Canamex Resources Corp.

Consolidated Financial Statements

For the Year Ended December 31, 2015

Expressed in Canadian Dollars

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Canamex Resources Corp.

We have audited the accompanying consolidated financial statements of Canamex Resources Corp. which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related 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 as issued by the International Accounting Standards Board, 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 audits 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 our 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, we consider 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 financial position of Canamex Resources Corp. as at December 31, 2015 and 2014, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Canamex Resources Corp. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
April 29, 2016

Canamex Resources Corp.
Consolidated Statements of Financial Position
As at December 31, 2015 and 2014
(Expressed in Canadian dollars)

	Note	December 31, 2015	December 31, 2014
ASSETS			
Current assets			
Cash and cash equivalents		$ 109,900	$ 515,171
Amounts receivable	4	10,330	23,970
Prepaid expenses		14,608	14,608
		134,838	553,749
Non-current assets			
Exploration and evaluation assets	6	7,713,813	9,158,878
Reclamation bond		20,504	17,412
		7,734,317	9,176,290
TOTAL ASSETS		**$ 7,869,155**	**$ 9,730,039**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	7, 9,10	$ 620,639	$ 321,963
Secured convertible debentures	8	1,758,537	-
TOTAL LIABILITIES		2,379,176	321,963
SHAREHOLDERS' EQUITY			
Share capital	9	16,113,601	15,966,039
Equity component of secured convertible debentures	8	84,203	-
Reserves	9	2,025,065	1,528,250
Deficit		(12,732,890)	(8,086,213)
TOTAL SHAREHOLDERS' EQUITY		5,489,979	9,408,076
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 7,869,155**	**$ 9,730,039**

Nature of Operations and Going Concern (Note 1)

Approved on behalf of the Board:

"Mark Billings"

"Michael Stark"

The accompanying notes form an integral part of the consolidated financial statements

Canamex Resources Corp.
Consolidated Statements of Comprehensive Loss
For the years ended December 31, 2015 and 2014
(Expressed in Canadian dollars)

		Years ended December 31	
	Note	**2015**	**2014**
Expenses			
Consulting	10	$ 214,521	$ 151,046
Interest Expense	8	72,443	-
Management fees	10	226,767	253,213
Office and administrative		215,625	228,469
Professional fees		71,768	142,112
Share-based payments	9,10	357,484	525,757
Shareholder communications		150,995	181,955
Survivor benefit	10	-	360,000
Transfer agent and filing fees		48,067	53,656
Travel		33,515	41,662
Loss before other items and taxes		1,391,185	1,937,870
Other Items			
Loss on settlement of debt	9	40,111	-
Impairment of exploration and evaluation assets	6	3,229,209	-
Loss before taxes		(4,660,505)	(1,937,870)
Deferred income tax recovery	8	13,828	-
Net loss and comprehensive loss		**$ (4,646,677)**	**$ (1,937,870)**
Loss per share – basic and diluted		**$ (0.04)**	**$ (0.02)**
Weighted average number of shares outstanding		**130,528,375**	**119,465,033**

The accompanying notes form an integral part of the consolidated financial statements

Canamex Resources Corp.
Consolidated Statements of Comprehensive Loss
For the years ended December 31, 2015 and 2014
(Expressed in Canadian dollars)

	Share capital					
	Number of shares	Amount	Reserves	Equity component of secured convertible debentures	Deficit	Total Shareholders' Equity
Balance at December 31, 2013	**97,056,861**	**$ 12,169,033**	**$ 1,002,493**	**$ -**	**$ (6,148,343)**	**$ 7,023,183**
Shares issued for cash	31,258,234	3,684,229	-	-	-	3,684,229
Share-based payment of options	-	-	525,757	-	-	525,757
Shares issued for property acquisition	1,000,000	140,000	-	-	-	140,000
Share issue costs	-	(27,223)	-	-	-	(27,223)
				-		
Net loss for the year	-	-	-		(1,937,870)	(1,937,870)
Balance at December 31, 2014	**129,315,095**	**$ 15,966,039**	**$ 1,528,250**	**$ -**	**$ (8,086,213)**	**$ 9,408,076**
Share-based payment-options (Note 9)	-	-	357,484	-	-	357,484
Shares issued for debt payment (Note 9)	3,884,626	155,385	-	-	-	155,385
Finder's warrants (Note 9)	-	-	60,374	-		60,374
Equity component of convertible debentures (net) (Note 8)	-	-	-	98,031	-	98,031
Deferred income tax recovery on convertible debenture (Note 8)	-	-	-	(13,828)	-	(13,828)
Gain on settlement of debt with controlling directors (Note 9)	-	-	22,876	-	-	22,876
Fair value of warrants issued to settle debt (Note 9)	-	-	56,081	-	-	56,081
Share issue costs	-	(7,823)	-	-	-	(7,823)
Net loss for the year	-	-	-	-	(4,646,677)	(4,646,677)
Balance at December 31, 2015	**133,199,721**	**$ 16,113,601**	**$ 2,025,065**	**$ 84,203**	**$(12,732,890)**	**$ 5,489,979**

The accompanying notes form an integral part of the consolidated financial statements

Canamex Resources Corp.
Consolidated Statements of Cash Flows
For the years ended December 31, 2015 and 2014
(Expressed in Canadian dollars)

	Years ended December 31, 2015	2014
Operating activities		
Net Loss	$ (4,646,677)	$ (1,937,870)
Adjustments for non-cash items:		
Impairment on exploration and evaluation assets (Note 6)	3,229,209	-
Interest expense (Note 8)	72,443	-
Deferred income tax recovery (Note 9)	(13,828)	-
Loss on settlement of debt (Note 9)	40,111	-
Share-based payments (Note 9)	357,484	525,757
	(961,258)	(1,412,113)
Changes in non-cash working capital items:		
Amounts receivable	13,640	(14,033)
Prepaid expenses	-	16,566
Trade payable and accrued liabilities	356,742	126,208
Net cash flows used in operating activities	**(590,876)**	**(1,283,552)**
Investing activities		
Expenditures on exploration and evaluation assets	(1,655,802)	(2,664,146)
Reclamation bond	(3,092)	(3,072)
Net cash flows used in investing activities	**(1,658,894)**	**(2,667,218)**
Financing activities		
Proceeds on issuance of convertible debt	1,915,000	3,657,006
Convertible debt issue costs	(66,627)	-
Convertible debt issue costs allocated to equity component	(3,874)	-
Net cash flows from financing activities	**1,844,499**	**3,657,006**
Decrease in cash and cash equivalents	(405,271)	(293,764)
Cash and cash equivalents, beginning	515,171	808,935
Cash and cash equivalents, ending	**$ 109,900**	**$ 515,171**
Non-cash transactions		
Shares issued for debt settlement (Net)	$ 155,385	$ -
Fair value of warrants issued to settle debt	56,601	-
Gain on settlement of debt with related parties recognized In equity	(22,876)	-
Fair value of finders warrants issued	60,374	-
Shares issued for exploration and evaluation assets	-	140,000
Supplemental cash flow disclosure		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -

The accompanying notes form an integral part of the consolidated financial statements

1. Nature of operations

Canamex Resources Corp.'s (the "Company") head office and primary place of business is located at 595 Howe Street, Suite 303, Vancouver, British Columbia, Canada, V6C 2T5. The Company is a Tier 2 mining issuer on the TSX Venture Exchange.

The Company was incorporated under the laws of Alberta on May 26, 1987. On August 18, 2009, the Shareholders approved both the continuation of the Company from the Business Corporations Act (Alberta) to the Business Corporations Act (British Columbia) and the new articles of the Company.

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. The Company is in the process of exploring mineral resource properties and has not yet determined whether the properties contain reserves that are economically recoverable. As at December 31, 2015 the Company had not advanced any property to commercial production and is not able to finance day to day activities through operations. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs, and these factors form a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The Company has been successful in the past in raising funds for exploration, but there is no assurance that it will be able to continue to do so.

2. Significant accounting policies and basis of preparation

The Company's consolidated financial statements were authorized for issuance on April 29, 2016 by the Board of Directors.

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of preparation

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified for specific financial instruments carried at fair value where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted. Certain comparative figures may have been reclassified to conform to the current year's presentation.

Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Canamex Resources US Inc. ("Canamex US") and Canamex Guyana Inc. ("Canamex Guyana"). Canamex US was incorporated in the State of Nevada, USA and Canamex Guyana was incorporated in Guyana. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Cash and cash equivalents

The Company considers deposits with banks or highly liquid short-term interest bearing securities that are readily convertible to known amounts of cash and those that have maturities of 90 days or less when acquired to be cash equivalents.

2. Significant accounting policies and basis of preparation (cont'd)

Equipment

Equipment is recorded at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful life of geological equipment at 20% per annum.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from those estimates.

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

a) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

b) Impairment

The carrying value of non-financial assets is reviewed each reporting period upon the occurrence of events or changes in circumstances indicating that the carrying value of assets may not be recoverable and when criteria of assets held for sale are met to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is recognized in the consolidated statement of operations and comprehensive loss. The assessment of fair values, including those of the cash generating units (the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflow from other assets or groups of assets) ("CGUs") for purposes of testing goodwill, require the use of estimates and assumptions for recoverable production, long-term commodity prices, discount rates, foreign exchange rates, future capital requirements and operating performance. Changes in any of the assumptions or estimates used in determining the fair value of goodwill or other assets could impact the impairment analysis.

2. Significant accounting policies and basis of preparation (cont'd)

Significant accounting judgments, estimates and assumptions *(cont'd)*

c) Site Closure and Reclamation Provisions

The Company assesses its mineral properties' rehabilitation provision at each reporting date or when new material information becomes available. Exploration, development and mining activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation obligations requires management to make estimates of the future costs that the Company will incur to complete the reclamation work required to comply with existing laws and regulations at each location. Actual costs incurred may differ from those amounts estimated.

Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

d) Title to Mineral Properties

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

e) Share-Based Payments and finder's warrants

Management uses valuation techniques in measuring the fair value of share options and finder's warrants granted. The fair value is determined using the Black Scholes option pricing model which requires management to make certain estimates, judgements, and assumptions in relation to the expected life, expected volatility, expected risk-free rate, and expected forfeiture rate (Note 9). Changes to these assumptions could have a material impact on the Company's consolidated financial statements.

f) Deferred Income Taxes

Judgement is required to determine which types of arrangements are considered to be a tax on income in contrast to an operating cost. Judgement is also required in determining whether deferred tax liabilities are recognised in the consolidated statement of financial position. Deferred tax assets, including those potentially arising from un-utilised tax losses, require management to assess the likelihood that the Company will generate sufficient taxable income in future periods, in order to recognise deferred tax assets. Assumptions about the generation of future taxable income depend on management's estimates of future operations and cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize deferred tax assets or offset these against any deferred tax liabilities recorded at the reporting date could be impacted.

2. Significant accounting policies and basis of preparation (cont'd)

Significant accounting judgments, estimates and assumptions *(cont'd)*

g) Discount rate convertible debt

The carrying value of the convertible debt is subject to management's estimates in determining an appropriate discount rate based on similar instruments with no conversion features.

Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted loss per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

Share issue costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred share issue costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. The Company charges share issue costs to share capital when the related shares are issued. Deferred share issue costs related to financing transactions that are not completed are charged to expenses.

Foreign currency translation

These consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentation currency. The functional currency of Canamex US and Canamex Guyana is also the Canadian dollar.

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

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

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

2. Significant accounting policies and basis of preparation (cont'd)

Exploration and evaluation expenditures

Amounts reported in exploration and evaluation expenditures include the costs of acquiring licenses, and costs associated with exploration and evaluation activity. Exploration and evaluation expenditures are capitalized and are classified as intangible assets. Costs incurred before the Company has obtained the legal rights to explore an area are expensed.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to the mineral resource property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Share-based payments

The Company has adopted a 10% rolling stock option plan whereby it can grant options to directors, officers, employees, and consultants of the Company up to maximum of 10% of the issued and outstanding common shares at the time of grant. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Financial instruments

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

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

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

2. Significant accounting policies and basis of preparation (cont'd)

Financial instruments *(cont'd)*

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

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

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

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

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

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

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

Impairment of assets

The carrying amounts of the Company's assets (which include exploration and evaluation assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

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

2. Significant accounting policies and basis of preparation (cont'd)

Income taxes

a) Current income tax

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

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

b) Deferred income tax

Deferred income taxes are recorded using the asset and liability method of tax allocation. Under this method, deferred income tax assets and liabilities are determined based on temporary differences at the reporting date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

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

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 can be made. If the effect is material, 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, where appropriate, the risks specific to the liability. At each financial position reporting date presented the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

Convertible debentures

Convertible debentures, where applicable, are separated into their liability and equity components and accounted for using the effective interest rate method. The fair value of the liability component at the time of issue was determined based on an estimated interest rate of the debentures without the conversion feature. The fair value of the equity component was determined as the difference between the face value and the fair value of the liability component.

3. New accounting standards

Accounting standards adopted during the year

The mandatory adoption of the following new and revised accounting standards on January 1, 2015 had no significant impact on the Company's financial statements for the years presented.

IAS 1 Presentation of Financial Statements - In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - In May 2014, the IASB issued amendments to IAS 16 and IAS 38. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

Accounting standards and amendments issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the December 31, 2015 fiscal year. These standards have been assessed to not have a significant impact on the Company's financial statements.

New accounting standards effective for annual periods on or after January 1, 2018:

IFRS 9 Financial Instruments- IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 is effective for annual periods beginning on or after January 2018 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

New accounting standards effective for annual periods on or after January 1, 2019:

IFRS 16 – Leases - The standard is effective for annual periods beginning on or after January 1, 2019. Early adoption will be permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

(Expressed in Canadian dollars)

4. Amounts receivable

	December 31, 2015	December 31, 2014
Government sales tax recoverable	$ 10,330	$ 21,540
Other	-	2,430
	$ 10,330	$ 23,970

5. Equipment

	Cost	Accumulated Depreciation	Net
At December 31, 2013	$ 69,651	$ (29,767)	$ 39,884
Depreciation	-	(39,884)	(39,384)
At December 31, 2014 and 2015	$ 69,651	$ (69,651)	$ Nil

6. Exploration and evaluation assets

Nye County, Nevada USA ("Bruner Property")

On May 28, 2010, the Company entered into a property option agreement ("Option Agreement") with Provex Resources Inc. ("Provex"), a company with a director in common with the Company at the time, granting an exclusive right and option to acquire up to a 75% interest in certain mineral claims in Bruner Property.

During the year ended December 31, 2015, the Company earned 70% interest in the property by completing a total of US$6,000,000 in expenditures in stages over a seven year period, US$200,000 of which was completed within the first year. The Company passed on its option to acquire a further 5% undivided interest in the property by producing a bankable feasibility study.

The agreement is subject to a 3.5% net smelter return royalty on the production of certain claims.

To earn its interest in the property, the Company completed the following expenditures:

Exploration expenditures	Expenditures
On or before May 28, 2011	US $ 200,000
On or before May 28, 2012	400,000
On or before May 28, 2013	600,000
On or before May 28, 2014	800,000
On or before May 28, 2015	1,000,000
On or before May 28, 2016	1,500,000
On or before May 28, 2017	1,500,000
Total expenditures completed	US $ 6,000,000

A core group of 26 patented mining claims are controlled under an option to purchase agreement dated April 2009 between Patriot Gold Corporation and American International Ventures, Inc. ("AIVN"). In November 2015 the Company purchased the underlying 26 patented claims from AIVN. These patented claims are still subject to an option to purchase agreement held by Patriot Gold Corporation which is the parent company of Provex. It is the Company's intent to contribute the patented claims to a new joint venture yet to be formed with Provex that will govern the property going forward.

(Expressed in Canadian dollars)

6. Exploration and evaluation assets (cont'd)

Aranka North, Guyana ("Aranka North Property")

During 2014 the Company acquired a 100% interest in the Aranka North Property by fulfilling the terms of an Option Agreement (the "Agreement") that was entered into with GMV Minerals Inc. ("GMV") in 2011. The Aranka North Property encompasses a large area containing nominally 98,000 acres in a region in Guyana, South America. The Agreement was accepted for filing by the TSX Venture Exchange on August 2, 2011. The Agreement is subject to an underlying 2% net smelter return royalty.

The 100% interest in the Aranka North Property was acquired by:

a) making cash payments to GMV totaling US $520,627 (paid),

b) incurring expenditures of US $1,000,000 in exploration work on the properties before December 31, 2013 (incurred), and,

c) issuing a total of 3,750,000 shares to GMV in stages, as follows:

Common shares issued	Number of shares issued
On or before August 16, 2011	1,500,000
On or before February 2, 2013	1,250,000
On or before August 2, 2014	1,000,000
Total shares	3,750,000

On June 25, 2014, the Company issued the final 1,000,000 common shares to GMV valued at $140,000 and earned 100% interest in the Aranka North Property as outlined in the Agreement.

Pursuant to the Agreement the Company has also agreed to pay GMV US $500,000 cash and issue 500,000 shares in the capital stock of Canamex to GMV for every 500,000 ounces of gold contained in measured and indicated resources as referenced in a National Instrument 43-101 qualifying report, up to a maximum of US $2,000,000 and 2,000,000 shares of Canamex. The Company does not have a National Instrument 43-101 qualifying report with measured and indicated resources, and therefore has not made any payments or issued any stock pursuant to this clause.

As at December 31, 2015, the Company decided not to continue exploring the Aranka North Property as they plan to focus their efforts on the Bruner Property. As a result, the Company wrote down the exploration and evaluation assets relating to the property to $1 and recorded an impairment loss of $3,229,209.

(Expressed in Canadian dollars)

6. Exploration and evaluation assets (cont'd)

For the years ended December 31, 2015 and December 31, 2014, the Company incurred the following expenditures on the properties:

	For the year ended December 31	
Bruner Property	**2015**	**2014**
Property acquisition costs		
Balance, beginning of the year	$ 61,735	$ 61,735
Additions during the year	978,963	-
	1,040,698	61,735
Exploration and evaluation costs		
Balance, beginning of the year	6,041,517	3,520,185
Costs incurred during the year:		
Drilling and related costs	170,406	1,231,149
Mineral rights maintenance	122,315	119,281
Field work	34,956	60,241
Geological	289,236	1,038,800
Travel and accommodation	14,684	71,861
	6,673,114	6,041,517
Total - Bruner Property	$ 7,713,812	$ 6,103,252
Aranka North Property		
Property acquisition costs		
Balance, beginning of the year	$ 1,046,442	$ 906,442
Common shares issued	-	140,000
	1,046,442	1,046,442
Exploration and evaluation costs		
Balance, beginning of the year	2,009,184	1,797,201
Costs incurred during the year:		
Exploration and related costs	35,489	107,600
Property taxes	128,340	-
Field work	9,730	35,333
Geological	-	-
Equipment and depreciation	-	42,500
Office	25	26,550
	2,182,768	2,009,184
Impairment on exploration and evaluation assets	(3,229,209)	-
Total - Aranka North Property	$ 1	$ 3,055,626
Total exploration and evaluation assets	$ 7,713,813	$ 9,158,878

(Expressed in Canadian dollars)

7. Trade payables and accrued liabilities

	December 31, 2015	December 31, 2014
Trade payables	$ 220,733	$ 76,994
Amount due to related parties (Note 9)	241,610	214,969
Accrued liabilities	158,296	30,000
	$ 620,639	$ 321,963

8. Secured convertible debentures

The Company issued two tranches of secured convertible debentures during 2015. The Debentures have a first ranking security over the Company's interest in its 70/30 arrangement with Provex in respect of the Bruner Gold Property and by the general assets of the Company.

a) On October 23, 2015, the Company closed the first tranche of a non-brokered private placement for gross proceeds of $1,500,000 (the "Offering"); under which the Company issued an aggregate principal amount of $1,500,000 of secured convertible debentures (the "Debentures"), maturing in one year after closing of the Offering (the "Maturity Date"). From and after the date of issue until the Maturity Date, the Debentures will be convertible into units ("Units") at the option of the holder at a conversion price of $0.05 per Unit (the "Conversion Price").

Each Unit is comprised of one common share of the Company ("Common Share") and one-half of one warrant ("Warrant"). Each whole Warrant will be exercisable into one Common Share on or before April 20, 2017 at an exercise price of $0.05 per share. Interest on the Debentures shall be paid quarterly in arrears, at an annual rate of interest of 10% per annum.

2,100,000 compensation warrants ("Compensation Warrants") were issued to a finder. Each Compensation Warrant will be exercisable at $0.05 per Common Share for two (2) years from closing of the Offering (Note 9).

b) On November 6, 2015, the Company closed the second tranche of a non-brokered private placement for gross proceeds of $415,000 (the "Offering"); under which the Company issued an aggregate principal amount of $415,000 of secured convertible debentures (the "Debentures"), maturing in one year after closing of the Offering (the "Maturity Date"). From and after the date of issue until the Maturity Date, the Debentures will be convertible into units ("Units") at the option of the holder at a conversion price of $0.05 per Unit (the "Conversion Price").

Each Unit is comprised of one common share of the Company ("Common Share") and one-half of one warrant ("Warrant"). Each whole Warrant will be exercisable into one Common Share on or before May 6, 2017 at an exercise price of $0.05 per share. Interest on the Debentures shall be paid quarterly in arrears, at an annual rate of interest of 10% per annum.

441,000 compensation warrants ("Compensation Warrants") were issued to a finder. Each Compensation Warrant will be exercisable at $0.05 per Common Share for two (2) years from closing of the Offering (Note 9).

(Expressed in Canadian dollars)

8. Secured convertible debentures (cont'd)

The following table summarizes accounting for the convertible debentures and the amounts recognized in the liability and equity during the period:

Principal		
Issued during the year ended December 31, 2015	$	1,915,000
Liability		
Gross proceeds received	$	1,915,000
Issue costs		(123,683)
Equity component less issue costs allocated		(105,222)
Liability component initially recognized		1,686,095
Accretion expense		72,443
Balance at December 31, 2015	$	1,758,537
Equity		
Equity component initially recognized (Net of issue costs)	$	98,031
Deferred income tax recovery	$	(13,828)
Balance at December 31, 2015	$	84,203

For accounting purposes, the Debentures are separated into their liability and equity components using the residual method. The fair value of the liability component at the time of issue was determined based on an estimated rate of 17% for Debentures without the conversion feature. The fair value of the equity component was determined as the difference between the face value of the Debentures and the fair value of the liability component. After initial recognition the liability component is carried on an amortized cost basis and will be accreted to its face value over the term to maturity of the convertible debenture at an effective interest rate of approximately 21%. The Company also recorded a recovery of a deferred income tax liability of $13,828 that was recognized in equity relating to the difference between the Company's accounting and tax basis.

9. Share capital and reserves

Authorized share capital

The Company has authorized an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. At December 31, 2015, there were 133,199,721 issued and fully paid common shares.

Shares and units issued to settlement accounts payable

On September 22, 2015 the Company issued 2,287,675 common shares to non arms'-length creditors at a fair value of $91,507 to settle $114,384 outstanding accounts payable resulting in a gain of $22,876 recorded to reserves on the statement of changes in equity.

On September 22, 2015, the Company issued 1,596,951 Units to an arms'-length creditor at a fair value of $119,959 ($63,878 fair value of shares and $56,081 fair value of warrants) to settle $79,847 in accounts payable resulting in a loss of $40,111 recorded to the statement of comprehensive loss. Each unit is comprised of one common share and one warrant, each warrant being exercisable at $0.07 per share on or before September 21, 2020 (Note 9 (2)).

9. Share capital and reserves (cont'd)

Shares and units issued to settlement accounts payable *(cont'd)*

All of these shares, together with any shares that may be issued on exercise of the warrants, will be subject to a hold period under applicable Canadian securities laws expiring on January 23, 2016, and will be subject to such further restrictions on resale as may apply under applicable foreign securities laws.

Stock options

The Company has adopted a 10% rolling stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant options to directors, officers, employees, and consultants of the Company, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Options granted vest at the discretion of the Board of Directors.

The Company uses the Black-Scholes option pricing model to value the stock options granted during the year. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

Stock option transactions during 2015

On January 27, 2015, the Company granted 1,250,000 stock options to directors and 400,000 to consultant. The options to directors vested immediately and the consultant options vested over a 12 month period. The options have an exercise price of $0.16 per share and expire on January 26, 2020. The estimated grant date fair value of these options was $212,173.

The grant date fair values of the options granted above were estimates based on the following assumptions: share price at grant date of $0.16; exercise price of $0.16; expected life of 5 years; expected volatility of 154%; risk free interest rate of 0.78%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

On October 22, 2015, the Company granted 3,537,675 stock options to directors. The options vested immediately. The options have an exercise price of $0.05 per share and expire on October 21, 2020. The estimated grant date fair value of these options was $124,085.

The grant date fair values of the options granted above were estimates based on the following assumptions: share price at grant date of $0.04; exercise price of $0.05; expected life of 5 years; expected volatility of 142%; risk free interest rate of 0.82%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

During the year ended December 31, 2015, 2,300,000 fully vested options expired.

Stock option transactions during 2014

On March 14, 2014, the Company granted 4,400,000 stock options to officers, directors and consultants. Of these options, 2,625,000 vested immediately and 1,775,000 vest 50% immediately and 50% one year from the date of grant. The options have an exercise price of $0.13 per share and expire on March 13, 2019. The estimated grant date fair value of these options was $480,941.

(Expressed in Canadian dollars)

9. Share capital and reserves (cont'd)

Stock options *(cont'd)*

Stock option transactions during 2014 (cont'd)

The grant date fair values of the options granted above were estimates based on the following assumptions: share price at grant date of $0.12; exercise price of $0.13; expected life of 5 years; expected volatility of 152%; risk free interest rate of 1.59%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

On April 15, 2014, the Company granted 250,000 stock options to a director. The options were vested immediately. The options have an exercise price of $0.13 per share and expire on April 15, 2019. The estimated grant date fair value of these options was $24,984.

The grant date fair values of the options granted above were estimates based on the following assumptions: share price at grant date of $0.11; exercise price of $0.13; expected life of 5 years; expected volatility of 153%; risk free interest rate of 1.63%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

On October 8, 2014, the Company granted 100,000 stock options to a consultant. Of these options, 50,000 vested immediately and 50,000 vest one year from the date of grant. The options have an exercise price of $0.21 per share and expire on October 7, 2016. The estimated grant date fair value of these options was $10,436.

The grant date fair values of the options granted above were estimates based on the following assumptions: share price at grant date of $0.16; exercise price of $0.21; expected life of 2.0 years; expected volatility of 129%; risk free interest rate of 1.05%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

Stock option summary

The changes in options during the years ended December 31, 2015 and December 31, 2014 are summarized as follows:

	December 31, 2015		**December 31, 2014**	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Options outstanding, beginning of year	8,925,000	$ 0.17	4,625,000	$ 0.21
Options granted	5,187,675	0.08	4,750,000	0.13
Options expired	(2,300,000)	0.16	(450,000)	0.21
Options outstanding, end of the year	11,812,675	$ 0.13	8,925,000	$ 0.17
Options exercisable, end of the year	11,812,675	$ 0.13	7,987,000	$ 0.17

The weighted average fair value for options granted during year ended December 31, 2015 was $0.07 (2014: $0.11)

(Expressed in Canadian dollars)

9. Share capital and reserves (cont'd)

***Stock options** (cont'd)*

Details of options outstanding and exercisable at December 31, 2015 are as follows:

			Outstanding	Exercisable		
Date of expiry	**Exercise price**	**Number of options**	**Weighted Average Remaining Contractual life, years**	**Weighted Average Exercise Price**	**Number of options**	**Weighted Average Exercise Price**
March 9, 2016	$ 0.15	250,000	0.19	$ 0.15	250,000	$ 0.15
July 6, 2016	0.22	125,000	0.52	0.22	125,000	0.22
July 12, 2016	0.22	100,000	0.53	0.22	100,000	0.22
October 7, 2016	0.21	100,000	0.77	0.21	100,000	0.21
January 5, 2017	0.105	875,000	1.02	0.105	875,000	0.105
September 24, 2017	0.27	1,775,000	1.73	0.27	1,775,000	0.27
March 13, 2019	0.13	3,400,000	3.20	0.13	3,400,000	0.13
January 26, 2020	0.16	1,650,000	4.07	0.16	1,650,000	0.16
October 21, 2020	0.05	3,537,675	4.81	0.05	3,537,675	0.05
		11,812,675	3.29	$ 0.13	11,812,675	$ 0.13

Warrants

	December 31, 2015		December 31, 2014	
	Number of warrants	**Weighted average exercise price**	**Number of warrants**	**Weighted average exercise price**
Warrants outstanding, beginning of year[1]	3,629,118	$ 0.30	17,223,520	$ 0.29
Warrants expired	-	-	(17,223,520)	0.29
Warrants issued[2,3]	4,137,951	0.06	3,629,118	0.30
Warrants outstanding, end of the period	7,767,069	$ 0.17	3,629,118	$ 0.30

The weighted average fair value for warrants granted during year ended December 31, 2015 was $0.02 (2014: $NIL)

(1) 3,629,118 warrants were issued in conjunction with a private placement completed on October 3, 2014. Each warrant grants the holder the right to purchase one common share of the Company for $0.30 per share until October 3, 2016. The fair value assigned to the warrants on issue was $NIL.

(2) 1,596,951 warrants were issued in conjunction with a debt settlement completed on September 22, 2015. Each warrant grants the holder the right to purchase one common share of the Company for $0.07 per share until September 21, 2020.

(3) 2,100,000 and 441,000 warrants were issued in conjunction with a convertible debenture issuance completed on October 23, 2015 and November 6, 2015, respectively (Note 8). Each warrant grants the holder the right to purchase one common share of the Company for $0.05 per share until October 20, 2017 and November 6, 2017, respectively. The Company recognized $60,374 on the grant of these options which has been allocated proportionately between the debt and equity component on the convertible debt.

(Expressed in Canadian dollars)

9. Share capital and reserves (cont'd)

***Warrants** (cont'd)*

The fair value of the finders warrants and warrants issued as part of units to settle accounts payable were calculated using the Black-Scholes option pricing model with following weighted average assumptions:

	2015
Weighted average assumptions:	
Risk-free interest rate	0.62%
Expected dividend yield	0.00
Expected option life (years)	3.16
Expected stock price volatility	131%

Details of warrants outstanding and exercisable at December 31, 2015 are as follows:

	Outstanding				Exercisable	
Date of expiry	**Exercise price**	**Number of warrants**	**Weighted Average Remaining Contractual life, years**	**Weighted Average Exercise Price**	**Number of options**	**Weighted Average Exercise Price**
October 3, 2016	$ 0.30	3,629,118	0.75	$ 0.30	3,629,118	$ 0.30
October 20, 2017	0.05	2,100,000	1.81	0.05	2,100,000	0.05
November 6, 2017	0.05	441,000	1.85	0.05	441,000	0.05
September 20, 2020	0.07	1,596,951	4.74	0.07	1,596,951	0.07
		7,767,069	1.92	$ 0.17	7,767,069	$ 0.17

(Expressed in Canadian dollars)

10. Related party transactions and balances

Related party balances

Amounts due to related parties consist of charges accrued for office administration and management fees. These amounts are due to directors, officers, or companies controlled by directors or officers.

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

The following amounts due to related parties are included in trade payables and accrued liabilities:

	December 31, 2015	December 31, 2014
Directors and corporations controlled by directors of the Company	$ 63,611	$ 36,969
Survivor benefit[(1)]	178,000	178,000
	$ 241,611	$ 214,969

The Company incurred the following transactions with directors/officers of the Company and corporations that are controlled by directors/officers of the Company. The Company has identified these directors/officers as its key management personnel.

	For the year ended December 31	
Key Management Compensation	**2015**	**2014**
Fees for outside/independent directors	$ 66,000	$ 34,000
Management and administrative fees	229,247	310,642
Share-based payment	307,707	310,956
Survivor benefit[(1)]	-	360,000
	$ 602,954	$ 1,015,598

(1) Pursuant to a management services agreement, the Company has accrued a payable to the estate of the late CEO of the Company.

11. Financial risk and capital management

The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions, as determined by rating agencies.

11. Financial risk and capital management (cont'd)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. The Company has a working capital deficit and requires additional financing to meeting its short-term financial obligations. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. The Company's trade payables are generally due in terms ranging from 30 to 90 days.

Foreign exchange risk

Foreign exchange risk is the risk that the future fair value of cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company's financial results are reported in Canadian dollars while it conducts a significant portion of its business activities in US dollars. The assets, liabilities and expenses that are denominated in US Dollars will be affected by changes in the exchange rate between the Canadian dollar and the US Dollar. If the Canadian dollar changes by one percent against the US dollar, with all other variables held constant, the impact on the Company's foreign denominated financial instruments would result in a reduction or increase of after tax net loss of less than $1,000 for the year ended December 31, 2015.

The Company also conducts business in Guyanese Dollars. The assets, liabilities and expenses that are denominated in Guyanese Dollars will be affected by changes in the exchange rate between the Canadian dollar and the Guyanese Dollar. If the Canadian dollar changes by one percent against the Guyanese dollar, with all other variables held constant, the impact on the Company's foreign denominated financial instruments would result in a reduction or increase of after tax net loss of less than $1,000 for the year ended December 31, 2015.

Interest rate risk

The Company is not currently exposed to significant interest rate risk.

Capital management

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

The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. The Company is not exposed to externally imposed capital requirements.

(Expressed in Canadian dollars)

11. Financial risk and capital management (cont'd)

Classification of financial instruments

Financial instruments classified as fair value through profit or loss:

	December 31, 2015	December 31, 2014
Cash and cash equivalents	$ 109,900	$ 515,171

Financial instruments classified as other financial liabilities:

	December 31, 2015	December 31, 2014
Trade payables	$ 492,299	$ 291,963
Secured convertible debentures	1,758,537	-

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial assets measured at fair value on a recurring basis consist of cash and cash equivalents which are classified as level 1. There are no financial liabilities measured at fair value on a recurring basis.

12. Segmented information

Operating segments

The Company operates in a single reportable operating segment – the acquisition and exploration of mining properties.

Geographic segments

The Company's non-current assets are located in the following countries:

	As at December 31, 2015		
	Guyana	US	Total
Exploration and evaluation assets	$ 1	$ 7,713,812	$ 7,713,813
	As at December 31, 2014		
	Guyana	US	Total
Exploration and evaluation assets	$ 3,055,625	$ 6,103,253	$ 9,158,878

(Expressed in Canadian dollars)

13. Income taxes

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

		2015		2014
Canadian statutory income tax rate		26.00%		26.00%
Expected income tax recovery based on statutory rate	$	1,211,731	$	503,846
Non-deductible expenses and others		(51,173)		(194,620)
Rate change		-		19,472
Other		76,417		27,044
Change in unrecognized deferred income tax assets		(1,236,975)		(355,742)
Income tax recovery	$	–	$	–

Significant components of the Company's deferred income tax assets (liabilities) are as follows:

		2015		2014
Non-capital losses	$	4,952,220	$	3,991,287
Share issuance costs and others		30,684		32,031
Cumulative eligible expenditures		40,725		40,725
Mineral properties		(2,139,134)		(2,416,522)
Equipment		-		-
		2,884,495		1,647,521
Unrecognized deferred income tax assets		(2,884,495)		(1,647,521)
Net deferred income tax assets	$	–	$	–

The Company has available for deduction against future taxable income Canadian non-capital losses of approximately $7,884,000. Of these losses, $227,000 will expire by 2025 and must be utilized in a similar business to the discontinued operations. The remaining $7,657,000 will begin to expire starting in 2026. The Company also has non capital losses of $1,815,000 available for deduction against future taxable income in Guyana which have no expiry date. Additionally, the Company has net operating losses of $6,550,000 which can be applied against future operating income in the United States, which will begin to expire starting 2030.

In assessing the realizability of deferred income tax assets, management considers whether it is more likely than not that some portion of all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax assets considered realizable could change materially in the near term based on future taxable income during the carry forward period.