One World Investments Inc.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

In Canadian Dollars

Tel: 604 688 5421
Fax: 604 688 5132
www.bdo.ca

BDO Canada LLP
600 Cathedral Place
925 West Georgia Street
Vancouver BC V6C 3L2 Canada

Independent Auditor's Report

To the shareholders of One World Investments Inc.

We have audited the accompanying financial statements of One World Investments Inc. which comprise the statement of financial position as at December 31, 2015, and the statement of loss and comprehensive loss, changes in shareholders' deficit and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of One World Investments Inc. as at December 31, 2015 and the results of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which indicates that the Company has incurred operating losses since inception and has an accumulated deficit of $10,208,901. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

Restated Comparative Information

The statement of financial position as at January 1, 2014 has been derived from the statement of financial position as at December 31, 2013 (not presented herein). The financial statements of the Company for the year ended December 31, 2014 and 2013 (prior to the restatement described in Note 2a to the financial statements) were audited by another auditor who expressed an unmodified opinion on those financial statements on April 30, 2015 respectively.

As part of our audit of the financial statements of the Company for the year ended December 31, 2015, we also audited the adjustments described in Note 2a that were applied to restate the financial statements for the year ended December 31, 2014 and to derive the statement of financial position as at January 1, 2014. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the financial statement of the Company for the years ended December 31, 2014 and 2013 or to the statement of financial position as at January 1, 2014 other than with respect to the adjustments and accordingly, we do not express an opinion or any other form of assurance on the financial statements for the years ended December 31, 2014 and 2013 or the statement of financial position as at January 1, 2014 taken as a whole.

(signed) "BDO CANADA LLP"

Chartered Professional Accountants
Vancouver, Canada
April 28, 2016

ONE WORLD INVESTMENTS INC.

Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	December 31, 2015 ($)	December 31, 2014 (Restated - Note 2a) ($)	January 1, 2014 (Restated - Note 2a) ($)
Assets				
Current Assets				
Cash		$ 647	$ 395	$ 23,431
Sales tax receivable	6	-	26,884	22,544
		647	27,279	45,975
Non - Current Assets				
Other Assets		-	-	24,957
		$ 647	$ 27,279	$ 70,932
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	8, 12	$ 467,252	$ 368,752	$ 286,206
Loans payable	9	435,275	401,463	369,442
Promissory notes payable	10	579,083	429,448	365,175
Due to related parties	12	286,898	264,910	244,608
		1,768,508	1,464,573	1,265,431
Shareholders' Deficit				
Share capital	11	8,430,700	8,430,700	8,430,700
Share-based payments reserve	11	10,340	10,340	10,340
Deficit		(10,208,901)	(9,878,334)	(9,635,539)
		(1,767,861)	(1,437,294)	(1,194,499)
		$ 647	$ 27,279	$ 70,932

Nature of operations and going concern (Note 1)

Approved on behalf of the Board by:

"Douglas Fulcher"
Douglas Fulcher, Director

"Alan Williams"
Alan Williams, Director

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

ONE WORLD INVESTMENTS INC.

Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note		December 31, 2015 ($)		December 31, 2014 (Restated - Note 2a) ($)
EXPENSES					
Professional fees	12		55,366	$	18,369
Interest and financing costs	9, 10		96,802		88,337
Management, Consulting, and director fees	12		41,775		57,226
Office, rent and phone	12		12,000		12,218
Transfer agent and filing fees			12,220		4,836
Foreign exchange loss			91,165		36,852
Exploration expenditures (recovery)	7		(5,645)		-
Write off unrecoverable tax	6		26,884		-
Impairment of other assets	7		-		24,957
			330,567		242,795
Net Loss and Comprehensive Loss		$	(330,567)	$	(242,795)
Basic and Diluted Loss per Common Share			(0.07)		(0.05)
Weighted Average Number of Shares Outstanding			5,055,506		5,055,506

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

ONE WORLD INVESTMENTS INC.

Statement of Changes in Shareholders' Deficit

(Expressed in Canadian Dollars)

	Share Capital				
	Shares (#)	Amount ($)	Share-based payments reserve ($)	Deficit ($)	Total shareholders' deficit ($)
Balance - January 1, 2014 (Restated - Note 2a)	**5,055,506**	**8,430,700**	**10,340**	**(9,635,539)**	**(1,194,499)**
Net loss for the year (Restated - Note 2a)	-	-	-	(242,795)	(242,795)
Balance - December 31, 2014 (Restated - Note 2a)	**5,055,506**	**8,430,700**	**10,340**	**(9,878,334)**	**(1,437,294)**
Net loss for the year	-	-	-	(330,567)	(330,567)
Balance - December 31, 2015	**5,055,506**	**8,430,700**	**10,340**	**(10,208,901)**	**(1,767,861)**

The accompanying notes are an integral part of the annual financial statements.

ONE WORLD INVESTMENTS INC.

Statements of Cash Flows

(Expressed in Canadian Dollars)

	December 31, 2015	December 31, 2014
		(Restated - Note 2a)
	($)	($)
OPERATING ACTIVITIES		
Net loss for the period	$ (330,567)	$ (242,795)
Items not affecting cash:		
Foreign exchange loss	91,165	36,852
Interest and financing costs	96,497	88,337
Write off unrecoverable tax	26,884	-
Impairment of other asset	-	24,957
Net change in non-cash working capital		
GST receivable	-	(4,340)
Accounts payable and accrued liabilities	89,466	73,953
	(26,555)	(23,036)
FINANCING ACTIVITIES		
Promissory notes payable	26,807	-
Increase (decrease) in cash for the year	252	(23,036)
Cash - beginning of the year	395	23,431
Cash - end of year	$ 647	$ 395

Non-cash investing and financing activities and other information:

Interest received	$ -	$ -
Interest paid	$ -	$ -
Taxes paid	$ -	$ -

 The accompanying notes are an integral part of the annual financial statements.

1. Nature of operations and going concern

One World Investments Inc. (the "Company") was incorporated under the laws of the province of British Columbia on November 9, 1982 and is engaged in the acquisition and exploration of exploration and evaluation assets. The Company's head office and records offices are located at Suite 615, 800 West Pender Street, Vancouver, British Columbia, V6C 2V6. The Company's shares are listed on the NEX Board of the TSX Venture Exchange ("Exchange").

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

At December 31, 2015, the Company has a working capital deficit of $1,767,861, has not identified a project to explore, has commitments due in the coming fiscal year and had an accumulated deficit of $10,208,901 since inception and expects to incur further losses, all of which indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate the acquisition of, participation in or interest in new properties, assets or business opportunities, and raise additional funds by way of equity financings. Any acquisition may be subject to shareholder and regulatory approval and obtaining the necessary financing. Should the Company be unable to complete such a transaction, its ability to raise sufficient financing to maintain operations may be impaired. The available funds are insufficient to continue operations for the ensuing year. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be successful in doing so in the future.

2. Restatement, basis of presentation and statement of compliance

(a) Restatement

The Company restated its statement of financial position as at December 31, 2014 and January 1, 2014, its statements of loss and comprehensive loss, cash flows, and changes in shareholders' deficit for the year ended December 31, 2014.

Management conducted a review of certain accounting issues and determined that the following items required adjustment in the financial statements for the year ended December 31, 2014:

i. Interest accrued on an outstanding loan balance was previously calculated on a compound basis when the simple method of interest was specified in the loan agreement terms; and

ii. Outstanding taxes payable balances relating to Part XII.6 taxes and associated penalties and interest were not fully accrued.

The misstatements identified resulted in an increase in opening accumulated deficit and current liabilities. Similarly, ending current liabilities increased along with ending deficit for the year ended December 31, 2014.

The following describes the impact of the adjustments to the financial statements:

(EXPRESSED IN CANADIAN DOLLARS)

(a) The Company identified $49,474 of interest that should have accrued on Part XII.6 taxes payable. An additional $10,751 was identified as unrecorded late-filing tax penalties. As a result, total misstatement of $60,225 was attributable to an understatement in the January 1, 2014 opening deficit of $51,631 and $8,594 attributable to the year ended December 31, 2014.

(b) The Company identified an error in the carrying value of loans payable and opening deficit as at January 1, 2014. The cumulative error was a result of a calculation error of ending balances at year-end 2013 and an inappropriate use of the compound method to calculate interest. As a result, both the opening deficit and opening loan payable balance was understated by $784.

As at December 31, 2014, both the ending carrying value of the loan and interest expense for fiscal 2014 were overstated by $829 as a result of the incorrect usage of the compound interest method and the cumulative carrying value error previously noted.

The following tables present the impact of the restatement adjustments on the Company's previously reported financial statements as at and for the year ended December 31, 2014 as well as the impact on the statement of financial position as at January 1, 2014.

The restated statement of financial position at December 31, 2014 has been reconciled to the previously reported statement of financial position as follows:

	Previously reported	Adjustments	As restated
Accounts payable and accrued liabilities	$ 308,527	$ 60,225	$ 368,752
Loans Payable	402,292	(829)	401,463
Total Liabilities	1,405,177	59,396	1,464,573
Deficit	$ (9,818,938)	$ (59,396)	$ (9,878,334)
Total Shareholders' Deficit	(1,377,898)	(59,396)	(1,437,294)

The restated statement of financial position at January 1, 2014 has been reconciled to the previously reported statement of financial position as follows:

	Previously reported	Adjustments	As restated
Accounts payable and accrued liabilities	$ 234,575	$ 51,631	$ 286,206
Loans Payable	368,658	784	369,442
Total Liabilities	1,213,016	52,415	1,265,431
Deficit	$ (9,583,124)	$ (52,415)	$ (9,635,539)
Total Shareholders' Deficit	(1,142,084)	(52,415)	(1,194,499)

The restated statement of net loss and comprehensive loss for the year ended December 31, 2014 has been reconciled to the previously reported statement of net loss and comprehensive loss as follows:

	Previously reported	Adjustments	As restated
Interest and Financing costs	$ 81,356	$ 6,981	$ 88,337
Net Loss and Comprehensive Loss for the year	235,814	6,981	242,795

There were no changes to cash used in or from operating, investing, or financing activities.

(b) **Basis of presentation and statement of compliance**

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements have been prepared on an historical basis, using the accrual basis of accounting except for cash flow information. The accounting policies set out in Note 3 have been applied consistently to all years presented in these financial statements unless otherwise indicated.

The Company's functional and presentation currency is the Canadian dollar.

These financial statements were authorized for issuance by the Board of Directors on April 28, 2016.

3. Significant accounting policies

The financial statements have been prepared using the historical cost basis, except for financial instruments which are stated at fair value.

(a) Use of estimates and judgment

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical judgments exercised in the application of accounting policies and estimates having the most significant effects on the amounts recognized in these financial statements include:

- Going Concern Assumption - The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- Recoverability of Sales Tax Receivable – Management has determined collectability of sales tax receivable during fiscal 2015 was unlikely due to a government agency's assessment of the Company's lack of current commercial activity.

While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operation and cash flows.

(b) Cash

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

(c) Exploration and evaluation ("E&E") assets

Once the legal right to explore a property has been obtained, costs directly related to E&E expenditures are recognized and capitalized, in addition to the acquisition costs, net of recoveries, on a property-by-property basis. These direct expenditures include such costs as materials used, surveying costs, drilling costs and payments made to contractors during the exploration phase.

Costs not directly attributable to E&E activities, including general administrative overhead costs, are expensed in the period in which they occur.

From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments and government assistance are recorded as property costs or recoveries when the payments are made or received.

If economically recoverable ore reserves are developed, capitalized costs of the related property will be reclassified as mining assets and will be amortized using the unit-of-production method. When a property is deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of the project are deemed to be impaired. As a result those E&E costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses E&E assets for impairment at each statement of financial position date or whenever facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. A cash-generating unit is the smallest identifiable group of E&E assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

(d) Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest.

The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its former properties that may result in material liability to the Company. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the properties may be diminished or negated.

(e) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(f) Financial instruments

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:
Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

i. Financial assets

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 held to maturity, and are initially recognized at the transaction 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 reporting period in which they are identified. Interest income is recognized by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

ii. Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities, loans payable, promissory notes payable, and due to related parties.

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred. The liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

(g) Income taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized.

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

(h) Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. The Board of Directors grants such options for periods of up to ten years, with vesting periods determined at its discretion and at prices not less than the closing market price on the grant date.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period during which the options are earned. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number at options that vest. For directors and employees, the fair value of the options is measured at the date of grant. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Upon expiry, the recorded value is transferred to deficit.

(i) Flow-through shares and unit offerings

At the time of closing a financing involving flow-through shares, the Company allocates the gross proceeds received (i.e. the "flow-through share premium") as follows:

- Share capital – the market value of non-flow-through share
- Flow-through share premium – recorded as a liability and equal to the estimated premium, if any, investors pay for the flow-through feature based on the residual value method.
- Warrants – recorded as reserves based on the residual value method.

Thereafter, as qualifying resource expenditures are incurred, these costs are expensed and the flow-through share premium is amortized to profit or loss.

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares.

For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time (before or after the end of the reporting period).

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued and recorded to profit or loss.

(j) Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the period. The dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to re-purchase common shares at the average market price during the period. However, for the years ended December 31, 2015 and 2014, no options or warrants were outstanding to be included in the calculation of diluted loss per share.

Shares subject to escrow restrictions are excluded from the weighted average number of common shares unless their release is subject only to the passage of time.

(k) Segmented information

The Company has one operating segment and operates in one geographical segment, being Canada.

(l) New accounting standards not yet adopted

- IFRS 7, “Financial Instruments: Disclosure” is effective (proposed) for annual periods beginning on or after January 1, 2018.
- IFRS 9, “Financial Instruments: Classification and Measurement” is effective for annual periods beginning on or after January 1, 2018.
- IAS 1 – Disclosure Initiative, is effective for annual periods beginning on or after January 1, 2016.
- IFRS 16, “Leases” is effective for annual periods beginning on or after January 1, 2019.
- IAS 24, “Interim Financial Reporting” (amended standard) is effective for annual periods beginning on or after January 1, 2016.

The Company is currently evaluating the impact of these new and amended standards on its financial statements. At this time, the implementation of these standards is not expected to have a material impact on the statements of financial position or results of operations.

4. Financial instruments

The Company has classified accounts payable and accrued liabilities, loans payable, promissory notes payables and due to related parties as other financial liabilities.

The carrying values of accounts payable and accrued liabilities, loans payable, promissory notes payables and due to related parties are measured at amortized costs and approximate their fair values due to the short-term maturity of these financial instruments.

5. Financial risk management

(a) Credit risk
Credit risk is the risk that a counter party to a financial instrument will fail to discharge its contractual obligations.

(b) Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company is exposed to liquidity risk.

(c) Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, and foreign currency risk.

(i) Interest rate risk

Interest rate risk consists of two components:

(i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and
(ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

(ii) Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk as it holds a promissory note denominated in US Dollars. As at December 31, 2015, the carrying value of the promissory note was $550,228 (2014: $429,448). All other monetary assets and liabilities are denominated in Canadian dollars.

There were no changes during the year in the Company's approach to managing the above risks.

6. GST receivable

During the year ended December 31, 2015, the Company determined GST receivable was unrecoverable, and wrote-off the amount of $26,884 in the statement of loss and comprehensive loss.

7. Exploration and evaluation assets

(EXPRESSED IN CANADIAN DOLLARS)

On May 30, 2012 the Company entered into a definitive share purchase agreement to purchase 80% of the issued and outstanding shares of Andes Silver S.A. Cerrada ("Andes"), a private Chilean company. The agreement was amended on April 10, 2013 and November 13, 2013. The Company intended to purchase 80% of the issued and outstanding shares of Andes in exchange for: (1) the issuance of 21,000,000 common shares of the Company; (2) a cash payment of US$276,750 of which US$25,000 ($24,957) was paid on May 1, 2012 as a non-refundable advance; and (3) grant of an aggregate 1% net smelter returns royalty payable with respect to each of the properties, subject to a maximum payment of US$10,000,000 per property. During the year ended December 31, 2014, the Company wrote-off the advance paid for this acquisition, resulting in impairment of $24,957.

On August 31, 2015 the Company elected not to proceed with its proposed reverse takeover transaction with Andes.

During the year ended December 31, 2015, the Company received $5,645 from the Government of Alberta in respect of a return of deposits on certain petroleum and natural gas leases previously paid.

8. Accounts payable and accrued liabilities

	December 31, 2015	December 31, 2014 (Restated - Note 2a)
	($)	($)
Accounts payable	74,405	19,007
Accrued liabilities	8,500	6,000
Part XII.6 tax payable	185,734	176,700
Due to related parties (Note 12)	198,613	167,045
	467,252	**368,752**

9. Loans payable

	Loan #1		Loan #2		Total	
	December 31, 2015	December 31, 2014 Restated - Note 2a	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014 Restated - Note 2a
	($)	($)	($)	($)	($)	($)
Balance - beginning of year	**98,800**	**89,200**	**302,663**	**280,242**	**401,463**	**369,442**
Interest	9,600	9,600	24,212	22,421	33,812	32,021
Balance - end of year	**108,400**	**98,800**	**326,875**	**302,663**	**435,275**	**401,463**

Loan #1: Matured on October 1, 2014, and bears interest at 12% per annum, calculated on a monthly basis.
Loan #2: Matured on December 31, 2014, and bears an effective interest rate of 8% per annum. This note is held by a director of the Company, through a corporation.

Both loans are unsecured and now in default; however, no demands for repayment have been made. Management is exploring options with respect to extinguishing the loans.

10. Promissory notes payable

(EXPRESSED IN CANADIAN DOLLARS)

	Promissory Note #1		Promissory Note #2		Promissory Note #3		Promissory Note #4		Total	
	December 31, 2015 ($)	December 31, 2014 ($)	December 31, 2015 ($)	December 31, 2014 ($)	December 31, 2015 ($)	December 31, 2014 ($)	December 31, 2015 ($)	December 31, 2014 ($)	December 31, 2015 ($)	December 31, 2014 ($)
Balance - beginning of year	429,448	365,175	-	-	-	-	-	-	429,448	365,175
Additions during the year	-	-	15,000	-	10,000	-	1,807	-	26,807	-
Interest	29,615	27,421	1,348	-	674	-	26	-	31,662	27,421
Foreign exchange	91,165	36,852	-	-	-	-	-	-	91,165	36,852
Balance - end of year	550,228	429,448	16,348	-	10,674	-	1,833	-	579,083	429,448

Promissory Note #1: The note bears interest at 8% per annum on principal of US$370,184 (CDN $429,448) and matured on December 31, 2014; however, no demand for repayment has been made. The promissory note is held by a director of the Company.

Promissory Note #2: Funds were received on February 5, 2015. The note bears interest at 10% per annum and matured on December 31, 2015; however, no demands for repayment have been made.

Promissory Note #3: Funds were received on April 28, 2015. The note bears interest at 10% per annum and matured on December 31, 2015; however, no demands for repayment have been made.

Promissory Note #4: Funds were received on November 9, 2015. The note bears interest at 10% per annum and matured on December 31, 2015; however, no demands for repayment have been made.

All promissory notes are unsecured. All promissory notes are unsecured and now in default; however, no demands for repayment have been made. Management is exploring options with respect to extinguishing the promissory notes.

11. Share capital

a) Authorized
Unlimited common shares without par value.

b) Issued
No shares were issued during the years ended December 31, 2015 or 2014.

c) Stock options
On February 4, 2013, the Company adopted a "rolling" stock option plan for its employees, directors, officers and self-employed consultants, which plan received regulatory approval in 2013. The terms of the plan provide for options to be granted to a maximum of 10% of the issued and outstanding common shares of the Company at the time of grant of the stock options. The exercise price of each option shall not be less than the minimum price permitted by the policies of the Exchange. The options may be granted for a maximum term of ten years from the date of grant, and at the Board's election, may include vesting provisions. The total amount of share-based payments expense, if any, which is expected to be recognized over the vesting period of options, is recognized during the period in which it occurs.

There were no options issued or outstanding during the years ended December 31, 2015 or 2014.

d) Warrants
No warrants are outstanding as at December 31, 2015 or 2014.

(EXPRESSED IN CANADIAN DOLLARS)

e) Share-based payments reserve

Share-based payments reserves includes the value of stock option grants and share purchase warrants prior to exercise.

12. Related party transactions

Compensation of key management personnel

Key management personnel consist of Directors and Executive Officers ("Officers") of the Company. Fees incurred for services by key management personnel during the years ended December 31, 2015 and December 31, 2014 were as follows:

Services	Party	Year ended December 31, 2015 ($)	Year ended December 31, 2014 ($)
Management Fees	A company controlled by a former Director and Officer of the Company	7,500	27,226
	Former Director and Officer of the Company	15,000	30,000
Professional Fees	An accounting firm of which a partner is a former Director and Officer of the Company	2,500	12,400
	A company owned by an officer of the Company	7,590	-
Rent	A company controlled by a former Director and Officer of the Company	3,000	12,000

The following amounts were owed to related parties as at December 31, 2015 and December 31, 2014:

	Year ended December 31, 2015 ($)	Year ended December 31, 2014 ($)
A company controlled by a former Director and Officer of the Company	105,700	94,675
Former Director and Officer of the Company	77,500	62,500
An accounting firm of which a partner is a former Director and Officer of the Company	7,823	9,870
A company owned by an officer of the Company	7,590	-
	198,613	167,045
A company with a former director in common	286,898	264,910
	485,511	431,955

During year ended December 31, 2015, $198,613 (2014: $167,045) was owing to related parties and were included in accounts payable and accrued liabilities, have no fixed terms of repayment, non-interest bearing and unsecured (Note 8).

13. Management of capital

The Company's objectives when managing capital are: to safeguard the Company's ability to continue as a going concern in order to facilitate the development of mineral properties and to maintain an optimal capital structure, while ensuring the Company's strategic objectives are met; and to provide an appropriate return to shareholders relative to the risk of the Company's underlying assets.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, contributed surplus and deficit.

(EXPRESSED IN CANADIAN DOLLARS)

The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, issuing new debt, and controlling the capital expenditures program. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management policies on an ongoing basis. During the year ended December 31, 2015, there has been no change in the Company's management of capital policies.

14. Income tax expense and deferred tax assets

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

	December 31, 2015 ($)	December 31, 2014 ($)
Net loss before income taxes	(330,567)	(242,795)
Statutory tax rate	26%	26%
Expected income tax recovery at the statutory rate	(86,000)	(63,000)
Non-deductible and other	10,000	93,000
Effect of changes in tax rates	-	(51,000)
Expiry of loss carryforward	77,000	-
Change in unrecognized deferred tax assets	(1,000)	21,000
Income tax expense / recovery	-	-

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	December 31, 2015 ($)	December 31, 2014 ($)
Non-capital losses	1,033,000	1,058,000
Exploration and evaluation assets	176,000	176,000
Eligible capital expenditures	55,000	56,000
Other	25,000	-
	1,289,000	1,290,000
Valuation allowance	(1,289,000)	(1,290,000)
Net deferred tax assets	-	-

The non-capital losses expire as follows:

	($)
2026	348,335
2027	457,296
2028	186,971
2029	394,499
2030	544,210
2031	639,939
2032	319,002
2033	637,704
2034	242,904
2035	204,405
	3,975,265