GOLDEN SECRET VENTURES LTD.
(An Exploration Stage Company)

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Golden Secret Ventures Ltd.

We have audited the accompanying financial statements of Golden Secret Ventures Ltd., which comprise the statements of financial position as at December 31, 2015 and 2014, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Golden Secret Ventures Ltd. 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 certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Golden Secret Ventures Ltd.'s ability to continue as a going concern.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
April 6, 2016

GOLDEN SECRET VENTURES LTD.
Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	December 31, 2015 $	December 31, 2014 $
ASSETS			
Current assets			
Cash		1,691	1,121
GST receivable		966	717
		2,657	1,838
Non-current assets			
Exploration and evaluation assets	4	13,961	5,461
TOTAL ASSETS		16,618	7,299
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	5	19,543	18,172
Related party payables	6	195,928	39,311
TOTAL LIABILIITES		215,471	57,483
DEFICIT			
Share capital	7	4,345,588	4,345,588
Option reserve	7	185,829	185,829
Warrant reserve	7	4,476	4,476
Deficit		(4,734,746)	(4,586,077)
TOTAL DEFICIT		(198,853)	(50,184)
TOTAL LIABILITIES AND DEFICIT		16,618	7,299

Going concern (Note 1)
Subsequent event (Note 11)

Approved on behalf of the Board of Directors:

"Matt Lawson"	*"Bernadette D'Silva"*
Director	Director

GOLDEN SECRET VENTURES LTD.
Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Years ended December 31, 2015 $	2014 $
Expenses			
Consulting services		-	1,000
Interest expense	6	4,186	2,682
Management services	6	60,000	60,000
Office administration and travel	6	53,867	49,696
Professional fees	6	17,222	31,303
Transfer agent and filing fees		13,394	16,431
Net and comprehensive loss		(148,669)	(161,112)
Loss per share			
Basic and diluted		(0.01)	(0.01)
Weighted average number of shares outstanding			
Basic and diluted		14,616,792	12,748,299

GOLDEN SECRET VENTURES LTD.
Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Note	Common Shares Number	Common Shares Amount $	Share Subscriptions Received $	Option Reserve $	Warrant Reserve $	Deficit $	Total $
Balance at December 31, 2013		3,616,792	3,805,093	382,100	185,829	4,476	(4,424,965)	(47,467)
Net and comprehensive loss		-	-	-	-	-	(161,112)	(161,112)
Share issued for cash	7	11,000,000	550,000	(382,100)	-	-	-	167,900
Share issue costs	7	-	(9,505)	-	-	-	-	(9,505)
Balance at December 31, 2014		14,616,792	4,345,588	-	185,829	4,476	(4,586,077)	(50,184)
Net and comprehensive loss							(148,669)	(148,669)
Balance at December 31, 2015		14,616,792	4,345,588	-	185,829	4,476	(4,734,746)	(198,853)

GOLDEN SECRET VENTURES LTD.
Statement of Cash Flows
(Expressed in Canadian Dollars)

	Years ended December 31,	
	2015	**2014**
	$	**$**
Operating activities		
Net loss	(148,669)	(161,112)
Changes in non-cash working capital items:		
GST receivable	(249)	612
Trade payables and accrued liabilities	1,371	(9,634)
Net cash flows used in operating activities	(147,547)	(170,134)
Investing activities		
Exploration and evaluation expenditures	(8,500)	-
Net cash flows used in investing activities	(8,500)	-
Financing activities		
Change in related party payables	156,617	(124,070)
Shares issued for cash	-	167,900
Share issue costs	-	(9,505)
Net cash flow from financing activities	156,617	34,325
Increase (decrease) in cash	570	(135,809)
Cash, beginning	1,121	136,930
Cash, ending	1,691	1,121

1. Nature and continuance of operations

Golden Secret Ventures Ltd. (the "Company") was incorporated on April 25, 1969 under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol GGS.

The Company's registered and records office is located at Suite 203 – 409 Granville St., Vancouver, British Columbia, V6C 1T2.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of business. As at December 31, 2015, the Company had not advanced its property to commercial production and is not able to finance day-to-day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities; its ability to attain profitable operations and generate funds therefrom; and its ability to raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors, and/or private placement of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts presented on its Statement of Financial Position.

2. Significant accounting policies and basis of preparation

These financial statements were authorized for issue on April 6, 2016 by the directors of the Company.

Statement of compliance with International Financial Reporting Standards
These financial statements comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of preparation
These financial statements have been prepared on an accrual basis; are based on historical costs, modified where applicable; and are presented in Canadian dollars unless otherwise noted.

Significant estimates and assumptions
The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include: the recoverability of the carrying value of exploration and evaluation asset, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, and provisions for restoration and environmental obligations and contingent liabilities.

Significant judgments
The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates and assumptions, in applying accounting policies. The most significant judgments in preparing the Company's financial statements include:

- assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- classification/ allocation of expenditures as exploration and evaluation assets or operating expenses.

Foreign currency translation, transactions and balances
The functional currency of a Company is measured using the currency of the primary economic environment in which it operates. These financial statements are presented in Canadian dollars which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the Statement of Comprehensive Loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Exploration and evaluation assets
Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs provided the Company has the intention of exercising the underlying option.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or areas of geological interest. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company 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;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the company has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the 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.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

Share-based payments
Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. Compensation expense is recognized and the corresponding amount

is recorded in the share option reserve. The fair value of options is determined using the Black–Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. When the options are exercised, share capital is credited for the consideration received and the related share option reserve is decreased.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under this method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Any stock options or share purchase warrants outstanding cause the calculation of diluted loss per share to be anti-dilutive and are therefore not included in the calculation.

Financial instruments

The Company classifies its financial instruments in the following categories: fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale investments and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Fair value through profit or loss investments are either held-for-trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or held on a fair value basis in accordance with a documented risk management or investment strategy when designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel. Such assets are subsequently measured at fair value with unrealized changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments with Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those instruments that are expected to mature within 12 months after the end of the reporting period.

Available-for-sale investments are non-derivative financial assets designated as available-for-sale or not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets which are recognized in profit or loss.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date, being the date on which the group commits to purchase or sell the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale investments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

Transaction costs related to financial instruments include professional, consulting, regulatory, agency commissions and other costs that are incremental to the acquisition, issuance or disposition of financial assets, liabilities or equity instruments. Transaction costs are initially charged to the related financial instrument or equity instrument, except where the financial instrument is classified as fair value through profit or loss, in which case transaction costs are expensed to the Statement of Comprehensive Loss immediately.

The Company does not have any derivative financial assets and liabilities.

Impairment of assets

The carrying amount of the Company's non-current assets, which include exploration and evaluation assets, is reviewed at each reporting date to determine whether there is an indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized in the Statement of Comprehensive Loss whenever the carrying amount of the asset, or its cash-generating unit, exceeds its recoverable amount.

The recoverable amount is the greater of an asset's fair value less costs to sell and its 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 reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows largely independent of the cash flows from other assets or groups of assets. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. However, any reversal of impairment can not increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. An impairment loss with respect to goodwill is never reversed.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized there and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is recognized using the asset and liability method on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Flow-through shares
On the issuance of flow-through shares, any premium received in excess of the closing market price of the Company's common shares is initially recorded as a liability ("flow-through tax liability"). Provided that the Company has renounced the related expenditures, or that there is a reasonable expectation that it will do so, the flow-through tax liability is reduced on a pro-rata basis as the expenditures are incurred. If such expenditures are capitalized, a deferred tax liability is recognized. To the extent that the Company has suitable unrecognized deductible temporary differences, an offsetting recovery of deferred income taxes would be recorded.

Restoration and environmental obligations
The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to exploration and evaluation assets with corresponding entries to the related asset and the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of restoration costs, are charged to the Statement of Comprehensive Loss for the period. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to the Statement of Comprehensive Loss in the period incurred. These changes are recorded directly to the related asset with a corresponding entry to the provision.

The increase in the restoration provision due to the passage of time is recognized as interest expense.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to the statement of comprehensive loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

At present, the Company has not identified any restoration and environmental obligations in its operations. Accordingly, no provision has been made.

Comparative figures
Certain comparative figures have been reclassified to conform to the current year's presentation.

3. Accounting standards issued but not yet effective

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities and a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted and is not expected to have impact on the Company's financial statements.

(Expressed in Canadian Dollars)

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. Exploration and evaluation assets

	Year ended December 31, 2015 $	Year ended December 31, 2014 $
Property acquisition costs		
Balance, beginning	-	-
Expenditures	-	-
Balance, ending	-	-
Exploration and evaluation costs		
Balance, beginning	**5,461**	5,461
Expenditures		
Field and camp costs	**3,360**	-
Project administration	**2,200**	-
Soil sample analysis	**2,940**	-
	8,500	-
Balance, ending	**13,961**	5,461
Total balance, ending	**13,961**	5,461

The Company currently holds a 100% interest in 3 claims located in the Kamloops Mining Division of Central British Columbia, known as the Beaton Claims.

5. Trade payables and accrued liabilities

	December 31, 2015 $	December 31, 2014 $
Trade payables	6,337	3,403
Accrued liabilities	13,206	14,769
	19,543	18,172

6. Related party payables and transactions

Related party payables included in the Statement of Financial Position are as follows:

	December 31, 2015 $	December 31, 2014 $
Payable to Company directors and/or companies controlled by directors	195,928	39,311

Of the total balance payable to related parties, $25,000 was advanced by a director of which $12,000 remains unpaid as at December 31, 2015 (2014: $12,000). Interest has been accruing on this obligation at 12% per annum of which $4,508 (2014: $6,481) remains unpaid as at December 31, 2015. The total amount is unsecured and due on demand within five business days of written notice given to the Company. The remaining related party payables are non-interest bearing and unsecured with no specific terms of repayment.

(Expressed in Canadian Dollars)

The Company had the following transactions with its directors and/or companies controlled by its directors during the year:

	Years ended December 31	
	2015	**2014**
	$	**$**
Interest	3,498	2,610
Management services	60,000	60,000
Office administration	30,000	30,000
Professional fees	7,590	10,295
	101,088	102,905
Consulting services capitalized to exploration and evaluation assets	8,000	-
	109,088	102,905

Key management personnel compensation:

	Years ended December 31	
	2015	**2014**
	$	**$**
Management services	60,000	60,000
Professional services	7,590	10,295
Consulting services capitalized to exploration and evaluation assets	8,000	-
	75,590	70,295

7. Share capital

Authorized share capital
The Company's authorized share capital consisted of an unlimited number of shares without par value.

Issued share capital
As at December 31, 2015, there were 14,616,792 issued common shares outstanding (December 31, 2014 – 14,616,792) of which 17,540 shares remained in escrow (December 31, 2014 – 17,540 shares) subject to release following regulatory approval. There were no shares issued during the year ended December 31, 2015.

On March 31, 2014, the Company completed a non-brokered private placement of 11,000,000 units at $0.05 per unit for gross proceeds of $550,000 of which $167,900 was received during the first quarter ended March 31, 2014 and $382,100 was received in share subscriptions prior to year ended December 31, 2013. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase one additional previously unissued common share at $0.07 until March 4, 2019. Share issue costs of $9,505 was incurred during the year ended December 31, 2014.

Basic and diluted loss per share
The calculation of basic and diluted loss per share for year ended December 31, 2015 was based on the loss attributable to common shareholders of $ 148,669 (December 31, 2014 - $161,112) and the weighted average number of common shares outstanding of 14,616,792 (December 31, 2014 – 12,748,299). The diluted loss per share will not include the effect of any stock purchase warrants outstanding in the future since the effect would be anti-dilutive.

Stock options
The Company has adopted an incentive stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion and in accordance with TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of

(Expressed in Canadian Dollars)

common shares reserved for issuance in any twelve month period will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant at a price not less than the closing price of the Company's shares on the last trading day before the grant of such options less any discount, if applicable, but in any event not less than $0.05 per share. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee insider in any twelve month period will not exceed ten percent (10%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one employee or consultant will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities.

At December 31, 2015 and 2014, there were no stock options outstanding.

Stock purchase warrants

	Year ended December 31, 2015		Year ended December 31, 2014	
	Number of warrants	**Exercise price $**	Number of warrants	Exercise price $
Balance, beginning	11,000,000	0.07	-	-
Warrants issued	-	-	11,000,000	0.07
Balance, end	11,000,000	0.07	11,000,000	0.07

On exercise, each warrant allows the holder to purchase one common share of the Company for $0.07 until March 4, 2019. The weighted average remaining contractual life of warrants at December 31, 2015 was 3.18 years.

Option reserve
The option reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

Warrant reserve
The warrant reserve records the fair value of warrants issued until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital.

8. Income tax recovery and deferred tax assets

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	December 31, 2015 $	**December 31, 2014 $**
Loss before income taxes	148,669	161,112
Statutory tax rate	26%	26%
Expected income tax recovery at the statutory tax rate	(38,654)	(41,889)
Adjustments resulting from:		
Effect of share issuance costs not recognized	-	(2,471)
Impact of change in tax rates and other	-	(23,807)
Expiration of non-capital losses	16,144	-
Other	30,856	-
Change in valuation allowance	(8,346)	68,167
Income tax recovery		-

(Expressed in Canadian Dollars)

The Company's deferred income tax assets are estimated as follows:

	December 31, 2015 $	December 31, 2014 $
Non-capital losses carried-forward	370,876	378,047
Share issuance costs	2,845	4,020
Resource development and exploration costs	306,302	306,302
Net potential deferred income tax asset	680,023	688,369
Valuation allowance	(680,023)	(688,369)
Net deferred income tax asset	-	-

A valuation allowance has been used to offset the net benefit related to the future tax assets due to the uncertainty associated with the ultimate realization of the non-capital losses and resource pools.

The tax pools relating to these deductible temporary differences expire as follows:

	Non-capital Losses $	Resource Pools $
2026	107,000	-
2027	134,000	-
2028	155,000	-
2029	127,000	-
2030	121,000	-
2031	115,000	-
2032	182,000	-
2033	166,000	-
2034	166,000	-
2035	153,000	
No expiry	-	1,200,000
	1,426,000	1,200,000

9. Financial instruments and financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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 Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with one major bank in Canada so there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company's secondary exposure to risk on its GST receivable is minimal since it is refundable from the Canadian Government.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company attempts to ensure there is sufficient access to funds to meet on-going business requirements, taking into account its current cash position and potential funding sources.

(Expressed in Canadian Dollars)

Historically, the Company's source of funding has been either the issuance of equity securities for cash, primarily through private placements, or loans from its directors and/or companies controlled by its directors. The Company's access to financing is always uncertain and there can be no assurance of continued access to significant funding from these sources.

Foreign exchange risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company only operates in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. Changes in short term interest rates will not have a significant effect on the fair value of the Company's cash account.

Classification of financial instruments

Financial assets included in the Statement of Financial Position are as follows:

	December 31, 2015 $	**December 31, 2014 $**
Fair value through profit and loss:		
Cash	1,691	1,121

Financial liabilities included in the Statement of Financial Position are as follows:

	December 31, 2015 $	**December 31, 2014 $**
Non-derivative financial liabilities:		
Trade payables	6,337	3,403
Related party payables	195,928	39,311
	202,265	42,714

Fair value

The fair value of the Company's financial assets and liabilities approximate the carrying amounts.

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.

As at December 31, 2015, the Company's financial instruments classified as Level 1 consisted of cash.

10. Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence, safeguard the Company's ability to support its exploration and development expenditures and to sustain future development of the business. The capital structure of the Company consists of share and working capital. There were no changes in the Company's approach to capital management during the year and the Company is not subject to any restrictions on its capital.

11. Subsequent event

On March 9, 2016, the Company announced a change in their board of directors and management team. The Company also entered into a mandate agreement with Fiore Management & Advisory Corp to provide financial advice and corporate administration. In addition, the Company granted an aggregate of 1,600,000 incentive stock options at a price of $0.05 per share, exercisable for a period of 10 years, subject to TSX- V approval.

Subsequent to year end 6,000,000 warrants were exercised at a price of $0.07 per share for gross proceeds of $420,000.