will not exceed five years from the date of grant. Options are not transferable and can be exercised while the beneficiary remains a director, an officer, an employee or consultant of the Corporation or between three and up to twelve months after the beneficiary has left.

The options granted in 2015 and 2014 were granted at a price equal to the closing market value of the shares, the previous day before the grant. The changes to the number of stock options granted by the Corporation and their weighted average exercise price are as follows:

	2015		2014	
Stock option	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Balance – Beginning of year	3,525,000	0.23	3,075,000	0.23
Granted (a)	3,515,000	0.08	900,000	0.195
Expired (b)	(1,050,000)	(0.16)	(450,000)	(0.11)
Balance – End of year	5,990,000	0.155	3,525,000	0.23
Options exercisable End of year	5,990,000	0.155	3,525,000	0.23

a) Options granted

- i) On December 29, 2015, the Corporation granted an aggregate of 1,900,000 options to its employees and directors. The options are fully vested on the day of granting, in accordance with the Plan. The options issued are exercisable at the price of \$0.07 until December 29, 2020. The fair value of these options was estimated at \$93,671 using the Black-Scholes option-pricing model with the following assumptions: share price of \$0.07, expected dividend yield of 0%, expected volatility of 100%, risk free rate of 0.75% and expected life of 5 years.

Glen Eagle Resources Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

- ii) On September 11, 2015, the Corporation granted 40,000 options to an external consultant. The options are fully vested on the day of granting, in accordance with the Plan. The options issued are exercisable at the price of \$0.065 until September 11, 2020. The Corporation was not able to reliably determine the fair value of the services received from the consultant and therefore used the fair value of the options granted as calculated using the Black-Scholes pricing model. The fair value of these options was estimated at \$1,831 with the following assumptions: share price of \$0.065, expected dividend yield of 0%, expected volatility of 100%, risk free rate of 0.77% and expected life of 5 years.
 - iii) On April 23, 2015, the Corporation granted an aggregate of 1,575,000 options to its directors. The options are fully vested on the day of granting, in accordance with the Plan. The options issued are exercisable at the price of \$0.095 until April 23, 2020. The fair value of these options was estimated at \$105,538 using the Black-Scholes option-pricing model with the following assumptions: share price of \$0.095, expected dividend yield of 0%, expected volatility of 100%, risk free rate of 0.92% and expected life of 5 years.
 - iv) On March 28, 2014, the Corporation granted an aggregate of 900,000 options to its directors. The options are fully vested on the day of granting, in accordance with the Plan. The options issued are exercisable at the price of \$0.195 until March 27, 2019. The fair value of these options was estimated at \$124,630 using the Black-Scholes option-pricing model with the following assumptions: share price of \$0.195, expected dividend yield of 0%, expected volatility of 100%, risk free rate of 1.7% and expected life of 5 years.
- b) Options expired
- i) On October 25, 2015, a total of 550,000 options (exercisable at \$0.20) expired without being exercised. An amount of \$75,076 was reclassified from the Stock option account to the Contributed surplus account.
 - ii) On August 30, 2015, a total of 150,000 options (exercisable at \$0.12) expired without being exercised. An amount of \$13,186 was reclassified from the Stock option account to the Contributed surplus account.
 - iii) On July 18, 2015, a total of 300,000 options (exercisable at \$0.15) expired without being exercised. An amount of \$29,316 was reclassified from the Stock option account to the Contributed surplus account.
 - iv) On April 1, 2015, a total of 50,000 options (exercisable at \$0.195) expired without being exercised. An amount of \$6,924 was reclassified from the Stock option account to the Contributed surplus account.
 - v) On September 21, 2014, a total of 450,000 options (exercisable at \$0.11) expired without being exercised. An amount of \$37,305 was reclassified from the Stock option account to the Contributed surplus account.

For the year ended December 31, 2015 the stock-based compensation charged to the consolidated statement of comprehensive income (loss) was \$201,040 (2014 – \$124,630).

Glen Eagle Resources Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

As at December 31, 2015, the Corporation had the following stock options outstanding:

Expiry date	Exercise price \$	Options granted	Number of options exercisable	Remaining contracts life (year)
April 25, 2016	0.32	750,000	750,000	0.32
March 16, 2017	0.25	500,000	500,000	1.21
April 3, 2018	0.30	375,000	375,000	2.26
March 27, 2019	0.20	850,000	850,000	3.24
April 23, 2020	0.095	1,575,000	1,575,000	4.32
September 11, 2020	0.065	40,000	40,000	4.70
December 29, 2020	0.07	1,900,000	1,900,000	5.00
		5,990,000	5,990,000	3.49

17 Earnings (loss) per share

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The Corporation has two categories of dilutive potential common shares: warrants and stock options. For both, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Corporation's outstanding shares for the year), based on the exercise prices attached to the warrants and stock options. The number of shares calculated below is compared with the number of shares that would have been issued assuming exercise of the warrants and stock options. For the years ended December 31, 2015 and 2014, all share options and warrants were anti-dilutive since the Corporation reported a net loss.

The calculation of basic and diluted earnings (loss) per share is based on the earnings (loss) for the year divided by the weighted average number of shares outstanding during the year.

	2015 \$	2014 \$
Net loss for the year	(2,191,618)	(866,333)
Weighted average number of common shares outstanding	64,753,697	50,853,649
Net loss per share	(0.03)	(0.02)

Glen Eagle Resources Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

18 General and administrative expenses

Expense by nature

	2015	2014
	\$	\$
General and administrative		
Office expenses and rent	107,345	65,584
Consulting and management fees	255,499	266,380
Share base payments	201,040	124,630
Professional fees	50,862	86,924
Public company expenses	50,075	46,091
Depreciation and amortization	86	257
Business development	102,984	90,686
Other expenses -- subsidiary	74,991	62,198
Part XII.6 tax and other non-compliance penalty	467,134	-
	<u>1,310,016</u>	<u>742,749</u>

19 Related party transactions

Remuneration of key management

Key management includes directors and senior executives. The compensation recognized as an expense and paid to key management for services is presented below:

Related party transactions	2015	2014
	\$	\$
Management fees	197,385	203,200
Share -based payments	175,254	124,630
	<u>372,639</u>	<u>327,830</u>

During 2015, companies controlled by officers and directors charged an amount of \$15,161 (\$15,900 - 2014) for office expenses and rent.

Two term loans totalling \$150,000 were personally guaranteed by an Officer of the Corporation (note 12).

In September 2013, the Corporation made an advance of \$20,000 to an officer with an annual 2% interest rate. A balance of \$19,911 is due on December 31, 2015.

Glen Eagle Resources Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

20 Income tax

Deferred income tax recovery	2015	2014
	\$	\$
Deferred tax recovery relating to origination and reversal of temporary differences	(75,080)	-
Other liabilities reversed in proportion of flow through E&E expenditures incurred during the year	(47,143)	(60,000)
Income tax recovery	(122,223)	(60,000)

The Corporation's income tax provision consists of the following:

Deferred tax recovery	2015	2014
	\$	\$
Income taxes computed at Canadian statutory rate of 26.9%	(622,423)	(249,184)
Stock-based compensation cost	54,080	33,525
Non-deductible expenses	36,890	1,187
Flow through E&E expenditures	102,378	107,600
Tax rate difference	(9,141)	(6,032)
Losses incurred in Tax free zone – Honduras	21,354	0
Other	9,971	43,625
Tax losses expired	55,807	46,106
Unrecognized deferred tax assets	276,004	23,173
Other liabilities reversed in proportion of flow through E&E expenditures incurred during the year	(47,143)	(60,000)
Income tax expense (recovery)	(122,223)	(60,000)

Deferred tax assets and liabilities

The analysis of deferred tax assets and deferred tax liabilities is as follows:

Unrecognized deferred tax assets	2015	2014
	\$	\$
Temporary differences related to reserves	-	4,000
Taxable temporary differences related to E&E assets	-	(14,000)
Temporary differences related to E&E assets	125,600	96,400
Temporary differences related to property and equipment and intangible assets	2,300	2,200
Non-capital losses carried forward and capital losses carried forward	1,391,200	1,090,200
Temporary difference related to debenture	(37,150)	-
Tax benefit on share issue expenses	29,500	48,500
	1,511,450	1,227,300

Glen Eagle Resources Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

As at December 31, 2015, the tax base of the E&E assets totalled approximately \$3,634,822 (2014 – \$3,605,474). The difference between the tax base and the amount capitalized is due mainly to the fact that the tax benefits related to some assets were transferred to the Corporation’s shareholders and certain E&E assets were written down.

As at December 31, 2015, the Corporation had accumulated non-capital losses for Canadian tax purposes of approximately \$4,209,398 (2014 – \$3,757,416) which can be used to reduce taxable income in future years as follows:

Year incurred	Federal \$	Provincial \$	Expiration
2006	183,088	148,799	2026
2007	222,412	221,644	2027
2008	275,809	274,100	2028
2009	513,260	505,381	2029
2011	668,947	668,573	2031
2012	546,706	541,873	2032
2013	589,764	589,764	2033
2014	546,457	542,044	2034
2015	659,553	659,553	2035
	4,209,398	4,149,359	

As at December 31, 2015, the Corporation had also accumulated non-capital losses for tax purposes in Nicaragua of approximately \$575,167 (2014 – \$280,282) which can be used to reduce taxable income in future years as follows:

Year incurred	\$	Expiration
2013	86,000	2016
2014	194,587	2017
2015	294,885	2018

The Corporation is subject to federal and provincial income taxes and provincial mining taxes. Tax laws are complex and can be subject to different interpretations. The Corporation has prepared its tax provision based on the interpretations of tax laws which it believes represent the probable outcome. The Corporation may be required to change its provision for income tax if the tax authorities ultimately are not in agreement with the Corporation’s interpretation.

Glen Eagle Resources Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

21 Capital management policies and procedures

The Corporation considers the items included in equity as capital components.

The Corporation's capital management objectives are:

- to ensure the Corporation's ability to continue as a going concern;
- to increase the value of the assets of the business; and
- to provide an adequate return to shareholders.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Corporation's own means.

The Corporation is not exposed to any externally imposed capital requirements except when the Corporation issues flow-through shares for which amounts should be used for E&E work (see note 7). There is no dividend policy. Changes in capital are described in the consolidated statements of Changes in Equity and the related notes.

22 Financial instruments

Measurement categories

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the consolidated statement of comprehensive income (loss). Those categories are: fair value through profit or loss; loans and receivables; available for sale financial assets; and, for liabilities, amortized cost. The following table shows the carrying values of assets and liabilities for each of these categories at December 31, 2015 and December 31, 2014.

Financial instruments	2015	2014
	\$	\$
Loans and receivable		
Cash	55,061	759,847
Receivable from related party and other receivables (except indirect taxes)	39,201	21 058
	<u>94,262</u>	<u>780,905</u>
Liabilities – Amortized cost		
Accounts payable, accrued liabilities (1)	612,874	252,726
Term loans (2)	350,000	
Convertible debenture - short term (3)	164,402	-
Current portion of long term debt	31,632	-
	<u>1,158,908</u>	<u>252,726</u>
Long term debt	13,593	-
Balance of purchase price payable	109,107	
Convertible debenture – long term (4)	591,598	144,104
	<u>1,873,206</u>	<u>396,830</u>

Glen Eagle Resources Inc.

Notes to Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

- (1) Includes an amount of \$467,134 for Part XXII.6 tax and other non-compliance penalty. No payment schedule has yet been determined for this amount.
- (2) Two term loans totalling \$300,000 were contracted with an insider of the Corporation.
- (3) The debenture is held by an insider of the Corporation.
- (4) The debenture is held by the previous owner of Cobra Oro De Honduras and is due May 21, 2018.

Fair values, including valuation methods and assumptions

As at December 31, 2015, the carrying values of cash, amounts receivable, convertible debenture, trade payables and accrued liabilities approximate their fair value due to their relative short maturities. Interest income on amounts receivable measured at amortized cost was \$416 (2014 - \$212).

Fair value hierarchy

The following table classifies financial assets and liabilities that are recognized on the statement of financial position at fair value in a hierarchy that is based on significance of the inputs used in making the measurements. The levels in the hierarchy are:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. As at December 31, 2015 and December 31, 2014, no financial assets and liabilities were categorized as level 1.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). As at December 31, 2015 and December 31, 2014, no financial assets and liabilities were categorized as level 2.
- Level 3: Inputs for the assets or liabilities that are not based on observable market data. As at December 31, 2015 and December 31, 2014, no financial assets and liabilities were categorized as level 3.

Financial risks factors

The Corporation's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, and price risk), credit risk and liquidity risk. Risk management is carried out by management under policies approved by the board of directors. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, fair value risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Corporation's overall risk management program seeks to minimize potential adverse effects on the Corporation's financial performance.

- a) Market risk
 - i) Foreign exchange risk

The subsidiaries of the Corporation have certain transactions in foreign currencies such as the Mexican peso, Nicaraguan Cordoba, Honduran Lempira and the US dollar. Consequently, certain assets and liabilities and expenses are exposed to currency fluctuations. The Corporation does not use derivative or hedge instruments to manage foreign exchange risks.

As at December 31, 2015, cash, accounts payable and accrued liabilities and other liabilities amount to \$23,573, \$43,922 and 34,794 respectively (December 31, 2014 - \$32,220, \$19,646 and nil respectively), for the subsidiaries that have transactions in foreign currencies and are converted into Canadian dollars.

Glen Eagle Resources Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

The sensitivity of the Corporation to a variation of 10% in the value of the Mexican peso, the Nicaraguan Cordoba, Honduran Lempira and the US dollar would not have a significant impact on the assets, liabilities and expenses.

- ii) Interest rate risk:
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. As at December 31, 2015, cash includes an amount of \$8,331 (December 31, 2014 – \$8,299) bearing an interest of 0.25%. The sensitivity of the Corporation to a variation of 1% in the interest rate would not have a significant impact. The Corporation's other financial assets and liabilities do not comprise any interest rate fair value risk since they do not bear interest.
- iii) Credit risk:
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation is subject to concentrations of credit risk through cash and accounts receivable. The Corporation reduces its credit risk by maintaining part of its cash in financial instruments held with a Canadian chartered bank.
- iv) Liquidity risk:
Liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. Management estimates that the funds as at December 31, 2015 will not be sufficient to meet the Corporation's obligations and budgeted assets through December 31, 2016. Any additional funding may be met in the future in a number of ways including but not limited to, the issuance of new equity instruments. Cash flow forecasting is performed by the Corporation which monitors rolling forecasts of the Corporation's liquidity requirements to ensure it has sufficient cash to meet operational needs at all times. Surplus cash over and above balances required for working capital management are invested in interest bearing short-term deposits with a maturity within 12 months, which are selected with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. Accounts payable and accrued liabilities as at December 31, 2015 consist of items that should be settled within approximately 30 days (see note 1 for information on going concern).

Glen Eagle Resources Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

23 Segmented information

The Corporation currently operates in three segments which are the acquisition, exploration and evaluation, development of mineral properties and recovery of gold from tailings and recovery of gold from rocks. The Corporation's activities are conducted in three geographical areas as set out below.

The Corporation operates in 3 different segments located in Canada and Central America.

	Glen Eagle Resources (Canada) \$	Sandgold SA (Nicaragua) \$	CobraOro De Honduras SA (Honduras) \$	Total \$
ASSETS				
Current assets	76,550	15,582	46,622	138,754
Non-current assets				
Property and equipment	-	-	1,962,836	1,962,836
Exploration and evaluation assets	3,993,429	-	-	3,993,429
Current liabilities	1,083,353	4,098	108,408	1,195,859
Non-current liabilities	700,705	-	13,593	714,298

24 Commitments and contingencies

As at December 31, 2015, the commitments for the next three years, excluding the commitments for E&E work contracted to acquire the mining claims and the counterpart to be paid at a later date (note 11), are as follows:

Commitments	Commitments on right to mining claims \$
2016	70,000
2017	30,000
2018	20,000
	<u>120,000</u>

Glen Eagle Resources Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2015 and 2014

(in Canadian dollars, except per share amounts)

25 Subsequent events

On March 22, 2016, the Corporation completed a private placement of 5,000,000 units at a price of \$0.05 per unit for a cash consideration of \$250,000. Each unit consists of one common share and one half warrant common share which entitles its holder to purchase, with two half warrants, one common share at a price of \$0.10 per share until March 21, 2018.