MAJESTA MINERALS INC.

Financial Statements

December 31, 2015 and 2014

MAJESTA MINERALS INC.
Index to Financial Statements
For the Year and Period Ended December 31, 2015 and 2014

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Majesta Minerals Inc.

We have audited the accompanying financial statements of Majesta Minerals Inc., which comprise the statements of financial position as at December 31, 2015 and December 31, 2014 and the statements of comprehensive loss, changes in shareholders' equity and cash flow for the year ended December 31, 2015 and the period from incorporation on August 6, 2014 to December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Independent Auditor's Report to the Shareholders of Majesta Minerals Inc. *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Majesta Minerals Inc. as at December 31, 2015 and December 31, 2014 and its financial performance and its cash flow for the year then ended and the period from incorporation on August 6, 2014 to December 31, 2014 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which describes the conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Collins Barrow LLP

Calgary, Alberta
April 29, 2016

Chartered Professional Accountants

MAJESTA MINERALS INC.

Statement of Financial Position

As at December 31, 2015 and 2014

	2015	2014
Assets		
Current		
Cash	$ 100	$ 100
Exploration and evaluation assets *(Note 6)*	1,379,974	400,000
	$ 1,380,074	$ 400,100
Liabilities and shareholders' equity		
Current		
Accounts payable *(Note 7)*	$ 42,701	$ 13,325
Due to related parties *(Note 8)*	150,000	100,000
Due to parent *(Note 8)*	-	300,000
	192,701	413,325
Shareholders' equity		
Share capital *(Note 10)*	1,208,640	100
Contributed surplus *(Note 11)*	21,434	-
Deficit	(42,701)	(13,325)
	1,187,373	(13,225)
	$ 1,380,074	$ 400,100

ON BEHALF OF THE BOARD

Signed "Randy Studer" *Director*

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

MAJESTA MINERALS INC.

Statement of Comprehensive Loss

For the Year and Period Ended December 31, 2015 and 2014

	2015	2014 *(5 months)*
Expenses		
Professional fees	$ **29,376**	$ 13,325
Comprehensive loss	$ **(29,376)**	$ (13,325)
Loss per share	$ **(0.02)**	$ (133.25)
Weighted average number of shares outstanding	**1,795,147**	100

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

MAJESTA MINERALS INC.

Statement of Changes in Shareholders' Equity

For the Year and Period Ended December 31, 2015 and 2014

	Share capital	Contributed surplus	Deficit	Total equity
Balances at December 31, 2014	**$ 100**	**$ -**	**$ (13,325)**	**$ (13,225)**
Shares issued during the year	**1,208,540**	**-**	**-**	**1,208,540**
Warrants issued during the year	**-**	**21,434**	**-**	**21,434**
Comprehensive loss for the year	**-**	**-**	**(29,376)**	**(29,376)**
Balances at December 31, 2015	**$ 1,208,640**	**$ 21,434**	**$ (42,701)**	**$ 1,187,373**

	Share capital	Contributed surplus	Deficit	Total equity
Balances at August 6, 2014	$ -	$ -	$ -	$ -
Shares issued during the period	100	-	-	100
Comprehensive loss for the period	-	-	(13,325)	(13,325)
Balances at December 31, 2014	$ 100	$ -	$ (13,325)	$ (13,225)

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

MAJESTA MINERALS INC.

Statement of Cash Flow

For the Year and Period Ended December 31, 2015 and 2014

		2015		2014 *(5 months)*
Operating activities				
Comprehensive loss	$	**(29,376)**	$	(13,325)
Change in non-cash working capital:				
Accounts payable		**29,376**		13,325
Cash flow from operating activities		**-**		-
Financing activity				
Proceeds from issuance of common shares		**-**		100
Increase in cash flow		**-**		100
Cash and cash equivalents - beginning of year		**100**		-
Cash and cash equivalents - end of year	**$**	**100**	$	100
Cash flow supplementary information				
Interest received	**$**	**-**	$	-
Interest paid	**$**	**-**	$	-
Income taxes paid	**$**	**-**	$	-

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

1. NATURE OF OPERATIONS

Majesta Minerals Inc. ("MMI" or the "Company") was incorporated on August 6, 2014 under the laws of the Province of Alberta as 1839579 Alberta Ltd. The Company changed its name on December 22, 2014 from 1839579 Alberta Ltd. to Majesta Mineral Inc. MMI is engaged in the business of mineral exploration. The Company was a wholly owned subsidiary of Hodgins Auctioneers Inc. ("HAI") until HAI distributed the common shares of MMI to the shareholders of HAI pursuant to a plan of arrangement which became effective October 21, 2015. The principal and registered office of the Company is located at 203, 221 – 10th Avenue SE Calgary, Alberta.

The Board of Directors approved the financial statements on April 29, 2016.

2. GOING CONCERN

These financial statements have been prepared on the basis of accounting principles applicable to a going concern. The use of these principles assumes that MMI will continue in operation for the foreseeable future and will be able to realize assets and discharge its liabilities in the normal course of operations. The exploration of these properties has not commenced. As such, it is unknown whether the properties contain reserves that are economically recoverable. As at December 31, 2015, the Company has a working capital deficiency of $192,601 (2014 - $413,225) and expects to incur further operating losses, which casts significant doubt about MMI's ability to continue as a going concern. Management expects to raise capital required to meet its drilling and working capital commitments through a private placement (see note 15). The Company needs to raise this capital to ensure it meets upcoming obligations. Therefore, the Company's continuance as a going concern is dependent on its ability to obtain adequate financing and profitable levels of operations. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation.

If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these financial statements.

3. BASIS OF PRESENTATION

Statement of compliance
The Company's financial statements have been prepared in accordance with and using accounting policies in full compliance with the International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of measurement
The financial statements have been prepared on the historical cost basis.

Functional and presentation currency
The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Use of estimates and judgments
The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand.

Share capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares, if any, are recognized in equity as a reduction from the gross proceeds received from the issued common shares.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial assets and liabilities

Financial instruments are accounted for, presented, and disclosed in accordance with IFRS 7 - Financial Instruments: Disclosures ("IFRS 7"), IAS 32 and IAS 39. The Company recognizes financial assets and financial liabilities when the Company becomes a party to a contract. Financial assets and financial liabilities, with the exception of financial assets classified at fair value through profit or loss, are measured at fair value plus transaction costs on initial recognition. Financial assets at fair value through profit or loss are measured at fair value on initial recognition and transaction costs are expensed when incurred.

Measurement in subsequent periods depends on the classification of the financial instrument as follows:

Financial assets at fair value through profit or loss ("FVTPL")
Financial assets are classified as FVTPL when acquired principally for the purposes of trading, if so designated by management (fair value option), or if they are derivative assets. Financial assets classified as FVTPL are measured at fair value, with changes recognized in the statements of comprehensive loss.

Loans and receivables
Loans and receivables are non-derivative financial assets that have fixed or determinable payments and are not quoted in an active market. Subsequent to initial recognition, loans and receivables are carried at amortized costs, using the effective interest method, less a provision for impairment. A provision for impairment is established when there is objective evidence that collection will not be possible under the original terms of the contract, indicators of impairment include delinquency of payments and significant financial difficulty of the holder. The carrying amount of the financial asset is reduced through an allowance account, and the amount of the loss is recognized in the statements of comprehensive loss. Any subsequent reversal of impairment loss is recognized in profit or loss.

Held-to-maturity investments
These investments have fixed maturities, and it is the entity's intention to hold these investments to maturity. Held-to-maturity investments are stated at amortized cost using the effective interest rate method.

Available for sale financial assets
Available for sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not included in any of the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity in an available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in other comprehensive income as gains and losses from investment securities.

Financial liabilities at FVTPL
Financial liabilities are classified as FVTPL if they are designated as such by management, or they are derivative liabilities. Financial liabilities classified as FVTPL are measured at fair value, with changes recognized in the statements of comprehensive loss.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Other financial liabilities
Other financial liabilities are financial liabilities that are not classified as FVTPL. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of an instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all transaction costs and other premiums or discounts) through the expected life of the debt instrument to the net carrying amount of the initial recognition.

The following summarizes the Company's classification and measurement of financial assets and liabilities:

Cash is classified as fair value through profit and loss and is measured at fair value. Accounts payable, due to parent and due to related parties are classified as other financial liabilities and are measured at amortized cost.

Fair value
The carrying values of cash approximate the fair values due to the short-term maturity of the instruments. Management considers that no events have occurred subsequent to the inception of these financing arrangements that would indicate that fair value differs substantially from carrying value.

MMI measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 Quoted market price in an active market for an identical instrument.

Level 2 Valuation techniques based on observable inputs either directly or indirectly derived from prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted market prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted market prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety. Cash is measured at fair value using level 1.

De-recognition
MMI derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. MMI derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

New standards and interpretations not yet adopted

At the date of authorization of these financial statements, the IASB issued the following Standards that are effective for reporting periods ending after January 1, 2016 and which MMI may be required to adopt in future reporting periods.

(i) Amendments to IAS 1, Presentation of Financial Statements
(ii) Amendments to IAS 16, Property, Plant and Equipment
(iii) Amendments to IAS 27, Separate Financial Statements
(iv) Amendments to IAS 28, Investments in Associates
(v) Amendments to IAS 38, Intangible Assets
(vi) Amendments to IFRS 10, Consolidated Financial Statements
(vii) Amendments to IFRS 11, Joint Arrangements

IFRS 9 "Financial Instruments: Classification and Measurement" - Effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 9 introduces new requirements for the classification and measurement of financial instruments.

IFRS 15 "Revenue from Contracts with Customers: - Effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 15 provides a single, comprehensive revenue recognition model for all contracts with customers.

IFRS 16 “Leases”: - Effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. IFRS 16 introduce a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases.

The Company is currently analysing the impact, if any, that the adoption of these standards will have on its financial statements.

Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxation profits will be available against which those deductible temporary differences can be utilized.

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment

(i) Financial assets:
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the statement of earnings and comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in the statement of earnings and comprehensive income.

(ii) Non-financial assets:
The carrying amounts of the Company's non-financial assets, other than exploration and evaluation assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and other intangible assets that have indefinite lives or that are not yet available for use an impairment test is completed each year. Exploration and evaluation assets are assessed for impairment when they are transferred to property, plant and equipment, and also if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (CGU). The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell.

Fair value less cost to sell is determined as the amount that would be obtained from the sale of a CGU in an arm's length transaction between knowledgeable and willing parties. The fair value less cost to sell is generally determined as the net present value of the estimated future cash flows expected to arise from the continued use of the CGU, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted by an appropriate discount rate which would be applied by such a market participant to arrive at a net present value of the CGU.

Value in use is determined as the net present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to the Company's continued use and can only take into account approved future development costs. Estimates of future cash flows used in the evaluation of impairment of assets are made using management's forecasts of commodity prices and expected production volumes.

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to the CGU's that are expected to benefit from the synergies of the combination. Exploration and evaluation assets are allocated to related CGUs when they are assessed for impairment, both at the time of any triggering facts and circumstances as well as upon their eventual reclassification to producing assets.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

An impairment loss is recognized if the carrying amount of a CGU exceeds its estimated recoverable amount. Impairment losses are recognized in depletion and depreciation expense in the statement of earnings and comprehensive income. Impairment losses recognized in respect of CGU's are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior years are assessed at each reporting date, if facts and circumstances indicate that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation, if no impairment loss had been recognized.

Stock based compensation

Stock options are accounted for using the fair value method under which compensation expense is recorded based on the estimated fair value of the options at the grant date using the Black-Scholes option pricing model.

Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Compensation cost is expensed over the vesting period with a corresponding increase in contributed surplus. When stock options are exercised, the cash proceeds along with the amount previously recorded as contributed surplus are recorded as share capital. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or significant influence. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

5. FINANCIAL RISK MANAGEMENT

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and commodity risk. These risks are managed as follows:

Credit risk
Credit risk is the risk of loss associated with a counter-party's inability to fulfil its payment obligations. The Company's credit risk is attributable to cash that may be held at major Canadian-based financial institutions. In these situations management believes the risk of loss is minimal.

Liquidity risk
Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. As at December 31, 2015, the Company currently has nominal cash at its disposal and has yet to commence active operations, as such the Company is expected raise capital through a private placement.

Commodity price risk
Commodity price risk is the risk of uncertainty arising primarily from possible commodity price movements and their impact on the future economic viability of the Company's projects as well as its ability to raise capital. These risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis and adjusting operating and exploration budgets accordingly. The Company has yet to commence active operations and therefore has limited exposure to this risk.

6. EXPLORATION AND EVALUATION ASSETS

Pursuant to the terms of the Purchase/Option Agreement ("Purchase/Option Agreement") dated August 7, 2014 (as amended) between MMI, MRI Holdings Ltd. (formerly Majesta Resources Inc.) ("MRI") and HAI (parent of MMI at the time) the following consideration was paid by MMI and HAI to MRI to acquire 25% interest in 9 mineral claims ("Key Lake South West Mineral Claims") on August 8, 2014:

Nature of Transaction	Interest in Majesta Mineral Claims	Assumption of Debt to Durama Enterprises Limited	Cash	Common Shares of HAI at $0.05	Exploration Work Commitments	Total
Purchase	25%	$ 100,000	$ -	$ 100,000	$ 300,000	$ 500,000

The common shares issued by HAI to purchase the 25% interest in the Key Lake South West Mineral Claims was settled on October 21, 2015.

MRI was the operator from August 8, 2014 to October 21, 2015 when MMI acquired the remaining undivided 75% interest. Pursuant to the Purchase/Option Amendment #5 Agreement, MMI acquired remaining 75% of interest in the Key Lake South West Mineral Claims from MRI for the sum of $600,000 payable by (a) promissory note of $150,000; and (b) $450,000 paid by issuance of 3,000,000 common shares at price of $0.15/common share. MRI retained a 1.5 per cent Net Smelter Royalty which could be purchased for fair market value. The exploration and evaluation assets is presented below:

August 6, 2014 (incorporation date)	$ -
Acquisition of 25% WI in Key Lake South West Mineral Claims	400,000
December 31, 2014	400,000
Costs related to acquisition	263,474
Purchase of 75% WI In Key Lake South West Mineral Claims	600,000
Exploration costs incurred during the year	116,500
December 31, 2015	$ 1,379,974

7. ACCOUNTS PAYABLE

The accounts payable consists of the following:

	2015	2014
Audit fees	**$ 25,765**	$ 13,325
Legal fees	**16,936**	-
	$ 42,701	$ 13,325

The legal fee owing to a significant shareholder is secured by a general security agreement charging all the assets of MMI.

8. RELATED PARTY TRANSACTIONS

The Purchase/Option Agreement is a related party transaction as MMI acquired a 100% interest in the Key Lake South West Mineral Claims from MRI. Randy Studer became an officer of MMI on August 8, 2014. Randy Studer is a shareholder, director and officer of MRI. Consulting fees paid to Durama Enterprises Limited ("Durama") are related party transactions. Randy Studer is a shareholder, director and officer of Durama.

As of October 21, 2015, the debt owing by MMI to HAI was $563,474 plus the $100,000 owing to Durama (as part of the acquisition of the 25% WI in the Key Lake South West Mineral Claims). The indebtedness owing to HAI was non-interest bearing, unsecured and due upon completion of the plan of arrangement. See Note 9. Upon completion of the plan of arrangement on October 21, 2015 the HAI debt was exchanged for MMI common shares. The $100,000 debt owing to Durama was exchanged for 666,666 common shares of MMI. In 2015, MMI incurred debts of $116,500 to Durama for its share of JV billings for 2015 related to the Key Lake South West Mineral Claims. On October 21, 2015, Durama exchanged the $116,500 debt for 775,000 common shares at a deemed price of $0.15/share.

MMI has exercised its option to purchase an additional 75% undivided right, title and interest in the Key Lake South West Mineral Claims from MRI by providing the following payments assumption of $150,000 of debt and issuance of 3,000,000 common shares at $0.15/share. As of December 31, 2015 the $150,000 of debt is still outstanding. Of the total loans, $113,250 is due on demand and is charged at the the rate of prime + 4.00%. The remaining loans of $36,750 is repayable on demand with no interest charged.

These transactions are in the normal course of operations and are measured at amortized cost using the effective interest method.

9. PLAN OF ARRANGEMENT

On August 7, 2014, MMI entered into an arrangement agreement (which included a plan of arrangement) to acquire certain assets from HAI. The plan of arrangement and arrangement agreement was amended on December 22, 2014, July 15, 2015 and August 19, 2015. The transaction was completed on October 21, 2015.

Under the arrangement each shareholder of HAI received one (1) common share of MMI for every 2.701 common shares of HAI (issued and outstanding on October 21, 2015) in the aggregate of 4,786,490 MMI common shares at a deemed price of $0.0001 per MMI common share. Under the arrangement each warrant holder of HAI received one (1) warrant of MMI for every 2.701 warrants held in HAI. MMI issued 2,234,727 MMI warrants with an exercise price of $0.225 and an expiry date of October 21, 2017. Under the Plan for every 2.701 options of HAI, MMI would grant 1 MMI option. There were no outstanding options of HAI as of October 21, 2015 and no MMI options were granted.

10. SHARE CAPITAL

Authorized:

Unlimited	Common voting shares
Unlimited	Preferred non-voting shares

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10. SHARE CAPITAL *(continued)*

		2015	2014
Issued:			
9,228,156	Common shares	**$ 1,208,640**	$ 100

	2015 Shares	2015 Amount	2014 Shares	2014 Amount
Common shares				
Shares outstanding at the beginning of the period	**100**	**$ 100**	-	$ -
Issued	**9,228,156**	**1,208,540**	100	100
Cancelled	**(100)**	**-**	-	-
Shares outstanding at the end of the period	**9,228,156**	**$ 1,208,640**	100	$ 100

The common shares were issued to acquire the remaining undivided 75% interest in the Key Lake South West Mineral Claims and to settle the outstanding loans with the parent and related parties.

11. WARRANTS

Pursuant to the Plan of Arrangement, each warrant holder of HAI received one (1) warrant of MMI for every 2.701 warrants held in HAI. MMI issued 2,234,727 MMI warrants with an exercise price of $0.225 and an expiry date of October 21, 2017. As a result of financing completed in 2015, there are 2,234,727 warrants valued at $21,434 outstanding as of December 31, 2015 calculated using the following terms:

Number of Warrants	Excerise Price $	Expected life	Volatility	Risk free rate
2,234,727	$ 0.2250	2 years	100%	1.00%

12. INCOME TAX

The income tax provision recorded differs from the income tax obtained by applying the statutory income tax rate of 26% (2014- 25%) to the income for the year and is reconciled as follows:

	2015	2014
Comprehensive loss	$ (29,376)	$ (17,325)
Effective tax rate	26.00%	25.00%
Expected income tax expense (benefits)	(7,638)	(4,331)
Change in future tax rates	(294)	(347)
	(7,931)	(4,678)
Unrecognized deferred income tax	7,931	4,678
Deferred income tax expense	$ -	$ -
Non capital loss carried forward	$ 12,609	$ 4,678
Unrecognized deferred income tax asset	(12,609)	(4,678)
Deferred income tax asset	$ -	$ -

The Company has incurred losses of $12,609 for tax purposes which are available to reduce future taxable income. The losses will expire as follows:

2034	$ 4,678
2035	7,931
	$ 12,609

13. CAPITAL MANAGEMENT

The Company's objective in managing capital is to ensure continuity as a going concern and to safeguard its ability to continue its acquisition of the mineral rights and carry out exploration programs. The Company manages its capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares and acquire or sell investments they hold to improve its financial performance and flexibility.

The Company defines its capital as its shareholders' equity. As needed, the Company is expected to raise funds through private placements or other equity financing. The Company does not utilize long term debt as the Company does not currently generate operating revenues.

14. COMMITMENTS

As of December 31, 2015, the Company has drilling commitments related to its mineral leases of $426,120, These commitments are to be met from April to December 2017.

15. SUBSEQUENT EVENTS

In the subsequent period, Durama has provided a loan to the Company for $19,000 to assist in the operating expenses to be repaid in monthly blended payments of $1,200. The loan is subject to interest at 15% per annum.