

**Icon Exploration Inc.**  
**Financial Statements**  
**December 31, 2015 and 2014**

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*December 31, 2015 and 2014*

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## **INDEPENDENT AUDITORS' REPORT**

To the Shareholders of Icon Exploration Inc.:

We have audited the accompanying financial statements of Icon Exploration Inc., which comprise the statement of financial position as at December 31, 2015, and the statements of comprehensive loss, changes in shareholders' deficiency, 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.

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

We believe that the audit evidence we have obtained 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 Icon Exploration Inc. as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

## **Emphasis of Matter**

Without modifying our opinion, we draw attention to Note 1 to the financial statements which highlights the existence of a material uncertainty relating to conditions that cast significant doubt on Icon Exploration Inc.'s ability to continue as a going concern.

## **Other Matters**

The financial statements as at December 31, 2014 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their audit report dated March 16, 2015.

*MNP LLP*

**Chartered Professional Accountants  
Licensed Public Accountants**

Mississauga, Ontario  
April 29, 2016

# Icon Exploration Inc.

## Statements of Financial Position

December 31, 2015 and 2014

	2015	2014
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 410	\$ 2,730
Receivables	5,557	3,772
Prepays	-	1,006
	<b>5,967</b>	7,508
Exploration and evaluation assets (note 4)	-	25,000
	<b>\$ 5,967</b>	<b>\$ 32,508</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 5)	\$ 225,261	\$ 153,383
Contingent liability	-	18,000
Short-term loans (notes 5 and 6)	161,950	109,791
	<b>387,211</b>	281,174
<b>Shareholders' deficiency</b>		
Share capital (note 7)	12,197,520	12,174,520
Shares to be issued (note 7)	2,000	-
Contributed surplus (note 7)	965,267	948,676
Accumulated deficit	(13,546,031)	(13,371,862)
	<b>(381,244)</b>	(248,666)
	<b>\$ 5,967</b>	<b>\$ 32,508</b>

**Going Concern** (note 1)

**Contingencies** (note 12)

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

Signed on behalf of the Board of Directors by:

"Roberto Fia"

Roberto Fia, Director

"Joseph Heng"

Joseph Heng, Director

# Icon Exploration Inc.

## Statements of Comprehensive Loss for the year ended December 31, 2015 and 2014

	2015	2014
<b>Expenses</b>		
Legal	\$ 38,365	\$ 40,562
Administration (note 5)	36,000	78,000
Filing fees and transfer fees	18,475	15,967
Interest (note 6)	17,159	9,791
Stock-based compensation (note 7)	16,591	-
Accounting and audit	8,000	9,111
Financing fees	7,000	16,000
Foreign exchange loss	4,485	1,268
Office and general	1,999	13,640
Insurance	1,006	12,057
Bank charges	89	1,272
Depreciation	-	3,886
Corporate development	-	785
Travel and promotion	-	1,537
Recovery of expenses	-	(68,589)
	<b>149,169</b>	<b>135,287</b>
<b>Loss before write-off of exploration and evaluation assets, loss on disposal of property, plant and equipment, and provision for claim settlement</b>	<b>(149,169)</b>	<b>(135,287)</b>
Write-off of exploration and evaluation assets (note 4)	(25,000)	(23,238)
Loss on disposal of property, plant and equipment	-	(9,220)
Provision for claim settlement	-	118,000
<b>Net loss and comprehensive loss, end of year</b>	<b>\$ (174,169)</b>	<b>\$ (49,745)</b>
<b>Basic and diluted loss per share (note 9)</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>
<b>Weighted-average number of common shares outstanding</b>	<b>14,124,024</b>	<b>10,845,743</b>

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

# Icon Exploration Inc.

## Statements of Cash Flows

for the year ended December 31, 2015 and 2014

	2015	2014
<b>Cash flow from operating activities</b>		
Net loss for the year	\$ (174,169)	\$ (49,745)
Items not affecting cash		
Write-off exploration and evaluation assets	25,000	23,238
Accrued interest on short-term loans	17,159	9,791
Stock-based compensation	16,591	-
Financing fees	7,000	16,000
Loss on disposal of property, plan and equipment	-	9,220
Depreciation	-	3,886
Provision for claim settlement	-	(118,000)
Net change in non-cash working capital items:	(108,419)	(105,610)
Receivables	(1,785)	(1,622)
Prepaid	1,006	(1,006)
Accounts payable and accrued liabilities	71,878	8,881
	(37,320)	(99,357)
<b>Cash flow from financing activities</b>		
Short-term loans	35,000	100,000
<b>(Decrease) increase in cash and cash equivalents during the year</b>	<b>(2,320)</b>	<b>643</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>2,730</b>	<b>2,087</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 410</b>	<b>\$ 2,730</b>
<b>Non-cash items excluded from financing activities</b>		
Shares issued for debt settlement	\$ 18,000	\$ 44,000
Shares issued and shares to be issued for financing fees	\$ 7,000	\$ 16,000

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

Icon Exploration Inc.

**Statements of Changes in Shareholders' Deficiency**  
*for the year ended December 31, 2015 and 2014*

	Number of Shares	Capital Stock	Shares to be Issued	Contributed Surplus	Accumulated Other Comprehensive Deficit	Total
<b>Balance, December 31, 2013</b>	<b>9,796,428</b>	<b>\$ 12,114,520</b>	<b>\$ -</b>	<b>\$ 948,676</b>	<b>\$ (13,322,117)</b>	<b>\$ (258,921)</b>
Shares issued for Siguirí settlement	3,400,000	44,000	-	-	-	44,000
Bonus shares issued for short-term loans	400,000	16,000	-	-	-	16,000
Net loss for the year	-	-	-	-	(49,745)	(49,745)
<b>Balance, December 31, 2014</b>	<b>13,596,428</b>	<b>12,174,520</b>	<b>-</b>	<b>948,676</b>	<b>(13,371,862)</b>	<b>(248,666)</b>
Bonus shares issued for short-term loans	100,000	5,000	-	-	-	5,000
Bonus shares to be issued	-	-	2,000	-	-	2,000
Shares issued for Siguirí settlement	600,000	18,000	-	-	-	18,000
Stock-based compensation	-	-	-	16,591	-	16,591
Net loss for the year	-	-	-	-	(174,169)	(174,169)
<b>Balance, December 31, 2015</b>	<b>14,296,428</b>	<b>\$ 12,197,520</b>	<b>\$ 2,000</b>	<b>\$ 965,267</b>	<b>\$ (13,546,031)</b>	<b>\$ (381,244)</b>

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



**Notes to Financial Statements**

*December 31, 2015 and 2014*

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**1. Nature of Operations and Going Concern**

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Icon Exploration Inc. (“Icon” or “the Company”) was incorporated pursuant to the Canada Business Corporations Act on February 5, 2008 and was in the business of acquiring, exploring and developing mineral properties. The Company was listed on the TSX Venture Exchange and subsequently moved to the NEX listing on January 26, 2016. The Company's registered and records office is located at 157 Adalaide Street West, Suite 320, Toronto, Ontario, M5H 4E7.

Effective January 1, 2015, the Company has re-focused itself from a mineral exploration company to a company that seeks to acquire an operating company through an amalgamation of assets.

These financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. For the year ended December 31, 2015, the Company incurred a loss of \$174,169 and the accumulated deficit as at December 31, 2015 was \$13,546,031. As at December 31, 2015, the Company had a working capital deficit of \$381,244, which is insufficient to finance operating costs over the next twelve months without additional funding. These conditions cast significant doubt as to the Company’s ability to continue as a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

**2. Significant Accounting Policies**

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These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

**Basis of presentation**

These financial statements have been prepared on a historical cost basis except for financial instruments classified as available-for-sale which have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

**Notes to Financial Statements**

*December 31, 2015 and 2014*

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**2. Significant Accounting Policies - continued**

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**Critical accounting estimates and judgements**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities 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 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 future periods if the revision affects both current and future periods.

**Cash and cash equivalents**

Cash and cash equivalents are unrestricted as to use and consist of cash on hand, demand deposits and short-term interest bearing investments with maturities of 90 days or less from the original date of acquisition and which can be readily liquidated to known amounts of cash and are subject to an insignificant risk of change in value. Redeemable interest bearing investments with maturities of up to one year are considered cash equivalents if they can readily be liquidated at any point in time to known amounts of cash, the initial period subject to an interest penalty on redemption is less than 90 days, and they are redeemable thereafter until maturity for invested value plus accrued interest. At December 31, 2015 and 2014, the Company had no cash equivalents.

**Financial instruments**

The Company's financial instruments consist of the following summarized accounts included within the statements of financial position:

<b>Financial assets and liabilities</b>	<b>Classification</b>
Cash and cash equivalents	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Short-term loans	Other financial liabilities

Available-for-sale financial assets: Available-for-sale financial assets are recorded at their fair value with unrealized holding gains and losses reported as a separate component of equity as other comprehensive income. The fair value of marketable securities is their quoted bid price at the end of each reporting period.

**Notes to Financial Statements**

*December 31, 2015 and 2014*

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**2. Significant Accounting Policies - continued**

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**Financial instruments - continued**

Loans and receivables: Loans and receivables are financial assets with fixed or determinable payments not quoted in an active market. These assets are initially recognized at fair value plus transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment loss. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the net carrying amount on initial recognition.

Other financial liabilities: Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these other financial liabilities are measured at amortized cost using the effective interest method. Other financial liabilities are derecognized when the obligations are discharged, cancelled or expired.

Impairment of financial assets: Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include financial difficulty of the counterparty, default or delinquency in interest or principal payment or the likelihood that the borrower will enter bankruptcy or financial reorganization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an accounts receivable balance is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Financial instruments recorded at fair value: The Company classifies its financial instruments according to a three level hierarchy that reflects the significance of the inputs used in making fair value measurements. The three levels of the fair value hierarchy are as follows:

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

**Notes to Financial Statements**

*December 31, 2015 and 2014*

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**2. Significant Accounting Policies - continued**

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**Mining claims and deferred exploration costs**

The Company deferred the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Costs of producing properties will be amortized on a unit of production basis and costs of abandoned properties are written-off. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

Management reviews the carrying value of exploration and evaluation assets on a periodic basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for properties represent costs incurred net of writedowns and recoveries, and are not intended to represent present or future values.

**Income taxes**

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent they relate to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

**Notes to Financial Statements**

*December 31, 2015 and 2014*

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## **2. Significant Accounting Policies - continued**

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### **Share-based payment transactions**

The Company has a stock option plan as described in note 7. All share-based awards granted, including those granted to directors not acting in their capacity as directors, are accounted for using the fair value based method. The fair value of stock options granted is recognized as an expense within the statement of comprehensive loss and a corresponding increase to reserves within the equity section of the statement of financial position. Any consideration paid by eligible participants on the exercise of stock options is credited to capital stock. The reserves amount associated with stock options is transferred to capital stock upon exercise.

### **Loss per share**

Basic loss per share is computed by dividing the profit or loss for the period by the weighted average number of common shares outstanding during the period. Stock options and common share purchase warrants are not included in the calculation of diluted loss per share if their inclusion would be antidilutive.

## **3. New Accounting Standards and Interpretations**

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### **Standards and amendments issued but not yet effective**

The IASB issued new standards and amendments not yet effective. The Company is assessing the impact of the following standard:

IFRS 9 Financial Instruments (“IFRS 9”) was issued by the IASB on July 24, 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Final amendments released on July 24, 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

## **4. Exploration and Evaluation Assets**

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The Company owns the mineral rights for one property located in British Columbia, Canada. During the year ended December 31, 2015, the Company wrote off all mineral rights for this property in the amount of \$25,000 (2014: \$23,238) as a result of the change in the nature of the business.

**Notes to Financial Statements***December 31, 2015 and 2014***5. Related Party Transactions and Balances**

Key management personnel are persons responsible for the planning, directing and controlling activities of the entity. The Company's key management personnel include the CEO, Chairman, and CFO and their compensation is as follows:

	<b>2015</b>	2014
Administration/accounting	\$ <b>36,000</b>	\$ 78,000
Stock-based compensation	<b>16,408</b>	-
	<b>\$ 52,408</b>	\$ 78,000

During the year, the Company received short-term loan proceeds totaling \$35,000 (2014: \$100,000) from two directors of the Company (see note 6). Short-term loans payable, including interest of \$26,949 (2014: \$9,791) are due to current and former officers of the Company.

Included in accounts payable and accrued liabilities at December 31, 2015 is \$47,875 (2014: \$61,425) for administration and accounting services.

**6. Short-Term Loans**

The Company has entered into a loan agreement dated April 9, 2014 with a lender (appointed CEO and a director of the Company in November 2014) for \$25,000 and three additional loan agreements dated April 21, 2014, June 27, 2014 and October 13, 2014, respectively, of \$25,000 each with another lender (former director of the Company), with interest at a rate of 18% per annum (the "Interest Amount"). During the year ended December 31, 2015, the Company entered into two additional loan agreements with directors of the Company for a cumulative total of \$135,000 (the "Principal Loan Amount"). Under the terms of all loan agreements, the Company will have 60 days from the date of receipt of a written demand notice to repay the Principal Loan Amount and the Interest Amount to the respective lender. Unless the Company is in default under a loan agreement, the lender may not demand payment at any time prior to the date which is one year from the date of the respective loan agreement. These loans are secured by promissory notes.

As additional consideration for the lenders entering into the loan agreements with the Company, after receiving acceptance from the Exchange, on October 30, 2014, the Company issued to the lenders 100,000 common shares of the Company for each \$25,000 loan, for an aggregate of 400,000 shares. These shares are subject to a hold period of four months from the date of issuance and were valued at \$16,000 based on a closing share trading price of \$0.04 at the date of issuance. Additional consideration on the loans received during the year ended December 31, 2015 totaled 140,000 shares. The Company issued 100,000 of the bonus shares on April 1, 2015. These shares are subject to a hold period of four months from the date of issuance and were valued at \$5,000 based on a closing share trading price of \$0.05 at the date of issuance. The remaining 40,000 shares remain to be issued as at December 31, 2015. These shares have been valued at \$2,000 (note 7).

At at December 31, 2015, interest of \$26,949 (2014: \$9,791) has been accrued and is included in short-term loans payable.

**Notes to Financial Statements**

December 31, 2015 and 2014

**7. Share Capital**

Share capital consists of an unlimited number of Class "A" common shares without par value. Issued shares are fully paid. All warrants and compensation options were valued using the Black-Scholes pricing model.

**Issued:**

Pursuant to the Siguri Settlement (see Note 12), on March 31, 2015, the Company issued 600,000 (2014: 3,400,000) shares valued at \$18,000 (2014: \$44,000) based on a closing share trading price of \$0.03 at the date of issuance. These shares are subject to a four month hold period from the date of issuance.

On April 1, 2015, the Company issued 100,000 common shares valued at \$5,000 based on a closing share trading price of \$0.05 at the date of issuance as bonus shares pursuant to the loan agreements as described in Note 6 above. As at December 31, 2015, 40,000 shares valued at \$2,000 remain to be issued pursuant to the loan agreement in note 6.

At December 31, 2015, 14,296,428 common shares were issued and outstanding.

On October 30, 2014, the Company issued 400,000 common shares valued at \$16,000 based on a closing share trading price of \$0.04 at the date of issuance as bonus shares pursuant to the loan agreements as described in Note 6 above.

**Stock Options:**

The continuity of share purchase options is as follows:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price \$</b>
Balance - December 31, 2014	-	\$ -
Issued	<b>1,359,642</b>	<b>0.05</b>
<b>Balance - December 31, 2015</b>	<b>1,359,642</b>	<b>\$ 0.05</b>

The weighted average exercise price of the outstanding stock options as of December 31, 2015 was \$0.05 and the weighted average remaining life in years was 4.20.

**Notes to Financial Statements**

*December 31, 2015 and 2014*

**7. Share Capital - continued**

**Share Purchase Warrants Outstanding:**

At December 31, 2015 and 2014, there were 2,604,000 share purchase warrants issued and outstanding with an exercise price of \$0.50 and expiring on October 31, 2017. The remaining life of these share purchase warrants is 1.84 years.

**Contributed Surplus:**

	<b>Share-based Compensation</b>	<b>Brokers' Warrants</b>	<b>Total</b>
Balance - December 31, 2014	\$ 785,908	\$ 162,768	\$ 948,676
Issued	16,591	-	16,591
<b>Balance - December 31, 2015</b>	<b>\$ 802,499</b>	<b>\$ 162,768</b>	<b>\$ 965,267</b>

The fair value of the 1,359,642 stock options issued during the year end December 31, 2015 was \$16,591 using the Black-Scholes model. The assumptions underlying the fair values for stock options were as follows:

	<b>2015</b>
Risk free interest rate	0.98%
Dividend yield	Nil
Expected stock volatility	100%
Expected life	5 years



**Notes to Financial Statements**

December 31, 2015 and 2014

**8. Income Taxes**

Deferred taxes have not been recognized in respect of the deductible temporary differences set out below:

	<b>2015</b>	2014
Exploration and evaluation assets	\$ <b>1,267,812</b>	\$ 1,261,000
Non-capital losses carried forward	\$ <b>2,410,350</b>	\$ 2,442,000
Intangible assets	\$ <b>44,867</b>	\$ -
Net capital losses carried forward	\$ <b>2,614</b>	\$ -
Share issuance costs	\$ <b>2,496</b>	\$ 28,000

The non-capital losses carried forward will expire between 2026 and 2035.

The net capital loss carry forward may be carried forward indefinitely, but can only be used to reduce capital gains.

The exploration expenditures and intangible assets may be carried forward indefinitely.

The share issue costs will be deducted for tax purposes over the next four years.

**9. Loss Per Share**

The following table sets out the computation for basic and diluted loss per share:

	<b>2015</b>	2014
Numerator		
Net loss attributable to common shareholders		
- basic and diluted	\$ <b>(174,169)</b>	\$ (49,745)
Denominator		
Weighted average number of common shares outstanding		
- basic and diluted	<b>14,124,024</b>	10,845,743
Basic and diluted loss per share	\$ <b>(0.01)</b>	\$ (0.00)

Stock options and warrants totaling 3,963,642 (2014: 2,604,000) were excluded from the computation of basic and diluted loss per share as the potential effect was antidilutive.

**Notes to Financial Statements**

*December 31, 2015 and 2014*

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**10. Capital Management**

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The Company's capital is composed of share capital, reserves and deficit. The Company manages its capital within the following objectives:

(a) to ensure that there is sufficient financial flexibility to achieve the ongoing business objectives; and

(b) to maximize shareholder return through enhancing shareholder value.

Management periodically reviews its capital management approach and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management for the year ended December 31, 2015. The Company is not subject to externally imposed capital requirements.

**11. Financial Risk Management**

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The Company's financial risk exposures and the impact on the Company's financial instruments are as follows:

(a) *Credit risk:*

The Company's credit risk is primarily attributable to cash and cash equivalents and accounts receivable. The Company has no significant concentration of credit risk arising from financial instruments.

(b) *Liquidity risk:*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2015, the Company has a working capital deficiency of \$4,109,383 (2014: \$273,666) (see note 1). The Company had a cash balance of \$410 (2014: \$2,730) to settle current financial liabilities of \$4,115,350 (2014: \$281,174). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms, except short-term loans.

(c) *Fair Value:*

The carrying amount of each accounts payable and accrued liabilities and short-term loans approximates their fair value because of the short-term maturities of these items.

**Notes to Financial Statements**

*December 31, 2015 and 2014*

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**12. Contingencies**

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*Claim by a former director/consultant*

On March 4, 2013, a notice of civil claim against the Company was filed with the Supreme Court of British Columbia by a former director/consultant of the Company claiming an amount of \$133,097 for unpaid fees and expenses. On November 27, 2013, the Company was served with the notice of the civil claim. The Company believes this claim is without merit.

On January 10, 2014, a response was filed disputing the claim as the director/consultant was terminated for just cause. On January 10, 2014, the Company filed a counterclaim seeking certain monetary returns from the claimant. As at December 31, 2015, there was no further development with respect to this claim.

*Siguiri Gold Mining Corp.*

Pursuant to a letter received from legal counsel of Siguiri Gold Mining Corp. (“Siguiri”) and Siguiri Mining Guinea Ltd. (“SMG”) on November 5, 2013 regarding the sale of Guinean subsidiary Guinean Global Resources SA, the Company accrued a contingent liability of \$180,000, during the 2013 fiscal year representing probable repayment of the original \$180,000 received from Siguiri.

A settlement agreement to issue up to 4,000,000 common shares of the Company to Siguiri was accepted by the TSX Venture Exchange (“Exchange”) on August 18, 2014, and 2,400,000 shares, valued at \$24,000 based on the closing share trading price of \$0.01 at the date of issuance, were issued to Siguiri on August 25, 2014, with the remaining shares to be issued at times that such issuances will not cause Siguiri to become a “control person” of the Company.

On November 10, 2014, another 1,000,000 shares were issued to Siguiri Gold Mining Corp., valued at \$20,000 based on the closing share trading price of \$0.02 at the date of issuance. These shares are subject to a four month hold period from the date of issuance.

On March 31, 2015, the final 600,000 shares were issued to Siguiri Gold Mining Corp., valued at \$18,000 based on the closing share trading price of \$0.03 at the date of issuance. These shares are subject to a four month hold period from the date of issuance. This final settlement has offset the contingent liability of \$18,000, and therefore no contingency exists as at December 31, 2015.