KAIROS CAPITAL CORPORATION

Consolidated Financial Statements

Years ended December 31, 2015 and 2014

Independent Auditors' Report

To the Shareholders of Kairos Capital Corporation

We have audited the accompanying consolidated financial statements of Kairos Capital Corporation, which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014, the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes, comprising 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.

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

Emphasis of Matter – Going Concern
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates the existence of a material uncertainty which may cast significant doubt about the ability of Kairos Capital Corporation to continue as a going concern.

MNP LLP

Calgary, Alberta

April 29, 2016

Chartered Professional Accountants

KAIROS CAPITAL CORPORATION
Consolidated Statements of Financial Position

As at		December 31, 2015		December 31, 2014
ASSETS				
Current				
Cash	**$**	**2,862**	$	2,079
GST receivable		**2,048**		2,399
		4,910		4,478
Capital assets				
Mineral properties - exploration and evaluation expenditures *(note 4)*		**1,477,836**		1,223,666
Total assets	**$**	**1,482,746**	$	1,228,144
LIABILITIES				
Current				
Trade and other payables *(note 7)*	**$**	**50,201**	$	67,045
Due to director *(note 7)*		**45,747**		234,444
Total liabilities		**95,948**		301,489
SHAREHOLDERS' EQUITY				
Share capital *(note 5(b)*		**2,044,686**		1,544,686
Contributed surplus		**96,700**		96,700
Deficit		**(754,588)**		(714,731)
Total shareholders' equity		**1,386,798**		926,655
Total liabilities and shareholders' equity	**$**	**1,482,746**	$	1,228,144

Business Activities and Going Concern (note 1)

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

Approved on behalf of the Board of Directors:

signed " Al J, Kroontje"
Al J. Kroontje

signed "Kenneth L. DeWyn"
Kenneth L. DeWyn

KAIROS CAPITAL CORPORATION

Consolidated Statements of Loss and Comprehensive Loss

		Years Ended December 31, 2015		2014
EXPENSES				
General and administrative	**$**	**39,857**	$	52,316
Net and comprehensive loss for the period	**$**	**(39,857)**	$	(52,316)
Loss per share - Basic and diluted *(note 5(c))*	**$**	**(0.001)**	$	(0.003)
Weighted average number of shares outstanding *(note 5(c))*		**49,708,904**		16,181,507

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

KAIROS CAPITAL CORPORATION

Consolidated Statements of Changes in Shareholders' Equity

		Share Capital		Contributed Surplus		Deficit		Total
Balance, December 31, 2013	$	1,169,686	$	96,700	$	(662,415)	**$**	**603,971**
Issuance of common shares, net of costs *(note 5(b))*		375,000		-		-		**375,000**
Net loss and comprehensive loss		-		-		(52,316)		**(52,316)**
Balance, December 31, 2014	$	1,544,686	$	96,700	$	(714,731)	**$**	**926,655**
Issuance of common shares *(note 5(b))*		500,000		-		-		**500,000**
Net loss and comprehensive loss		-		-		(39,857)		**(39,857)**
Balance, December 31, 2015	**$**	**2,044,686**	**$**	**96,700**	**$**	**(754,588)**	**$**	**1,386,798**

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

KAIROS CAPITAL CORPORATION

Consolidated Statements of Cash Flows

	Years Ended December 31, 2015	2014
Cash used for:		
OPERATING ACTIVITIES		
Net loss for the period	**$ (39,857)**	$ (52,316)
Add (deduct) items not affecting cash flow:		
Changes in non-cash working capital items	**31,107**	7,999
Cash used in operating activities	**(8,750)**	(44,317)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditures	**(254,170)**	(214,477)
Working capital related to investing activities	**(47,600)**	956
Cash used in investing activities	**(301,770)**	(213,521)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital *(note 5(b))*	**500,000**	-
Advances from director (repaid)	**(188,697)**	156,917
Cash from financing activities	**311,303**	156,917
Increase (decrease) in cash	**783**	(100,921)
Cash, beginning of year	**2,079**	103,000
Cash, end of year	**$ 2,862**	$ 2,079

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

1. Business Activities and Going Concern

Kairos Capital Corporation (the "Corporation" or "Kairos") was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (Alberta) on October 18, 2010. The registered office is located at 200, 407 – 3rd Street SW, Calgary, Alberta, Canada, T2P 4Z2.

The Corporation's principal business is the acquisition and development of mining properties in Chile and its common shares trade on the TSX Venture Exchange under the symbol "KRS".

The Corporation must secure sufficient funding to fund future operations of the mining business. At December 31, 2015, the Corporation had a working capital deficiency of $91,038 (2014 - $297,011) and owed $45,747 (2014 - $234,444) to a director who also may be required to fund future advances for operations. Therefore, the Corporation will require the continued support from this director.

Management will seek additional forms of financing through the issuance of new equity or debt instruments to continue its operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Without such funding being available, the Corporation may not be able to continue its operations, and the amounts realizable for the assets could be less than the amounts reflected in these consolidated financial statements.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported amounts of revenues and expenses and the classification of the statement of financial position items if the going concern assumption was inappropriate and these adjustments could be material.

2. Basis of Presentation

a) Statement of compliance

These consolidated financial statements, including required comparative information, have been prepared in accordance and compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Reporting Interpretations Committee ("IFRIC") in effect at the closing date of December 31, 2015.

These financial statements, and the policies applied herein, were authorized for issue by the Board of Directors on April 29, 2016.

b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost method except for share-based transactions and certain financial instruments which are measured at fair value.

The consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional and presentation currency. The functional currency of the Corporation's subsidiary is the Canadian dollar.

c) The consolidated financial statements include the accounts of the Corporation and Minera Kairos, which is a limited liability partnership of which the Corporation owns 99%. The Corporation has consolidated the assets, liabilities and expenses of its subsidiary after the elimination of inter-company transactions and balances. The subsidiary was incorporated in Chile on April 4, 2014 and the principal business is the acquisition and development of mining properties.

2. Basis of Presentation *(continued)*

d) Use of judgments and estimates

Management is required to make estimates, judgments and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Management reviews these judgments, estimates and assumptions on an ongoing basis, including those related to fair values of financial instruments, recoverability of assets and income taxes. Actual results may differ from these estimates.

The key estimates and judgments concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below. Readers are cautioned that the following list is not exhaustive and other items may also be affected by estimates and judgments.

Judgments

Judgment is used in situations when there is a choice and/or assessment required by management. The following are critical judgments apart from those involving estimations (disclosed below), that management has made in the process of applying the Corporation's accounting policies and that have a significant effect on the amounts recognized in the consolidated financial statements.

Determining cash generating units ("CGU's")
For the purpose of assessing impairment of exploration and evaluation expenditures and equipment, assets are grouped at the lowest level of separately identified cash flows which make up the CGU. Determination of what constitutes a CGU is subject to management judgement. The asset composition of a CGU can directly impact the recoverability of assets included within the CGU. In assessing the recoverability of tangible and intangible assets, each CGU's carrying value is compared to the greater of its fair value less costs to sell and value in use. The Corporation has determined that it has no CGUs.

Taxes
The Corporation applies judgment in determining the total provision for current and deferred taxes. There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain due to interpretations of complex tax regulations, changes in tax laws, and the amounts and timing of future taxable income. Given the changes occurring in the ownership of the Corporation, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxable income and expenses already recorded.

Contingencies
Management uses judgment to assess the existence of contingencies. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. Management also uses judgment to assess the likelihood of the occurrence of one or more future events.

Impairment of exploration and evaluation expenditures
The Corporation assesses impairment on exploration and evaluation expenditures when it has determined that a potential indicator of impairment exists. Impairment exists when the carrying value of a non-financial asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The Corporation uses the calculation of fair value less costs to sell to determine the fair value of its CGU's. In determining the fair value less costs to sell, the amount is most sensitive to the selection and use of recent transactions, comparable data in the market, to determine an implied fair value of the asset being tested.

Estimates

Share-based compensation
The recognition of expenses associated with the Corporation's stock option plan requires estimates of the fair value of stock options granted. Determining most of the inputs to the valuation model requires assumptions which include share trading volatility and the expected life of the options.

3. Summary of Significant Accounting Policies

a) Cash

Cash is comprised of cash on deposit at a Canadian financial institution.

b) Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, exploration and evaluation activity, and the fair value, at the date of acquisition, of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Corporation has obtained legal rights to explore an area are recognized in earnings. Acquisition costs, including general and administration costs, are only capitalized to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploration or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. Exploration and evaluation assets are assessed for impairment if sufficient evidence exists to determine technical feasibility and commercial viability, and facts and circumstances suggest the carrying amount exceeds the recoverable amount. Once technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to the area of interest are first tested for impairment and then reclassified to mining property development assets within property and equipment. Recoverability of the carrying amount of any exploration and evaluation assets is dependable on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

c) Decommissioning costs

Provision for decommissioning costs is recognized in full when the related facilities are installed. The decommissioning cost is calculated as the net present value of the Corporation's share of the expenditure expected to be incurred at the end of the producing life of the facility in the removal and decommissioning of the production, storage and transportation facilities currently in place. The cost of recognizing the liability is included as part of the cost of the relevant asset and is thus charged to operations in accordance with the Corporation's policy for depreciation of property and equipment. The increase in the provision due to the passage of time is recognized as finance costs whereas increases or decreases due to changes in the estimated cash flows are capitalized. Actual costs incurred upon settlement of the decommissioning liability are charged against the provision to the extent the provision was established.

d) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise of cash, GST receivable, trade and other payables, and due to director. Non-derivative financial instruments are recognized initially at fair value net of any direct attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

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

Loans and receivables:

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the fair value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3. Summary of Significant Accounting Policies *(continued)*

d) Financial instruments *(continued)*

Financial liabilities

Financial liabilities at amortized cost include trade and other payables and due to director. These amounts are initially measured at the amount required to be paid less, when material, a discount to reduce the liabilities to fair value. Subsequently, these financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

e) Fair value of financial instruments

The Corporation has classified its financial instrument fair values based on the required three level hierarchy:

- Level 1: Valuations based on quoted prices in active markets for identical assets or liabilities;
- Level 2: Valuations based on observable inputs other than quoted active market prices; and,
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flows methods.

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Cash is valued using level one inputs.

f) Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Corporation from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Corporation recognizes any impairment loss on associated assets.

g) Share capital

Proceeds from the issuance of common shares are classified as equity on the consolidated statement of financial position. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from net of any tax effects.

h) Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted number of common shares outstanding.

i) Share-based payments

The Corporation follows the fair value method for recognition of stock options awarded to directors and officers. Under this method, the equity instruments are recorded at their fair value based on the market price on the date of grant. For stock options, the fair value is estimated using the Black Scholes option pricing model that takes into account, as of the grant date, the exercise price, the expected life of the option, the current price of the underlying stock, its expected volatility, expected dividends of the stock and the risk-free interest rate over the expected life of the option. Compensation costs are recognized over the vesting period of the stock options.

Share-based compensation expense is recorded to profit and loss with a corresponding increase recorded to contributed surplus. Cash consideration received when options are exercised is credited to share capital along with the related amount previously recorded in contributed surplus.

3. Summary of Significant Accounting Policies *(continued)*

j) Taxes

Taxes are comprised of current and deferred taxes. Tax expense is recognized in the profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or elsewhere in shareholders' equity, in which case the related tax expense or recovery is also recognized directly in other comprehensive income or elsewhere in shareholders' equity.

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

Deferred tax expense and related liability is recognized with respect to temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to continue to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

k) New Accounting Standards

New standards adopted in the current year

IFRIC 21 levies

IFRIC 21 provides an interpretation of IAS 37 which sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers payment of the levy. The interpretation did not have a material effect on the Corporation.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations have been issued by the IASB which are not yet effective for the year ended December 31, 2015, and have not been applied in preparing these consolidated financial statements.

I. IFRS 9 financial instruments

IFRS 9 addresses requirements for the classification and measurement of financial instruments, impairment methodology and hedge accounting. The IASB set a mandatory effective date for annual periods beginning on or after January 1, 2018. The Corporation continues to assess this new standard, but does not expect it to have a significant impact.

II. IFRS 15 revenue from contracts with customers

IFRS 15 replaces the existing revenue recognition guidance with a new framework to determine the timing and measurement of revenue, providing users of the consolidated financial statements more information and relevant disclosures. IFRS 15 is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Corporation continues to assess this new standard, but does not expect it to have a significant impact.

III. IAS 38 intangible assets

Amendments to IAS 38 provides clarification of acceptable methods of depreciation and amortization. The amendments were issued in May 2014 and apply to annual reporting periods beginning on or after January 1, 2016, with early adoption permitted under IFRS. The Corporation continues to assess this new standard, but does not expect it to have a significant impact.

3. Summary of Significant Accounting Policies *(continued)*

k) *New standards and interpretations not yet adopted* (*continued)*

Changes in accounting policies

On January 1, 2015, the Company adopted the following pronouncements as issued by the IASB. The adoption of these standards did not have a material impact on Company's financial statements:

IFRS 3 Business Combination

This IFRS now requires contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date. This amendment also clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

4. Mineral properties - exploration and evaluation expenditures

The Corporation's exploration and evaluation expenditures relate to mineral properties in Chile and are as follows:

	As at December 31,	
	2015	**2014**
Lease acquisition	**$ 602,831**	$ 602,831
Geological	**875,005**	620,835
	$ 1,477,836	$ 1,223,666

Initially, May 17, 2013, the Corporation paid US$165,000 to Polar Star Mining Corporation ("Polar Star") in exchange for a 100% interest in the Nancagua Property and a 50% interest in the Fortuna Property and an option to acquire a 51% interest in the Salvadora Property (the "Initial Acquisition"). The Corporation also paid a US$50,000 option payment due to a third party in respect of the Fortuna Property in connection with the Initial Acquisition.

Concurrent with the Initial Acquisition, the Corporation completed a non-brokered private placement of 8 million common shares for gross proceeds of $800,000.

On September 8, 2014, the Corporation closed a further agreement with Polar Star (the "Subsequent Acquisition") pursuant to which it acquired the remaining interests not already owned or under option in the Fortuna Property and the Salvadora Property that were acquired in the Initial Acquisition. Each of the Initial Acquisition and the Subsequent Acquisition were non arms-length transactions as the Corporation and Polar Star had common directors.

Pursuant to the Subsequent Acquisition, the option agreements which were part of the Initial Acquisition were cancelled pursuant to a Purchase and Option Cancellation Agreement such that the previously reported expenditure commitments are no longer applicable.

As consideration for the Subsequent Acquisition, the Corporation issued 3,750,000 commons shares at an attributed value of $0.10 per common share for total consideration of $375,000. The attributed value was based on the share price on the date of the transaction.

Mineral Property Description

KAIROS holds 100% title interest in 25,300 hectares of mineral claims comprising six discrete property packages: Nancagua, Salvadora, Fortuna, Carmona, Apollo and Sancarrón (refer to Table 1 below) which are located in Chilean Regions III through VII with exploration potential to discover commercial deposits of gold and/or silver and/or copper.

4. Mineral properties - exploration and evaluation expenditures (*continued*)

Table 1

KAIROS PROPERTY CLAIM DISTRIBUTION		
Property Name	**Claim Type**	**Hectares**
Nancagua	Exploration	1,200
Salvadora	Exploration	8,100
Fortuna	Exploration	6,300
Fortuna	Exploitation	1,100
Carmen	Exploration	4,700
Apollo	Exploration	2,200
Sancarron	Exploration	1,700

Mineral Property Expenditure Commitments

The Mineral Properties do not require any minimum work or expenditure commitments. The Corporation is obligated to make annual per hectare tax payments due to the Chilean government in relation to exploration concessions.

5. Share Capital

a) Authorized:

Unlimited number of common voting shares and preferred shares without nominal or par value.

The preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series. No preferred shares have been issued since the Corporation's inception.

b) Issued Common Shares

Issued share capital is as follows.

	#	$
Balance December 31, 2013	**15,000,000**	1,169,686
Issued on acquisition of mineral properties (note 4)	**3,750,000**	375,000
Balance December 31, 2014	**18,750,000**	1,544,686
Issued for cash	**50,000,000**	50,000
Balance December 31, 2015	**68,750,000**	2,044,686

In 2015, the Corporation closed a private placement involving the issuance of 50,000,000 common shares which were issued at a price of $0.01 per share for total gross proceeds of $500,000.

c) Loss per share

The basic loss per share as calculated based on the weighted average number of shares outstanding during the period as follows:

Loss per share basic and diluted	Years ended December 31,	
	2015	**2014**
Weighted average number of common shares		
Issued and outstanding at beginning of year	**18,750,000**	15,000,000
Effect of share issuance	**30,958,904**	1,181,507
Weighted average number of common shares (basic and diluted)	**49,708,904**	16,181,507

5. Share Capital *(continued)*

d) Stock Option Plan

The Corporation has adopted an incentive stock option plan in accordance with the policies of TSX Venture (the "Stock Option Plan") for the benefit of directors, officers, employees and other key personnel of the Corporation. A maximum of 10%, but not exceeding 1,875,000 shares, of the issued and outstanding Common Shares of the Corporation are reserved for issuance pursuant to the exercise of stock options to be granted to directors, officers, employees and other key personnel of the Corporation. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) and for consultants shall not exceed two percent (2%) of the issued and outstanding common shares. The Stock Option Plan provides that the terms of the options and the option price shall be fixed by the directors subject to the price restrictions and other requirements imposed by TSX Venture. Stock options granted under the Stock Option Plan may not be exercisable for a period longer than ten (10) years and the exercise price must be paid in full upon exercise of the option.

A summary of the stock option plan and changes during the years then ended is as follows:

	December 31, 2015			December 31, 2014		
	# of Stock Options		Weighted Average Price	# of Stock Options		Weighted Average Price
Balance, beginning of year	1,225,000	$	0.10	1,400,000	$	0.10
Forfeited	(200,000)	$	0.10	(175,000)	$	0.10
Balance, end of year	1,025,000	$	0.10	1,225,000	$	0.10

During the year ended December 31, 2015, 200,000 (2014 – 175,000) director's options were forfeited.

A summary of the stock options outstanding is as follows:

As at December 31, 2015				As at December 31, 2014			
Options Outstanding	Exercise Price	Weighted Average Remaining Contractual Life (years)	Expiry Date	Options Outstanding	Exercise Price	Weighted Average Remaining Contractual Life (years	Expiry Date
525,000	$0.10	5.1	Feb18, 2021	525,000	$0.10	6.1	Feb18, 2021
500,000	$0.10	2.8	Nov 1, 2018	700,000	$0.10	3.8	Nov 1, 2018
1,025,000		4.0		1,225,000		4.8	

6. Escrowed Shares

Pursuant to an escrow agreement dated as of October 22, 2010 among the Corporation, Olympia Trust Company and certain shareholders of the Corporation, 4,000,000 of the issued and outstanding Common Shares have been deposited in escrow. Upon the Corporation completing a Qualifying Transaction, as defined in Policy 2.4 of the TSX Venture, Common Shares held pursuant to the escrow agreement shall be released as to 10% immediately following the issuance of the bulletin of TSX Venture announcing final acceptance of the Qualifying Transaction (the "Initial Release") and an additional 15% every nine months following the Initial Release. As at December 31, 2015, 600,000 (2014 – 1,800,000) common shares were held in escrow.

7. Related Party Transactions

a) During the years ended December 31, 2015 and 2014, the Corporation incurred the following expenses, payable to companies with a common officer or director:

		2015		2014
Administrative consulting services from a company controlled by an officer	**$**	**10,000**	$	11,043
Consulting services provided by an officer, included in Mineral Properties on the Statements of Financial Position (2015 – US$69,375; 2014 - US$77,375)	**$**	**88,631**	$	85,904

7. Related Party Transactions (continued)

The above transactions were in the normal course of operations and were recorded at fair value.

b) The amounts due to related parties are as follows at the following dates:

As at December 31,		2015		2014
Due to a director - unsecured and due on demand	**$**	**45,747**	$	234,444
Due to an officer for administrative consulting services	**$**	**10,000**	$	5,500
Due to an officer for consulting services - included in trade and other payables (2015 - US$nil; 2014 – US$6,000)	**$**	**-**	$	7,001

8. Financial Instruments

The Corporation is exposed to minimal credit risk, liquidity and interest rate risks. The Corporation manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. There are no differences in the carrying values and fair values of the Corporation's financial instruments due to the short term maturities.

a) Foreign exchange risk

The Corporation is exposed to the risk of changes in the Canadian/U.S. dollar exchange rate and in the U.S./Chilean Peso exchange rate for services and geological costs that are denominated in Chilean Peso and converted to U.S. dollars or directly influenced by U.S. dollar benchmark prices. A hypothetical change of 10% to the foreign exchange rate between Canadian/U.S. and U.S/Chilean Peso would not have a material impact of the Corporation's loss during the year.

b) Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Corporation believes it has negligible credit risk due to its non-operating status and limited cash and receivables.

c) Liquidity Risk

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its liabilities when due. As at December 31, 2015 the Corporation had a working capital deficiency of $91,038 in excess of current assets. All of the Corporation's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. Subsequent to December 31, 2015, a director advanced $59,300. Additional funds will be required to meet ongoing obligations.

9. Income Taxes

The provision for income taxes differs from the amount obtained by applying the combined Canadian federal and provincial income tax rate to the loss for the year. The differences relate to the following items:

		Year ended December 31, 2015		Year ended December 31, 2014
Loss before income taxes	$	39,857	$	52,316
Corporate income tax rate		26%		25%
Anticipated tax recovery		(10,363)		(13,079)
Deferred tax assets not recognized		14,492		17,482
Non-deductible expenses		-		-
Share issue costs		-		-
Other		(4,129)		(4,403)
Income tax provision	$	-	$	-

The statutory tax rate increased from 25% to 26% due to an increase in the Alberta provincial tax rate on July 1, 2015.

9. Income Taxes *(continued)*

Details of the unrecognized deductible temporary differences are as follows:

	Year ended December 31, 2015	Year ended December 31, 2014
Share issuance costs	$ 2,011	$ 19,608
Non-capital losses	393,877	336,408
Exploration and evaluation expenditures	287,153	287,153
Unrecognized deductible temporary difference	(683,041)	(653,169)
	$ -	$ -

As at December, 2015, the Corporation has non-capital losses for Canadian income tax purposes that may be carried forward to reduce taxable income derived in future year as follows:

Year of Expiry	Amount
2031	$ 61,639
2032	86,023
2033	118,818
2034	69,928
2035	57,469
	$ 393,877

10. Management of Capital

The Corporation's capital currently consists of common shares. Its principal source of cash is from the issuance of common shares. The Corporation's capital management objectives are to safeguard its ability to continue as a going-concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Corporation does not have any externally imposed capital requirements to which it is subject. The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Corporation's objective when managing capital is to safeguard the Corporation's ability to continue as a going concern, such that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Corporation manages the following as capital:

As at December 31,	2015	2014
Share capital	$ **2,044,686**	$ 1,544,686
Contributed surplus	**96,700**	96,700
Deficit	**(754,588)**	(714,731)
	$ **1,386,798**	$ 926,655

11. Key Management Compensation

Remuneration for directors and officers is as follows:

	Year ended December 31, 2015	Year ended December 31, 2014
Cash	$ **88,631**	$ 96,947