SIENNA RESOURCES INC.

FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

December 31, 2015 and 2014

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Sienna Resources Inc.

We have audited the accompanying financial statements of Sienna Resources Inc., which comprise the statements of financial position as at December 31, 2015 and 2014 and the statements of comprehensive loss, changes in shareholders' deficiency, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

Emphasis of Matter

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

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

April 26, 2016

SIENNA RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

ASSETS	December 31, 2015	December 31, 2014
Current assets		
Cash	$ 2,454	$ 20,028
Receivables – Note 4	50,838	33,794
Prepaid expenses	867	-
Total current assets	54,159	53,822
Non-current assets		
Equipment – Note 6	2,688	3,840
Investments – Note 5	413,001	413,001
Rent deposit	6,475	6,475
Exploration and evaluation assets – Note 7	298,843	516,024
Total assets	$ 775,166	$ 993,162
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities – Notes 8 and 12	$ 1,525,858	$ 1,487,992
Interest payable – Note 9	815	565
Loans payable – Note 9	6,000	5,000
Total current liabilities	1,532,673	1,493,557
SHAREHOLDERS' DEFICIENCY		
Share capital – Note 10	16,276,255	16,152,730
Reserves – Note 10	2,633,476	2,633,476
Accumulated deficit	(19,667,238)	(19,286,601)
Total shareholders' deficiency	(757,507)	(500,395)
Total liabilities and shareholders' deficiency	$ 775,166	$ 993,162

Nature and Continuance of Operations (Note 1)
Subsequent Events (Note 18)
Commitment (Note 19)

APPROVED BY THE DIRECTORS:

"John Masters"	Director	*"Jason Gigliotti"*	Director
John Masters		Jason Gigliotti	

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

SIENNA RESOURCES INC.
STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Years ended December 31, 2015	2014
Operating expenses		
Consulting	$ 12,688	$ 1,500
Depreciation – Note 6	1,152	1,644
Directors' fees – Note 12	7,500	29,167
Management fees – Note 12	52,500	335,000
Office and miscellaneous – Note 12	42,706	59,710
Professional fees – Note 12	28,884	36,997
Shareholder information	7,268	8,022
Transfer agent and filing fees	11,229	19,469
Travel and promotion	20,611	25,097
	(184,538)	(516,606)
Interest income	98	-
Interest expense – Note 9	(250)	(1,243)
Gain on write-off of accounts payable – Note 12	22,770	10,608
Loss on non-producing oil & gas properties – Note 7	-	(35,000)
Write-down of exploration and evaluation assets – Note 7	(218,717)	(1,484,973)
	(196,099)	(1,510,608)
Net comprehensive loss for the year	$ (380,637)	$ (2,027,214)
Loss per share – basic and diluted – Note 11	$ (0.015)	$ (0.103)
Weighted average number of common shares outstanding – basic and diluted – Note 11	26,237,546	19,694,396

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

SIENNA RESOURCES INC.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Years ended December 31, 2015	2014
Operating Activities		
Loss for the year	$ (380,637)	$ (2,027,214)
Adjustments for non-cash items:		
Accrued interest on loans payable	250	1,243
Depreciation	1,152	1,644
Gain on write-off of accounts payable	(22,770)	(10,608)
Write-down of exploration and evaluation assets	218,717	1,484,973
Changes in non-cash working capital items:		
Receivables	(17,044)	198,813
Prepaid expenses	(867)	100
Accounts payable and accrued liabilities	60,636	156,837
Cash used in operating activities	(140,563)	(194,212)
Investing Activities		
Exploration and evaluation assets	(1,536)	(4,335)
Cash used in investing activities	(1,536)	(4,335)
Financing Activities		
Proceeds from loans	1,000	6,000
Loan repayment	-	(131,000)
Interest paid on loan payable	-	(13,510)
Proceeds from issuance of share capital	125,000	350,000
Share issue costs	(1,475)	(2,600)
Cash provided by financing activities	124,525	208,890
Change in cash during the year	(17,574)	10,343
Cash, beginning of the year	20,028	9,685
Cash, end of the year	$ 2,454	$ 20,028

Supplemental Disclosure with Respect to Cash Flows (Note 17)

SIENNA RESOURCES INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(Expressed in Canadian Dollars)

	Share Capital				
	Number of shares	**Amount**	**Reserves**	**Accumulated Deficit**	**Total**
Balance, December 31, 2013	14,631,382	$ 15,805,330	$ 2,633,476	$ (17,259,387)	$ 1,179,419
Shares issued for private placement	7,000,000	350,000	-	-	350,000
Share issue costs	-	(2,600)	-	-	(2,600)
Loss for the year	-	-	-	(2,027,214)	(2,027,214)
Balance, December 31, 2014	21,631,382	16,152,730	2,633,476	(19,286,601)	(500,395)
Shares issued for private placement	6,250,000	125,000	-	-	125,000
Share issue costs	-	(1,475)	-	-	(1,475)
Loss for the year	-	-	-	(380,637)	(380,637)
Balance, December 31, 2015	27,881,382	$ 16,276,255	$ 2,633,476	$ (19,667,238)	$ (757,507)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Sienna Resources Inc. (the "Company") was incorporated on March 11, 1983, under the British Columbia Company Act. The Company is an exploration stage public company and is listed on the TSX Venture Exchange. The Company's principal business activities include acquiring and exploring exploration and evaluation assets. At December 31, 2015, the Company had exploration and evaluation assets located in Canada.

The Company's head office and principal business address is Suite 1470, 701 West Georgia Street, Vancouver, British Columbia, V7Y 1C6. The Company's registered and records office is located at 800 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

These financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. At December 31, 2015, the Company had a working capital deficiency of $1,478,514, had not yet achieved profitable operations and has an accumulated deficit of $19,667,238 since its inception. The Company expects to incur further losses in the development of its business, all of which cast substantial doubt on the Company's ability to continue as a going concern. The Company will require additional financing in order to conduct its planned work programs on exploration and evaluation assets, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these financial statements.

2. BASIS OF PREPARATION

a) Statement of Compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were authorized for issue by the Board of Directors on April 26, 2016.

b) Basis of Measurement

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

2. BASIS OF PREPARATION (continued)

b) Basis of Measurement (continued)

These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of these financial statements in accordance with IFRS requires management to make estimates, judgements and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

These financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout these financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

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

- Whether or not an impairment has occurred in its exploration and evaluation assets;
- The inputs used in the accounting for share-based payments expense; and
- The inputs used in the accounting for finders' warrants and compensation options in share capital and equity reserves.

Critical accounting judgments

An example of a significant judgment, apart from those involving estimation, include:

- Classification of financial instruments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Exploration and evaluation assets – mineral properties

Pre-exploration costs

Costs incurred prior to acquiring the right to explore an area of interest are expensed as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Exploration and evaluation assets – mineral properties (continued)

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, and payments made to contractors during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed as incurred.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction”. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

b) Exploration and evaluation assets – non-producing oil and gas properties

Costs associated with the exploration and evaluation of oil and gas reserves are accumulated on an area-by-area basis and are capitalized as either tangible or intangible exploration and evaluation assets when incurred. Costs incurred in advance of land acquisition are charged to the statement of comprehensive loss; however, all other costs, including directly attributable general and administrative costs, are added to exploration and evaluation assets.

When an area is determined to be technically feasible and commercially viable, the accumulated costs are transferred to equipment. When an area is determined not to be technically feasible and commercially viable or the Company decides not to continue to work in the area, the unrecoverable costs are charged to operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Equipment

Computer and office equipment is carried at cost less accumulated depreciation. The cost of an item of computer and office equipment consists of the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and, where appropriate, an estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recorded on a declining balance basis at the rate of 30% per annum. Depreciation is recorded at one-half rate in the year of acquisition.

Items of computer and office equipment are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting period, and adjusted prospectively if appropriate.

d) Impairment of tangible and intangible assets

Tangible and intangible assets with finite useful lives are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the assets' cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss except to the extent it reverses gains previously recognized in other comprehensive loss/income. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized in profit or loss.

e) Rehabilitation provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Rehabilitation provision (continued)

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

The Company does not have any significant rehabilitation obligations.

f) Financial instruments

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

Held-to-maturity ("HTM")

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Loans and receivables

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial instruments (continued)

Available-for-sale ("AFS")

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

Investments in equity instruments that do not have a quoted price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such equity instruments are measured at cost.

The Company classified its financial assets as follows:

-Cash is classified as FVTPL;
-Investments are classified as AFS; and
-Receivables are classified as loans and receivables.

Financial liabilities

Financial liabilities are classified into one of two categories:

-Fair value through profit or loss; and

-Other financial liabilities

Fair value though profit or loss

This category comprises derivatives, or liabilities, acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities

This category includes accounts payable and accrued liabilities and loans payable, all of which are recognized at amortized cost.

The Company classified its financial liabilities as follows:

-Accounts payable and accrued liabilities, interest payable, and loans payable are classified as other financial liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial instruments (continued)

Impairment of financial assets

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

For all financial assets objective evidence of impairment could include:

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

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

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

g) Income taxes

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

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Income taxes (continued)

probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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 tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

h) Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability; and ii) share capital. Upon expenses being renounced and incurred, the Company derecognizes the liability and the premium is recognized as other income.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

i) Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as a warrant reserve.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Investment tax credit

Investment tax credits are recorded as either a reduction of the cost of applicable assets or credited in the statement of comprehensive loss depending on the nature of the expenditures which gave rise to the credits. Claims for tax credits are accrued upon the Company attaining reasonable assurance of collections from the Canada Revenue Agency.

k) Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net income or loss attributable to the common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted earnings (loss) per share is calculated by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

l) Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment, using the Black-Scholes option pricing model.

m) Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and is currently evaluating the impact, if any, that the following new standard might have on its financial statements.

IFRS 9 – Financial Instruments ("IFRS 9")

In November 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially

(Expressed in Canadian Dollars) – Page 10

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Accounting standards issued but not yet effective (continued)

recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The amended standard is effective for annual periods beginning on or after January 1, 2018.

4. RECEIVABLES

The Company's receivables comprise of goods and services tax ("GST") receivable and Quebec mining exploration tax credits due from Canadian government taxation authorities, and reimbursements from the public companies that share rent and office expenses.

	December 31, 2015	December 31, 2014
Accounts receivable	$ 48,720	$ 22,403
Other receivable	839	7,042
GST recoverable	1,279	4,349
Total receivables	$ 50,838	$ 33,794

All amounts are short-term and the net carrying value of receivables is considered a reasonable approximation of fair value. The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against receivables. The Company's receivables are all considered current and are not past due or impaired. The Company does not possess any collateral related to these assets.

5. INVESTMENTS

The Company's investments consist primarily of investments in 700,000 common shares of Andora Energy Corporation ("Andora"), a private company in the oil and gas industry in Alberta, Canada. These shares were acquired for consideration of $413,000 and account for 0.7% of Andora's outstanding common shares as of December 31, 2015 and 2014. The Company's available-for-sale investments are measured at cost since the fair value of the unlisted Andora common shares cannot be reliably measured.

	December 31, 2015	December 31, 2014
Patch Oilsands Limited Partnership	$ 1	$ 1
Andora Energy Corporation, at cost	413,000	413,000
Total available-for-sale investments	$ 413,001	$ 413,001

(Expressed in Canadian Dollars) – Page 11

6. EQUIPMENT

	Computer and office equipment
Cost, December 31, 2013, 2014 and 2015	$ 38,774
Accumulated depreciation, December 31, 2013	33,290
Depreciation for the year	1,644
Accumulated depreciation, December 31, 2014	34,934
Depreciation for the year	1,152
Accumulated depreciation, December 31, 2015	$ 36,806
Net book value, December 31, 2014	$ 3,840
Net book value, December 31, 2015	$ 2,688

7. EXPLORATION AND EVALUATION ASSETS

Mineral Properties

	QB Grand-Vallee N.	YK Haldane Silver	QB Lezai Gold	YK White Gold	Total
Balance, December 31, 2013	$ 395,118	$ 1,299,290	$ 250,476	$ 70,666	$ 2,015,550
Deferred exploration expenditures					
Claim maintenance fees	(597)	-	-	3,885	3,288
Consulting fees	-	532	-	-	532
Travel, accommodation and miscellaneous	-	75	-	-	75
Prior year advance for exploration	-	(6,406)	-	-	(6,406)
Accrued reclamation costs	-	(5,000)	-	-	(5,000)
Write-down of exploration and evaluation assets	-	(1,288,491)	(196,482)	-	(1,484,973)
Quebec mining exploration tax credits	(6,204)	-	(838)	-	(7,042)
Balance, December 31, 2014	388,317	-	53,156	74,551	516,024
Deferred exploration expenditures					
Claim maintenance fees	1,326	-	-	210	1,536
Write-down of exploration and evaluation assets	(148,196)	-	-	(70,521)	(218,717)
Balance, December 31 2015	$ 241,447	$ -	$ 53,156	$ 4,240	$ 298,843

7. EXPLORATION AND EVALUATION ASSETS (continued)

Mineral Properties (continued)

Title to Mineral Property Interests

Title to exploration and evaluation asset interests involve certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its interests are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers, and rights of ownership may be affected by undetected defects.

Grand-Vallee North Aluminous Clay Prospect, Quebec – Staking

During the years ended December 31, 2011, 2012 and 2013, the Company staked certain claims in the Grand-Vallee North Aluminous Clay Prospect in Quebec for staking costs of $13,018.

During the year ended December 31, 2013 and 2014, the Company decided not to renew certain claims. Prior acquisition costs of $2,209 associated with these lapsed claims were written off as of December 31, 2013.

During the year ended December 31, 2015, the Company decided not to renew certain claims. Prior acquisition costs of $9,863 and exploration costs of $138,333 associated with these lapsed claims were written off.

As of December 31, 2015, the Company had spent a total of $240,501 in exploration expenditures on the remaining claims of this property.

Lezai Gold Prospect, Quebec – Staking and Option Agreements

i) During the year ended December 31, 2010, the Company acquired a 100% interest in certain gold claims (the "Gold Claims") for staking costs incurred of $9,880.

ii) On March 1, 2011, the Company entered into an option agreement with an arm's length vendor (the "Vendor") to acquire contiguous mineral claims ("Arshad Claims") located northwest of Chibougamou, Quebec. This property was contiguous to the Lezai Gold Prospect already held by the Company.

   In May 2012, the Company amended the agreement with the Vendor. The Vendor agreed to amend the option agreement regarding the work commitments due to be spent on the prospect. The Company was required to pay $15,000 in cash (paid), incur exploration costs of $350,000 ($34,000 incurred) and issue 600,000 common shares (issued at a value of $450,000) in set payments on or before June 21, 2015. In addition, the Company paid a finders' fee in connection with the transaction of 48,333 common shares (issued at a value of $31,000).

(Expressed in Canadian Dollars) – Page 13

7. EXPLORATION AND EVALUATION ASSETS (continued)

Mineral Properties (continued)

Lezai Gold Prospect, Quebec – Staking and Option Agreements (continued)

iii) On April 8, 2011, the Company entered into an option agreement with an arm's length party (the "Vendor") to acquire certain mineral claims ("Brown Claims") located in the Province of Quebec. This property is also contiguous to the Lezai Gold Prospect already held by the Company.

In August 2012, the Company amended the agreement with the Vendor. The Vendor agreed to amend the option agreement regarding the work commitments due to be spent on the prospect. In August 2014, the Company further amended the option agreement with the Vendor. The Vendor agreed to defer the remaining work commitments by one year. In August 2015, the Company further amended the option agreement with the Vendor. The Vendor agreed to further defer the remaining work commitments. The Company is now required to incur exploration costs as follows:

	Cash	Exploration Costs	Common Shares
On August 23, 2011 (paid)	$ 15,000	$ -	-
On May 2, 2011 (issued at a value of $330,000)	-	-	300,000
On or before August 23, 2012 (incurred)	-	41,000	-
On or before November 23, 2012 (issued at a value of $180,000)	-	-	300,000
On or before October 7, 2016	-	59,000	-
On or before October 7, 2017	-	250,000	-
	$ 15,000	$ 350,000	600,000

During the year ended December 31, 2012, the Company decided not to renew certain claims of the above three sets of Lezai Gold claims and allowed them to lapse when they came due. Prior acquisition costs of $919,979 associated with these claims were written off.

During the year ended December 31, 2014, the Company decided not to continue with all the Arshad Claims and certain of the Brown Claims and the Gold Claims. Prior acquisition costs of $91,871 and exploration costs of $104,611 associated with these claims were written off.

As at December 31, 2015, the Company had spent a total of $26,153 in exploration expenditures on the remaining claims of this property.

White Gold, Yukon – Staking

During the year ended December 31, 2009, the Company acquired a 100% interest in certain gold claims in the region of the White and Yukon Rivers for staking costs incurred of $106,896.

(Expressed in Canadian Dollars) – Page 14

7. EXPLORATION AND EVALUATION ASSETS (continued)

Mineral Properties (continued)

White Gold, Yukon – Staking (continued)

The Company decided not to renew certain claims and allowed them to lapse in fiscal 2011. Prior acquisition costs of $30,542 associated with these claims were written off during the year ended December 31, 2011.

During the year ended December 31, 2013, the Company decided not to renew certain other claims and allowed them to lapse as they became due. Prior acquisition costs of $64,823 and exploration costs of $54,706 associated with these claims were written off.

During the year ended December 31, 2015, the Company decided not to renew certain claims and allowed them to lapse as they became due. Prior acquisition costs of $10,908 and exploration costs of $59,613 associated with these claims were written off.

The Company continues to hold a 100% interest in the remaining White Gold claims. As at December 31, 2015, the Company had spent a total of $3,617 in exploration expenditures on the remaining claims of this property.

Haldane Silver Property, Yukon – Staking and Option Agreements

During the year ended December 31, 2014, the Company decided to drop the entire Haldane Silver Property, including the Equity Claims, the Ross Claims and the Staked Claims. Prior capitalized costs of $1,288,491 associated with these claims were written off.

Non-Producing Oil & Gas Properties

During the year ended December 31, 2014, the Company accrued and paid a total of $35,000 in rental costs due to the Government of Alberta for the two oil sands lease parcels dropped during the year ended December 31, 2012. The Company recognized it as other expenses.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities recognized in the statement of financial position are as follows:

	December 31, 2015	December 31, 2014
Trade payables	$ 1,500,844	$ 1,462,978
Accrued liabilities	25,014	25,014
Total payables	$ 1,525,858	$ 1,487,992

All amounts are short-term. The carrying value of trade payables and accrued liabilities is considered a reasonable approximation of their fair value.

(Expressed in Canadian Dollars) – Page 15

9. LOANS PAYABLE

In September 2012, the Company arranged a loan from an arm's length party for a total principal amount of $5,000, bearing 5% interest per annum and due on demand.

In November 2015, the Company received a loan of $1,000 from a director of the Company, bearing no interest and due on demand.

As at December 31, 2015, $6,000 (December 31, 2014: $5,000) of principal and $815 (December 31, 2014: $565) of interest was outstanding relating to the loans.

10. SHARE CAPITAL AND RESERVES

Authorized: An unlimited number of common shares, without par value
100,000,000 Class A preferred shares, par value $10
100,000,000 Class B preferred shares, par value $50

(a) Private placements

During the year ended December 31, 2015:

In April 2015, the Company closed a non-brokered private placement of 6,250,000 units at $0.02 per unit for gross proceeds of $125,000. Each unit consisted of one common share and one share purchase warrant which entitles the holder to purchase one additional common share of the Company at a price of $0.05 until April 6, 2020. In connection with this private placement, the Company incurred filing fees of $1,475.

During the year ended December 31, 2014:

In April 2014, the Company closed a non-brokered private placement of 7,000,000 units at $0.05 per unit for gross proceeds of $350,000. Each unit consisted of one common share and one share purchase warrant which entitles the holder to purchase one additional common share at a price of $0.05 until April 11, 2019. In connection with this private placement, the Company incurred filing fees of $2,600.

(b) Share purchase warrants

The following is a summary of changes in share purchase warrants from December 31, 2013 to December 31, 2015:

	Number	Weighted Average Exercise Price
Balance, December 31, 2013	3,843,167	$0.67
Issued	7,000,000	$0.05
Expired	(706,500)	$1.00
Balance, December 31, 2014	10,136,667	$0.36
Issued	6,250,000	$0.05
Balance, December 31, 2015	16,386,667	$0.24

(Expressed in Canadian Dollars) – Page 16

10. SHARE CAPITAL AND RESERVES (continued)

(b) Share purchase warrants (continued)

At December 31, 2015, the Company had 16,386,667 share purchase warrants outstanding. Each warrant entitles the holder the right to purchase one common share as follows:

Number	Exercise Price	Expiry Date
300,000	$1.50	June 7, 2016
2,836,667	$1.00	April 26, 2018
7,000,000	$0.05	April 11, 2019
6,250,000	$0.05	April 6, 2020
16,386,667		

(c) Share-based payments

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSX). Options may be granted for a maximum term of five years from the date of grant.

The following is a summary of changes in share purchase options from December 31, 2013 to December 31, 2015:

	Number	Weighted Average Exercise Price
Outstanding and exercisable, December 31, 2013	995,700	$1.00
Expired	(123,700)	$1.00
Forfeited	(181,000)	$1.00
Outstanding and exercisable, December 31, 2014	691,000	$1.00
Expired	(126,000)	$1.00
Forfeited	(123,000)	$1.00
Outstanding and exercisable, December 31, 2015	442,000	$1.00

(Expressed in Canadian Dollars) – Page 17

10. SHARE CAPITAL AND RESERVES (continued)

(c) Share-based payments (continued)

At December 31, 2015, 442,000 employee and director share purchase options were outstanding and exercisable entitling the holders thereof the right to purchase one common share for each option held as follows:

Number	Exercise Price	Expiry Date	
80,000	$1.00	April 4, 2016	(Note 18)
109,000	$1.00	December 6, 2016	
253,000	$1.00	March 28, 2017	
442,000			

During the years ended December 31, 2015 and 2014, the Company did not grant any stock options.

11. LOSS PER SHARE

The calculation of basic and diluted loss per share was based on the following data:

	Years ended December 31, 2015	2014
Net Loss	$ (380,637)	$ (2,027,214)
Weighted average number of common shares for the purpose of Basic and diluted loss per share	26,237,546	19,694,396

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. All of the stock options and share purchase warrants currently issued (see Note 10) were anti-dilutive for the years ended December 31, 2015 and 2014.

The loss per share for the year ended December 31, 2015 was $0.015 (2014: $0.103).

(Expressed in Canadian Dollars) – Page 18

12. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management personnel include persons having the authority and responsibility for planning, directing and controlling the actions of the Company as a whole. Their remuneration includes the following:

	Years ended December 31, 2015	2014
Directors' fees	$ 7,500	$ 29,167
Management fees	52,500	335,000
Professional fees	500	5,000
	$ 60,500	$ 369,167

Related party balances

During the year ended December 31, 2015, the Company entered into an agreement (the "Agreement") with a related party. Pursuant to the Agreement, the Company was forgiven a debt of $17,949 in accounting, administrative and office expenses. At December 31, 2015, accounts payable and accrued liabilities include $1,461,222 (December 31, 2014: $1,348,800) payable to a former director and two directors of the Company, two public companies with certain directors in common and an officer, a private company controlled by a former director, and a private company controlled by a director for unpaid fees. These amounts are unsecured, non-interest bearing and payable on demand.

As outlined in Note 9, in November 2015, the Company received a loan of $1,000 from a director of the Company. As at December 31, 2015, $1,000 of principal is outstanding.

During the year ended December 31, 2015, office and miscellaneous expenses included $10,000 (2014: $12,000), which was for reimbursement of accounting overhead to a public company with a common director and an officer.

During the year ended December 31, 2015, the Company reimbursed a public company with a common director and an officer in the amount of $13,988 (2014: 12,673) for the service provided by the Chief Financial Officer.

13. SEGMENTAL REPORTING

The Company operates in one business segment, being the acquisition and exploration of mineral properties located in Canada.

(Expressed in Canadian Dollars) – Page 19

14. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2015	2014
Loss for the year	$ (380,637)	$ (2,027,214)
Expected income tax (recovery)	(99,000)	(527,000)
Change in statutory tax rates and other	17,000	(18,000)
Permanent differences	2,000	3,000
Share issue costs	-	(1,000)
Expiry of non-capital losses	93,000	58,000
Change in unrecognized deductible temporary differences	(13,000)	485,000
Total income tax expense (recovery)	$ -	$ -

The significant components of the Company's unrecognized deferred tax assets are as follows:

	2015	2014
Deferred Tax Assets		
Exploration and evaluation assets	$ 644,000	$ 605,000
Share issue costs	2,000	12,000
Capital assets	7,000	6,000
Marketable securities	100,000	100,000
Non-capital losses	1,400,000	1,443,000
Net Unrecognized Deferred Tax Assets	$ 2,153,000	$ 2,166,000

No net deferred tax asset has been recognized in respect of the above for the years ended December 31, 2015 and 2014 because the amount of future taxable profit that will be available to realize such assets is not probable.

The Company has non-capital losses for Canadian income tax purposes of approximately $5,384,000, which may be carried forward and applied against taxable income in future years. These losses, if not utilized, will expire through to 2035.

15. CAPITAL DISCLOSURE

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' deficiency, which at December 31, 2015 was $757,507 (2014: $500,395).

15. CAPITAL DISCLOSURE (continued)

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt and acquire or dispose of assets. As at December 31, 2015, the Company has not entered into any debt financing with any financial institution.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements. There has been no change in the Company's approach to capital management during the year ended December 31, 2015.

16. FINANCIAL INSTRUMENTS AND RISK

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, accounts payable and accrued liabilities, interest payable, and loans payable approximates their carrying values due to the short term nature of the financial instruments. The Company's cash is measured at fair value using Level 1 inputs.

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

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at December 31, 2015, the Company has a minimal exposure to the US$ that is subject to fluctuations as a result of exchange rate variations to the extent that transactions are made in this currency. The Company considers this risk to be insignificant and therefore does not hedge its foreign exchange risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. As at December 31, 2015, the Company is not exposed to any significant credit risk.

16. FINANCIAL INSTRUMENTS AND RISK (continued)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in the loss for the year in the financial statements is interest expense on loans payable and interest income on Canadian dollar cash. The Company has debt instruments at fixed rates and is therefore not exposed to risk in the event of interest rate fluctuations. As at December 31, 2015, the Company is not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Company addresses its liquidity through equity financing obtained through the sale of common shares and the exercise of warrants and options. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

Price Risk

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

Based on management's knowledge and experience of the financial markets, management does not believe that the Company's current financial instruments will be affected by foreign exchange risk, credit risk, interest rate risk and price risk.

17. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statement of cash flows.

There were no non-cash financing or investing activities during the year ended December 31, 2015.

During the year ended December 31, 2014, a refund of $7,042 expected for Quebec Mining Exploration Tax Credits was deducted from exploration and evaluation assets and accrued as a receivable.

(Expressed in Canadian Dollars) – Page 22

18. SUBSEQUENT EVENTS

Subsequent to December 31, 2015, the following occurred:

a) The Company received loan advances totaling $17,500 from a director of the Company, bearing no interest and due on demand.

b) The Company issued 2,600,000 common shares for share purchase warrants exercised at $0.05 per share.

c) 80,000 stock options with an exercise price of $1 per share expired unexercised.

d) The Company acquired a 100% interest in certain mineral claims in the Clayton Valley, Nevada, U.S.A, for staking costs of $7,790.

e) The Company granted 1,600,000 incentive stock options to directors, officers and consultants at an exercise price of $0.15 per share for a period of six months.

19. COMMITMENT

During the year ended December 31, 2014, the Company entered into a lease extension agreement (the "Agreement") to extend the existing lease for office premises for a three-year period beginning August 1, 2014 and ending July 31, 2017. As of December 31, 2015, amounts under the Agreement terms (net of taxes) are as follows:

		Amounts
December 31, 2016	$	40,424
July 31, 2017		23,651
	$	64,075