ALEXANDER NUBIA

ALEXANDER NUBIA INTERNATIONAL INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Alexander Nubia International Inc.

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Alexander Nubia International 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 consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Alexander Nubia International Inc.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Professional Accountants

April 28, 2016

ALEXANDER NUBIA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

As at		December 31, 2015		December 31, 2014
ASSETS				
Current				
Cash	$	830,473	$	18,922
Receivables		8,774		9,256
Prepaid expenses		8,643		4,644
		847,890		32,822
Equipment (Note 4)		127,465		167,326
Mineral exploration concessions (Note 5)		163,393		163,393
	$	1,138,748	$	363,541
LIABILITIES AND SHAREHOLDERS' DEFICIENCY				
Current				
Accounts payable and accrued liabilities	$	1,157,885	$	1,560,597
Interest payable (Note 6)		40,850		15,050
Short term loans payable (Note 8)		-		84,685
Convertible debentures (Note 6)		212,504		-
		1,411,239		1,660,332
Convertible debentures (Note 6)		-		207,349
		1,411,239		1,867,681
Shareholders' deficiency				
Share capital (Note 7)		15,413,718		12,766,822
Reserves (Note 7)		1,538,678		1,202,610
Deficit		(17,224,887)		(15,473,572)
		(272,491)		(1,504,140)
	$	1,138,748	$	363,541

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 13)
Subsequent events (Note 14)

Approved and authorized by the Board on April 28, 2016:

"Bill Koutsouras" Director *"Mark Campbell"* Director

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

ALEXANDER NUBIA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

For the years ended December 31	2015		2014
EXPENSES			
Bank charges and interest	9,325	$	8,184
Depreciation (Note 4)	39,861		53,252
Exploration and evaluation expenditures (Note 5)	1,122,361		594,441
Finance expense (Note 6)	30,955		77,494
Foreign exchange	47,116		83,263
Office and administration	70,633		169,967
Professional and consulting fees	492,102		237,809
Share-based payments (Note 7)	32,254		176,734
	(1,844,607)		(1,401,144)
Gain on settlement of debt	93,292		-
Transaction costs of debentures (Note 6)	-		(109,838)
Gain on modification of debentures (Note 6)	-		10,802
Loss and comprehensive loss for the year	(1,751,315)	$	(1,500,180)
Basic and diluted loss per common share	(0.04)		(0.05)
Weighted average number of common shares outstanding	47,708,903		27,830,407

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

ALEXANDER NUBIA INTERNTIONAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

For the years ended December 31		2015		2014
CASH FLOWS USED IN OPERATING ACTIVITIES				
Loss for the year	$	(1,751,315)	$	(1,500,180)
Non-cash items:				
Depreciation		39,861		53,252
Finance expense		30,955		77,494
Share-based payments		32,254		176,734
Foreign exchange		-		83,263
Loss on modification of debentures		-		99,036
Gain on settlement of debt		(93,292)		-
Changes in non-cash working capital items:				
Receivables		482		15,491
Prepaid expenses		(3,999)		2,106
Accounts payable and accrued liabilities		418,511		543,131
		(1,326,543)		(449,673)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of common shares		2,225,000		295,000
Share issuance costs		(36,906)		(17,445)
Short term loans		(50,000)		84,685
		2,115,782		362,240
Change in cash during the year		811,551		(87,433)
Cash, beginning of year		18,922		106,355
Cash, end of year	$	830,473	$	18,922

Supplemental disclosure with respect to cash flows (Note 11)

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

ALEXANDER NUBIA INTERNATIONAL INC.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(Expressed in Canadian Dollars)

	Share capital				
	Number	**Amount**	**Reserves**	**Deficit**	**Total**
Balance, December 31, 2013	26,035,971	$ 12,241,453	$ 730,539	$ (13,973,392)	$ (1,001,400)
Private placements	1,180,000	206,500	88,500	-	295,000
Share issuance costs – cash	-	(17,445)	-	-	(17,445)
Share issuance costs – finder warrants	-	(3,674)	3,674	-	-
Shares for settlement of debt (Note 7)	1,733,252	264,988	168,325	-	433,313
Shares issued as bonus (Note 7)	500,000	75,000	-	-	75,000
Fair value of warrants detached with convertible debentures	-	-	109,838	-	109,838
Share-based payments	-	-	101,734	-	101,734
Loss for the year	-	-	-	(1,500,180)	(1,500,180)
Balance, December 31, 2014	29,449,223	12,766,822	1,202,610	(15,473,572)	(1,504,140)
Private placements	30,775,000	1,945,000	280,000	-	2,225,000
Share issuance costs – cash	-	(59,218)	-	-	(59,218)
Shares for settlement of debt (Note 7)	6,279,426	761,114	23,814	-	784,928
Share-based payments	-	-	32,254	-	32,254
Loss for the year	-	-	-	(1,751,315)	(1,751,315)
Balance, December 31, 2015	66,503,649	$ 15,413,718	$ 1,538,678	$ (17,224,887)	$ (272,491)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Alexander Nubia International Inc. (the "**Company**") operates through its wholly owned subsidiary, Alexander Nubia Inc. ("ANI") which was incorporated under the Business Corporations Act (British Columbia) on May 17, 2006 and whose principal business activities are the exploration of mineral properties in the Arab Republic of Egypt ("**ARE**" or "**Egypt**"). The Company's registered office is located at 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario, Canada. The Company's common shares trade on the TSX Venture Exchange ("**TSX-V**") under the symbol "**AAN**".

During the year ended December 31, 2015, the Board of Directors authorized a 5-for-1 share consolidation. The number of issued and outstanding shares, options, warrants and per share amounts have been retroactively adjusted to reflect the share consolidation.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of evaluation and exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. The Company's exploration assets are located outside of Canada and are subject to the risk of foreign investment, including political uncertainty, increases in taxes and royalties, renegotiation of contracts and currency exchange fluctuations.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, other land claims and non-compliance with regulatory and environmental requirements.

Going Concern

The Company is a mineral exploration company focused on acquiring and exploring mineral properties in the ARE. At the date of the financial statements, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

The financial statements have been prepared assuming the Company will continue on a going-concern basis, 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 operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. At December 31, 2015 the Company has a deficit of $17,224,887 and a working capital deficiency of $563,349. This raises significant doubt as to the Company's ability to continue as a going concern. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In addition, management closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur.

2. BASIS OF PREPARATION

Statement of Compliance

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

2. BASIS OF PREPARATION *(cont'd…)*

Basis of Consolidation and Presentation

The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets that are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for the cash flow information. All dollar amounts presented are in Canadian dollars unless otherwise specified.

These consolidated financial statements incorporate the financial statements of the Company and its wholly controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated.

The Company's subsidiaries are as follows:

Name of Subsidiary	Ownership Interest	Principal Activity
Alexander Nubia Inc.	100%	Holding Company
Seventh Cleo Holdings Inc.	100%	Holding Company
Chelsea Holding Inc.	100%	Holding Company
Alexander Nubia Resources Inc.	100%	Exploration Company
Alexander Nubia Mining Inc.	100%	Exploration Company
Canex Enterprises Inc.	50%	Holding Company

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency of the Company and for all entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified *in IAS 21, The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the date of statement of financial position while nonmonetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of loss and comprehensive loss.

Use of Estimates and Judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Critical Accounting Estimates

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

2. BASIS OF PREPARATION *(cont'd…)*

Use of Estimates and Judgments *(cont'd…)*

Critical Accounting Estimates (cont'd…)

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred income tax provisions or recoveries could be affected.

Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected share price volatility. Because the Company's warrants have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

Critical Accounting Judgments

The preparation of these consolidated financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1. In addition, management has made judgments regarding the functional currency of the Company and has determined that the functional currency of the Company is the Canadian dollar.

The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project.

Mineral exploration concession related to acquisition costs are initially capitalized as intangible exploration assets with the intent to establish commercially viable reserves. The Company is required to make judgments about the future events and circumstances regarding whether the carrying amount of intangible exploration assets exceeds its recoverable amount.

From time to time, certain claims, suits, and complaints may arise in the ordinary course of operations against the Company which require management to make certain estimates, judgments, and assumptions about the suit. In the opinion of management, any provisions related to such claims, if any, will be accrued when the claims meet the recognition criteria for contingent liabilities. Management is not aware of any material contingent liabilities other than disclosed in Note 13 which require recording in the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd…)*

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets 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 the statement of loss and comprehensive loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - 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 investment 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 the statement of loss and comprehensive loss.

Available-for-sale - 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 the statement of loss and comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through 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 the statement of loss and comprehensive loss.

Other financial liabilities - This category includes liabilities carried at amortized cost, using the effective interest rate method.

The Company has classified its cash as fair value through profit and loss. The Company's receivables are classified as loans and receivables. The Company's accounts payable and accrued liabilities, interest payable, short-term loan payable and convertible debenture are classified as other financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd…)*

Mineral exploration concessions

Mineral exploration concessions

Mineral exploration concessions include acquired mineral rights for mineral exploration properties held by the Company. The amount of consideration paid (in cash or share value) for mineral rights is capitalized. The amounts shown for mineral exploration concessions represent costs of acquisition, other than transaction costs, incurred to date, less recoveries, and do not necessarily reflect present or future values. These costs will be amortized against revenue from future production or written off if the evaluation and exploration assets are abandoned or sold. Included in the cost of mineral exploration concessions is the cost of any estimated decommissioning liability. The Company has classified mineral exploration concessions as intangible in nature. Depletion of costs capitalized on projects put into commercial production will be recorded using the unit-of-production method based upon reserves.

Ownership in mineral exploration concessions involves certain inherent risks, including geological, metal prices, operating costs, and permitting risks. Many of these risks are outside the Company's control. The ultimate recoverability of the amounts capitalized for the mineral exploration concessions is dependent upon the delineation of economically recoverable ore reserves, obtaining the necessary financing to complete their development, obtaining the necessary permits to operate a mine, and realizing profitable production or proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment in its mineral exploration concessions have been based on current and expected conditions. However, it is possible that changes could occur which could adversely affect management's estimates and may result in future write downs of mineral exploration concessions carrying values.

Evaluation and exploration expenditures

Evaluation and exploration expenditures, other than those described above, are expensed as incurred until such time as mineral exploration concessions are proven or probable, permits to operate the mineral resource property are received and financing to complete development has been obtained. Following confirmation of mineral reserves, receipt of permits to commence mining operations and obtaining necessary financing, evaluation and exploration expenditures are capitalized as deferred development expenditures and are included within equipment.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of statement of financial position.

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.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Cash

Cash consists of cash on hand and demand deposits that are subject to an insignificant risk of change in value.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd…)*

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of mineral properties and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation 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 mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed each reporting date 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 reclamation costs, are charged to profit and loss for the period. For the periods presented, the Company has not recorded any provisions for environmental rehabilitation.

Equipment

Equipment items are carried at cost less accumulated depreciation and accumulated impairment losses. In the year of acquisition, depreciation is recorded at one-half the normal rate. Depreciation is recognized using the declining balance method at the following annual rates:

Field and Office Equipment	Declining-Balance	20%
Vehicles and Field Accommodations	Declining-Balance	30%

Equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, are regularly identified and written off.

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

Subsequent expenditure relating to an item of equipment is capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditure is recognized as repairs and maintenance expense.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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 years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd…)*

Share-based payments

The Company grants stock options to acquire 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 fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Share capital is reduced by the average per-common-share carrying amount, with the difference between this amount and the consideration paid, added to or deducted from reserves.

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 more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Standards adopted during the year

The Company adopted the following accounting policy diring the year ended December 31, 2015:

IFRS 7 Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015. There was no impact on the Company's financial position as a result of the adoption of this standard.

New standards not yet adopted

Certain pronouncements were issued by the IASB or IFRIC that are not mandatory for accounting periods beginning on or after January 1, 2016 or later periods. They have not been early adopted in these financial statements, and they are expected to affect the Company in the period of initial application. In all cases the Company intends to apply these standards from application date as indicated below:

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd…)*

New standards not yet adopted *(cont'd…)*

IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized costs, fair value through OCI and fair value through P&L. The basis of classification depends on entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the hedged ratio to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The Standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Company is currently evaluating the impact of this Standard.

IFRS 15 Revenue from Contracts with Customers deals with revenue recognition and establishes principles of reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when the customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The Standard replaces IAS 18 Revenue, and IAS 11 Construction Contracts and related interpretations. FRS 15 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is still in the process of assessing the impact, if any, on the financial statements of this new standard.

IFRS 16 Leases will be effective for accounting periods beginning on or after January 1, 2019. Early adoption will be permitted, provided the Company has adopted IFRS 15 Revenue from Contracts with Customers. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The Company is in the process of assessing the impact, if any, on the financial statements of this new standard.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. EQUIPMENT

	Field and office equipment	Vehicles and field accommodations	Total
Cost			
Balance, December 31, 2013, 2014, and 2015	$ 279,361	$ 299,860	$ 579,221
Accumulated depreciation			
Balance, December 31, 2013	$ 150,793	$ 207,850	$ 358,643
Depreciation for the year	24,991	28,261	53,252
Balance, December 31, 2014	175,784	236,111	411,895
Depreciation for the year	20,884	18,977	39,861
Balance, December 31, 2015	$ 196,668	$ 255,088	$ 451,756
Carrying amounts			
As at December 31, 2014	$ 103,577	$ 63,749	$ 167,326
As at December 31, 2015	$ 82,693	$ 44,772	$ 127,465

(Expressed in Canadian Dollars)

5. MINERAL EXPLORATION CONCESSIONS

Title to mineral properties involves 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 mineral properties. The Company has investigated title to all of its mineral properties, and, to the best of its knowledge, title to all of its properties, are properly registered and in good standing. Each mineral concession is considered to be a separate cash generating unit ("CGU").

Through the Company's wholly owned subsidiaries, Alexander Nubia Resources Inc. and Alexander Nubia Mining Inc., the Company holds two exploration concessions in Egypt, Abu Marawat and Fatiri.

The Abu Marawat and Fatiri Concession Agreements are defined by multiple phases of exploration with a required minimum exploration obligation for each phase of exploration. Not considering additional time that maybe applied related to *force majeure* described below, Phase I is a duration of one year, Phase II-A, is for a duration of two (2) years and the Phase II-B, is for a duration of two years. An additional six months may be applied with the approval of EMRA at the end of the last phase of exploration.

For the Abu Marawat Concession, the Company has met the minimum financial obligation for all three phases. For the Fatiri Concession, the Company has met the minimum financial obligation for Phase I. Pending the final outcome of the extension, for the Fatiri Concession, this will determine the date when the Company is required to enter into Phase II-A and to honor its minimum exploration obligations by way of Letter of Guarantee in the sum of $1 million less any over-expenditure related to Phase I. For the Abu Marawat and Fatiri Concessions, the Company is required to provide a 2% training fee on the total exploration expenditure for the fiscal year.

The Company was granted an extension by the Ministry of Petroleum with the ability to extend for an additional year subject to the Company meeting certain technical and financial obligations. Not considering the possibility of a year extension, currently, Phase I of the Fatiri Concession, and Phase II-A of the Abu Marawat Concession ends as of July 31, 2016.

Subsequent to year-end on April 6, 2016, the Company received confirmation from EMRA that both concessions are in good standing.

Capitalized acquisition costs for the concessions as at December 31, 2015 are broken down as follows:

Concession	As at December 31, 2014 and 2013	Additions	As at December 31, 2015
Abu Marawat	$ 163,392	$ -	$ 163,392
Fatiri	1	-	1
As at December 31, 2015	$ 163,393	$ -	$ 163,393

(Expressed in Canadian Dollars)

5. MINERAL EXPLORATION CONCESSIONS *(cont'd…)*

Cumulative Exploration and Evaluation Expenditures for both concessions:

	As at December 31, 2013	Additions	As at December 31, 2014	Additions	As at December 31, 2015
Concession access	$ 200,467	$ -	$ 200,467	$ -	$ 200,467
Mapping	6,429	-	6,429	-	6,429
Labour	693,002	154,690	847,692	245,942	1,093,634
Field costs	1,123,256	35,751	1,159,007	165,653	1,324,660
Camp upgrade	96,954	-	96,954	-	96,954
Mobilization	217,292	-	217,292	-	217,292
Drilling	2,591,498	-	2,591,498	202,033	2,793,531
Start-up	41,515	-	41,515	-	41,515
Geologic services	1,099,320	-	1,099,320	-	1,099,320
Geophysics	244,888	-	244,888	-	244,888
Assaying	730,498	28,653	759,151	111,121	870,272
Travel	209,839	15,247	225,086	38,811	263,897
	7,054,491	234,341	7,288,832	763,560	8,052,392
Consulting	1,150,878	317,901	1,468,779	305,638	1,774,417
Administration	1,151,451	42,199	1,193,650	53,163	1,246,813
	2,302,329	360,100	2,662,429	358,801	3,021,230
	$ 9,557,287	$ 594,441	$ 10,151,728	$ 1,122,361	$ 11,274,089

6. CONVERTIBLE DEBENTURES

On May 29, 2012 the Company completed a private placement of units to raise gross proceeds of $215,000, with each unit consisting of:

i. one $1,000 principal amount 12.0% unsecured convertible debenture of the Company ("Old Debenture") which matures on May 29, 2014;
ii. 10,000 common share purchase warrants ("Warrant"), each Warrant being exercisable for a period which commences on November 29, 2012 and ends on May 29, 2014 at an exercise price of $0.10 per share; and
iii. convertible into common shares at $0.50 of the principal outstanding.

The Old Debentures matured on May 29, 2014, including $51,600 in unpaid interest payable.

6. CONVERTIBLE DEBENTURES *(cont'd…)*

On May 29, 2014 the Company issued 215 units new convertible debentures ("New Debenture") to replace the Old Debentures. No cash consideration was paid. Each unit consisting of:

i. one $1,000 principal amount 12.0% unsecured convertible debenture of the Company ("Debenture") which matures on May 29, 2016; and
ii. 3,712 common share purchase warrants ("Warrant"), each Warrant being exercisable until May 29, 2015 at an exercise price of $0.25 per share and May 29, 2016 at an exercise price of $0.50 per share.
iii. convertible in to common shares at $0.25 of the principal outstanding.

The New Debentures have the following terms:

- *Maturity Date* - May 29, 2016 (the "Maturity Date")

- *Interest* - 12% per annum, compounded semi-annually, payable at maturity.

The Company issued 310,400 common shares with a fair value of $77,600 for settlement of the $51,600 interest payable and incurred $26,000 in upfront interest on the New Debenture (Note 7).

For accounting purposes, the Company calculated the fair value of warrants issued with the New Debentures ($109,838), using the Black-Scholes option pricing model, assuming a risk-free interest rate of 1.15%, an expected life of 2 years, an expected volatility of 189% and an expected dividend yield of 0%. As the present values of the cash flows of the New Debentures were substantially different, the Company adjusted the convertible debentures payable to the revised fair value. As a result, the Company recorded a gain on the modification of debentures of $10,802. The carrying value of the liability is being accreted to the redemption value of the debentures over the period to the maturity date on May 29, 2016.

During the year ended December 31, 2015, accretion of $5,155 (2014 - $25,694) has been recorded as a charge to the statement of loss and comprehensive loss and an increase in the carrying value of the liability and $25,800 (2014 - $25,800) has been accrued as interest payable and charged to the statement of loss and comprehensive loss as a finance expense. The upfront interest of $26,000 has been recorded as a charge to the statement of loss and comprehensive loss as a finance expense during the year ended December 31, 2014. As at December 31, 2015, the carrying value of the liability is $212,504 (2014 - $207,349) and interest payable is $40,850 (2014 - $15,050).

7. SHARE CAPITAL AND RESERVES

During the year ended December 31, 2015, the board of directors authorized a 5-for-1 share consolidation. The number of issued and outstanding shares, options, warrants and per share amounts has been adjusted to reflect the share consolidation.

a) Authorized share capital

Unlimited number of common and preferred shares without par value.

b) Issued share capital

During the year ended December 31, 2015:

Completed a non-brokered private placement by issuing 8,400,000 units for $0.125 per unit for gross proceeds of $1,050,000. Each unit consisted of one common share and one share purchase warrant with each share purchase warrant exercisable at $0.25 until March 5, 2018 with a residual value of $210,000;

Issued 6,279,426 common shares at a value of $0.125 per common share to settle $784,928 of debt owed to arm's length and non-arm's length parties;

Completed a non-brokered private placement by issuing 1,875,000 common shares for $0.08 per common share and gross proceeds of $150,000;

(Expressed in Canadian Dollars)

7. SHARE CAPITAL AND RESERVES *(cont'd…)*

b) Issued share capital *(cont'd…)*

Completed a non-brokered private placement by issuing 13,500,000 units for $0.05 per unit for gross proceeds of $675,000. Each unit consisted of one common share and one share purchase warrant with each share purchase warrant exercisable at $0.05 until December 17, 2018 with a residual value of $Nil; and

Completed a non-brokered private placement by issuing 7,000,000 units for $0.05 per unit for gross proceeds of $350,000. Each unit consisted of one common share and one share purchase warrant with each share purchase warrant exercisable at $0.05 until December 22, 2018 with a residual value of $70,000.

During the year ended December 31, 2014:

The Company issued one-time bonus of 500,000 common shares to certain directors, officers, employees, and consultants of the Company. The common shares were recorded at their fair value of $0.15 per share at the date of issuance, totalling $75,000.

The Company reached terms with certain creditors of the Company, who are shareholders of the Company, to exchange shares for debt. Accordingly, the Company issued 1,733,252 common shares at $0.25 per share to settle $433,313 of debt owing, including interest payable of $51,600 (Note 6). The Company recorded an increase to reserves of $168,325 based on the difference between the market value of the shares on the settlement date and the value of the debt settled.

Completed a non-brokered private placement by issuing 1,180,000 units for $0.25 per unit for gross proceeds of $295,000. Each unit consisted of one common share and one share purchase warrant with each share purchase warrant exercisable at $0.25 until October 24, 2015. In connection with the private placement, the Company paid $4,550 and issued 30,000 finder warrants with the same terms as the unit warrants with a fair value of $3,674. The fair value of the finder warrants was calculated under the Black-Scholes model using an annualized volatility of 185.96%, risk-free interest rate of 1.12%, dividend rate of 0% and an expected life of 1.5 years. Using the residual value method a value of $88,500 was allocated to warrants attached to the units sold in the private placement.

c) Stock options and warrants

Under the Company's stock option plan ("Plan"), the Company may grant options for up to 10% of the issued and outstanding common shares to directors, employees, consultants, and certain other service providers. Under the plan, vesting is at the discretion of the Board, and can be granted for a maximum term of 10 years.

Stock option and share purchase warrants transactions are summarized as follows:

	Options		Warrants	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Balance, December 31, 2013	1,210,629	$ 0.71	2,130,000	$ 0.42
Expired / forfeited	(506,283)	0.84	(430,000)	0.50
Granted	1,092,000	0.25	2,008,000	0.25
Balance, December 31, 2014	1,796,346	$ 0.39	3,708,000	$ 0.32
Expired / forfeited	(704,346)	0.62	(2,910,000)	0.34
Granted	-	-	28,900,000	0.11
Balance, December 31, 2015	1,092,000	$ 0.25	29,698,000	$ 0.11
Balance, December 31, 2015 exercisable	975,334	$ 0.25	29,698,000	$ 0.11

(Expressed in Canadian Dollars)

7. SHARE CAPITAL AND RESERVES *(cont'd…)*

c) Stock options and warrants *(cont'd…)*

As at December 31, 2015, incentive stock options were outstanding and exercisable as follows:

	Number outstanding	Number exercisable		Exercise price	Expiry date	Weighted average contractual life (years)
Stock Options	*742,000	742,000	$	0.25	May 16, 2017	1.38
	150,000	100,000		0.25	May 26, 2017	1.40
	100,000	66,667		0.25	October 27, 2017	1.82
	100,000	66,667		0.25	October 31, 2017	1.84
	1,092,000	975,334				

* Subsequent to year-end 240,000 stock options were forfeited.

As at December 31, 2015, share purchase warrants were outstanding as follows:

	Number		Exercise price	Expiry date
Share Purchase Warrants	798,000	$	0.25	May 29, 2016
	8,400,000		0.25	March 5, 2018
	13,500,000		0.05	December 17, 2018
	7,000,000		0.05	December 22, 2018
	29,698,000			

During the year ended December 31, 2015, the Company granted Nil (2014 – 1,092,000) stock options to officers, consultants and directors. The weighted-average fair value of options granted during the year was $Nil per option (2014 – $0.13). Total share-based payments recognized in the statement of comprehensive loss for the year ended December 31, 2015 was $32,254 (2014 - $176,734), which was due to incentive options granted in the prior year vesting in the current year. This amount was also recorded as reserves on the statement of financial position.

The following weighted average assumptions were used for the valuation of stock options:

	December 31, 2015	December 31, 2014
Risk-free interest rate	N/A	1.12%
Expected life of options	N/A	3 years
Annualized volatility	N/A	172.21%
Dividend rate	N/A	0.00%

(Expressed in Canadian Dollars)

7. SHARE CAPITAL AND RESERVES *(cont'd…)*

c) Performance shares

On June 27, 2013, the Company received disinterested shareholder approval to amend the milestone dates as below for the allotment of 2,148,889 ANI common shares (the "ANI Performance Shares"), which will become issuable to certain officers, employees and consultants on the achievement by the Company of certain milestone events.

These shares are not considered earned unless the milestones are achieved. The details for amounts and the requisite milestones are as follows:

Number of common shares allotted	Milestone for issuance
1,074,445	The Company achieving a Mineral Resource of gold or gold equivalents of at least 1.0 million ounces on or before July 28, 2016
537,222	The Company achieving a Mineral Resource of gold or gold equivalents of at least 1.5 million ounces on or before January 28, 2017
537,222	The Company achieving a Mineral Resource of gold or gold equivalents of at least 2.0 million ounces on or before July 28, 2018
2,148,889	

To date, no milestones have been reached; therefore no shares have been issued. The progress of the Company's exploration program to date has been insufficient to indicate that there is any likelihood of these milestones being achieved. The Company has not recorded any related expense or obligation as of December 31, 2015.

8. RELATED PARTY TRANSACTIONS

The following entities are classified as related parties due to the following:

Related party	**Relationship**
A. Alexander Massoud	Former Director and CEO
Bill Koutsouras	Director
Giles Baynham	Director and consultant
Justin Blanchet	CFO
Mark Campbell	Director and CEO
Mounir Massoud	Close family member of former CEO
Kouts Capital	Consulting company for Bill Koutsouras
Red Fern Consulting Ltd.	Consulting company for Justin Blanchet
Rikyu Sung Kapital Inc.	Consulting company of a close family member of former CEO

a) Key management personnel compensation

The remuneration of directors and other members of management were as follows:

	For the year ended December 31	
	2015	2014
Short-term employee benefits – management compensation	$ 508,775	$ 341,992
Short-term employee benefits – directors' fees	56,500	74,333
Share-based payments – management compensation	10,321	39,220
Share-based payments – directors' fees	15,251	47,814
	$ 597,847	$ 503,359

8. RELATED PARTY TRANSACTIONS *(cont'd…)*

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) and officers of the Company.

The remuneration of directors and key executives is determined by the compensation committee having regard to the performance of individuals and market trends.

b) Related party balances and transactions

The balances due to the Company's directors and officer included in accounts payables and accrued liabilities were $433,115 as at December 31, 2015 (2014 – $626,179). These amounts are unsecured, non-interest bearing and payable on demand.

The Company borrowed $Nil (2014 - $9,685) from a director of the Company and $Nil (2014 - $75,000) from an advisor to the Company for an aggregate of $Nil (2014 - $84,685). The loans are unsecured, non-interest bearing, and payable in 12 months or less.

9. SEGMENTED INFORMATION

The Company operates in one reportable segment, being the exploration and development of mineral properties. All of the Company's equipment and mineral properties are located in Egypt.

10. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

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, short term loan payable, interest payable and convertible debentures approximate carrying value, which is the amount recorded on the consolidated statement of financial position. Cash under the fair value hierarchy are based on level one quoted prices in active markets for identical assets or liabilities.

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

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash (excluding petty cash), are all held at large Canadian or International financial institutions in interest bearing accounts. The Company has no investment in asset-backed commercial paper.

The Company's receivables consist mainly of GST receivables due from the government of Canada. As at December 31, 2015, the Company's exposure to credit risk is minimal.

10. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(cont'd…)*

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 manages liquidity risk through its capital management as outlined further on in Note 10.

Accounts payable relating to mineral exploration concessions, accounts payable and accrued liabilities, interest payable and convertible debentures are due within one year. The Company's approach to managing liquidity risk is to try to have sufficient liquidity to meet liabilities when due. To maintain liquidity, the Company is currently investigating financing opportunities. While the Company has been successful in obtaining its required funding in the past, there is no assurance that future financings will be available.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) 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. The Company's convertible debentures and short term loan payable are not a source of interest rate risk as they bear interest at fixed rates. A 1% change in interest rates on cash deposits would have a nominal effect on net loss.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable and accounts payable and accrued liabilities that are denominated in US Dollars (USD).

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. 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 commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible".

The Company has cash, receivable and accounts payable denominated in USD and are exposed to risk from changes in the USD. A 10% fluctuation in the USD against the Canadian dollar would affect net loss for the year by approximately $86,000.

10. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(cont'd…)*

Capital management

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. In the management of capital, the Company considers components of shareholders deficiency. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

During the year ended December 31, 2015, the Company:

- issued 6,279,426 common shares at $0.25 per share to settle $761,114 of accounts payable and accrued liabilities and short-term loans (Note 7); and

- included $22,312 of accrued share issuance costs in accounts payable and accrued liabiltiies.

During the year ended December 31, 2014, the Company:

- issued 1,733,252 common shares at $0.25 per share to settle $355,707 of accounts payable and accrued liabilities (Note 7), $51,600 of interest payable (Note 6), and $26,000 in other fees related to the convertible debentures (Note 6);

- issued 30,000 finder's warrants in relation to the private placement which were valued at $3,674;

- issued warrants with convertible debentures with a fair value of $109,838 that was recorded as a transaction cost of the offering;

- issued 500,000 common shares at $0.15 per share to certain directors, officers, employees and consultants of the Company for a total value of $75,000 which is included in share-based compensation; and

- issued a total of 1,180,000 warrants attached to units from a completed private placement which were valued at $88,500.

(Expressed in Canadian Dollars)

12. INCOME TAX

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

	2015	2014
Loss for the year before income tax	$ (1,751,315)	$ (1,500,180)
Expected income tax (recovery)	$ (455,000)	$ (390,000)
Changes in statutory, foreign tax, foreign exchange rates and other	363,000	158,000
Permanent differences	(138,000)	(5,000)
Impact of acquisition of convertible debentures	20,000	20,000
Share issuance costs	(15,000)	(5,000)
Change in unrecognized deductible temporary differences	225,000	222,000
Total income tax (recovery)	$ -	$ -

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

	2015	2014
Deferred tax assets (liabilities)		
Convertible debentures	$ (1,000)	$ (6,000)
Share issuance costs	1,000	6,000
Net deferred tax liability	$ -	$ -

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	2015	2014
Deferred tax assets (liabilities)		
Exploration and evaluation assets	$ 2,369,000	$ 2,177,000
Share issuance costs	24,000	39,000
Allowable capital losses	6,000	6,000
Non-capital losses available for future periods	1,804,000	1,717,000
	4,203,000	3,939,000
Unrecognized deferred tax assets	(4,203,000)	(3,939,000)
Net deferred tax assets	$ -	$ -

	2015	2014	Expiry Dates
Share issuance costs	$ 91,000	$ 150,000	2033 – 2039
Non-capital losses	7,388,000	7,164,000	2016 – 2035
Allowable capital losses	23,000	23,000	No expiry date
Exploration and evaluation assets	11,843,000	10,884,000	No expiry date

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

13. COMMITMENTS AND CONTINGENCIES

A former director and CEO of the Company commenced litigation against the Company alleging wrongful dismissal and claiming damages of US$500,000 for severance and unpaid wages of $239,862 plus interest and costs related. The Company is defending the cases and believes they are without merit. No liability other than unpaid fees for services amounting to $260,845 has been recorded in relation to these legal proceedings.

Two former employees of the Company commenced litigation against the Company in Egypt alleging wrongful dismissal and claiming damages of 1,555,000 Egyptian Pounds ($227,500). The Company is defending the cases and believes they are without merit. No contingent liability has been recorded in relation to these legal proceedings.

In the ordinary course of business, the Company is from time to time involved in legal proceedings and litigation. Presently, there are no legal proceedings and litigations that recently have had, or to the Company's knowledge, are reasonably possible to have, a material impact on the Company's financial positions, results of operations or cash flows. The Company did not accrue any loss contingencies in this respect as of December 31, 2015 and 2014, as the Company did not consider an unfavorable outcome in any material respects in these legal proceedings and litigations to be probable.

14. SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2015, the Company:

a) Settled a dispute with a former employee, whereby the former employee has agreed to return a net US$34,000 to the Company for advances previously made;

b) Accepted the resignation of Alexander Massoud, former director and CEO of the Company; and

c) Completed a non-brokered private placement by issuing 200,000 units for $0.05 per unit for gross proceeds of $10,000. Each unit consisted of one common share and one share purchase warrant with each share purchase warrant exercisable at $0.05 until April 8, 2019.