Iron South Mining Corp.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of
Iron South Mining Corp.

We have audited the accompanying consolidated financial statements of Iron South Mining Corp. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

Auditor's 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 the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors 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 Iron South Mining Corp. and its subsidiaries as at December 31, 2015 and December 31, 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt about the ability of Iron South Mining Corp. to continue as a going concern.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, British Columbia
March 3, 2016

Iron South Mining Corp.
(An Exploration Stage Company)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	December 31, 2015 $	December 31, 2014 $
ASSETS			
Current assets			
Cash		7,362	3,236
Accounts receivables and prepaid expenses		610	1,709
Total current assets		7,972	4,945
Non-current assets			
Exploration and evaluation assets	3	340,493	340,493
Total non-current assets		340,493	340,493
Total Assets		348,465	345,438
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		25,530	16,592
Interest payable	4	5,074	518
Loans payable	4	66,456	37,441
Total liabilities		97,060	54,551
EQUITY			
Share capital	5	14,028,136	14,028,136
Reserves	5	2,327,090	2,327,090
Deficit		(16,103,821)	(16,064,339)
Total equity		251,405	290,887
Total Equity and Liabilities		348,465	345,438

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

These consolidated financial statements are authorized for issue by the Board of Directors on March 3, 2016. They are signed on the Company's behalf by:

"Nikolaos Cacos" , Director

"Brian McEwen" , Director

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

Iron South Mining Corp.

(An Exploration Stage Company)

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

		Year ended December 31,	
		2015	2014
	Note	$	$
Expenses			
Accounting and audit		8,160	8,400
Corporate development and investor relations		3,131	6,326
Exploration		629	547
Foreign exchange loss		1,698	37
Legal and professional fees		6,123	5,693
Office and sundry		3,657	3,072
Transfer agent and regulatory fees		12,910	15,636
Travel		-	1,719
Loss from operating activities		36,308	41,430
Other expenses (income)			
Finance expense	4	5,400	3,000
Interest expense	4	4,556	518
Interest income		(88)	(41)
Mineral claim refund		(6,694)	-
Total loss and comprehensive loss		39,482	44,907
Basic and diluted loss per common share	6	0.00	0.01

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

Iron South Mining Corp.

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	Year ended December 31,	
	2015	2014
	$	$
Cash flows from operating activities		
Loss for the year	(39,482)	(44,907)
Foreign exchange loss on loan payable	2,015	491
Finance expense	5,400	3,000
Interest expense	4,556	518
Mineral claim refund	(6,694)	-
Changes in non-cash working capital items:		
Decrease (increase) in accounts receivables and prepaid expenses	1,099	(1,097)
Increase (decrease) in accounts payable and accrued liabilities	3,538	(2,942)
Net cash used in operating activities	(29,568)	(44,937)
Cash flows from investing activities		
Mineral claim refund	6,694	-
Net cash generated by investing activities	6,694	-
Cash flows from financing activities		
Proceeds from loans payable	27,000	36,950
Net cash generated by financing activities	27,000	36,950
Net increase (decrease) in cash during the year	4,126	(7,987)
Cash at beginning of year	3,236	11,223
Cash at end of year	7,362	3,236

SUPPLEMENTARY CASH FLOW INFORMATION (Note 9)

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

Iron South Mining Corp.
(An Exploration Stage Company)
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share capital		Reserves			
	Number of shares	Amount $	Contributed surplus $	Equity settled share-based payments $	Deficit $	Total $
Balance at December 31, 2013	7,004,859	13,853,136	2,265,920	61,170	(16,019,432)	160,794
Option payment for exploration and evaluation assets (Note 3)	1,166,666	175,000	-	-	-	175,000
Total comprehensive (loss) for the year	-	-	-	-	(44,907)	(44,907)
Balance at December 31, 2014	8,171,525	14,028,136	2,265,920	61,170	(16,064,339)	290,887
Stock options expired	-	-	30,963	(30,963)	-	-
Total comprehensive (loss) for the year	-	-	-	-	(39,482)	(39,482)
Balance at December 31, 2015	8,171,525	14,028,136	2,296,883	30,207	(16,103,821)	251,405

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

Iron South Mining Corp.

(An Exploration Stage Company)

Consolidated Schedules of Exploration and Evaluation Assets and Exploration Expenditures

(Expressed in Canadian Dollars)

Acquisition Costs

	Argentina Fierro	
	December 31, 2015	December 31, 2014
	$	$
Balance, beginning of year	340,493	165,493
Additions		
Option payments for evaluation and exploration assets	-	175,000
Balance, end of year	340,493	340,493

Exploration Expenditures

	Argentina Fierro	Other	December 31, 2015	December 31, 2014
	$	$	$	$
Cumulative exploration costs, beginning of year	180,878	6,464,414	6,645,292	6,644,745
Expenditures during the year:				
Value added taxes	-	629	629	547
	-	629	629	547
Cumulative exploration costs, end of year	180,878	6,465,043	6,645,921	6,645,292

1. NATURE OF OPERATIONS AND GOING CONCERN

Iron South Mining Corp. (the "Company") was incorporated on April 11, 2000 in the Province of British Columbia and was transitioned under the Business Corporations Act (BC) on June 17, 2004. The address of the Company's registered office is Suite 411 – 837 West Hastings Street, Vancouver, BC, Canada V6C 3N6.

The Company is a natural resource company engaged in the acquisition and exploration of resource properties in the Americas and Argentina. The Company presently has no proven or probable reserves and, on the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. Consequently, the Company considers itself to be an exploration stage company.

The amounts shown as mineral property interests represent costs incurred to date, less option payment proceeds and amounts amortized and/or written off, and do not necessarily represent present or future values. The underlying value of the mineral property interests is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to advance the properties beyond the exploration stage, and future profitability of the properties.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to consolidated financial statements and to a going concern, which assume that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company has experienced recurring operating losses and has an accumulated operating deficit of $16,103,821 and shareholders' equity of $251,405 at December 31, 2015. In addition, the Company had a working capital deficiency of $89,088 at December 31, 2015. Working capital is defined as current assets less current liabilities and provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year. These factors raise substantial doubt about the Company's ability to continue as a going concern. The Company's continued operations, as intended, are dependent upon its ability to raise additional funding to meet its obligations and to attain profitable operations. Management's plan in this regard is to raise equity financing as required. There are no assurances that the Company will be successful in achieving these goals. These consolidated financial statements do not include adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Company's consolidated financial statements, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee, effective for the Company's reporting for the year ended December 31, 2015.

Basis of presentation

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries as follows:

	Place of Incorporation	Principal Activity
Amera-Chile Sociedad Contractual Minera	Chile	Holding company
Amera Resources (BVI) Inc.	British Virgin Islands	Holding company
Amera Resources (US) Inc.	United States of America	Exploration company
Hierros Del Peru S.A.C.	Peru	Holding company
Hierros Del Sur S.A.	Argentina	Holding company

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Foreign currencies

The presentation and functional currency of the Company is the Canadian dollar. Transactions in currencies other than the Canadian dollar are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Non-derivative financial assets

The Company has the following non-derivative financial assets: financial assets at fair value through profit or loss and loans and receivables.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets are classified at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. Cash is classified as fair value through profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Accounts receivables are classified as loans and receivables.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Other financial liabilities

The Company has the following other financial liabilities: accounts payable and accrued liabilities, interest payable and loans payable.

Such financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Exploration, Evaluation and Development Expenditure

Exploration and evaluation expenditures are expensed as incurred, until the property reaches development stage. The development stage begins once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable. All direct costs related to the acquisition of resource property interests are capitalized. Development expenditures incurred subsequent to a development decision, which increase or extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves.

Mineral property acquisition costs include cash costs and the fair market value of common shares, based on the trading price of the shares issued for mineral property interests, pursuant to the terms of the related property agreements. Payments related to a property acquired under an option or joint venture agreement are made at the sole discretion of the Company, and are recorded as mineral property acquisition costs upon payment.

Exploration and evaluation assets are classified as intangible assets.

Cash and Cash Equivalents

Cash and cash equivalents are classified as FVTPL and include short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company places its deposits with financial institutions with high credit ratings.

Impairment

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs 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 current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Valuation of Equity Units Issued in Private Placements

The Company follows a pro rata allocation method with respect to the measurement of shares and warrants issued as private placement units. This values each component at fair value and allocates total proceeds received between shares and warrants based on the pro rata relative values of the components. The fair value of the common shares is based on the closing bid price on the issue date and the fair value of the common share purchase warrants is determined at the issue date using the Black-Scholes pricing model.

Share-based Payment Transactions

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Fair value is determined at the issue date using the Black-Scholes pricing model. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

Restoration, Rehabilitation, and Environmental Obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the legal or contractual obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company has no material restoration, rehabilitation and environmental obligations as of December 31, 2015 and December 31, 2014.

Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Income Taxes

Income tax for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the year-end applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Significant Accounting Estimates and Judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i. The net carrying value of each mineral property is reviewed regularly for conditions that suggest impairment. This review requires significant judgment. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future. If impairment is determined to exist, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount.

Critical accounting judgments

i. Presentation of the consolidated financial statements which assumes that the Company will continue in operation for the foreseeable future, obtain additional financing as required, and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

ii. The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

iii. The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

iv. Management is required to assess impairment in respect to the Company's intangible mineral property interests. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves.

Changes in Accounting Standards

The Company has adopted these accounting standards effective January 1, 2015. The adoption of these accounting standards had no significant impact on the consolidated financial statements. These standards are:

IFRS 2 *Share-based Payment*
Amendments to IAS 24 *Related Party Disclosures*

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Standards and Interpretations

The International Accounting Standards Board has issued new and amended standards and interpretations which have not yet been adopted by the Company. The Company has not yet begun the process of assessing the impact that the new and amended standards and interpretations will have on its financial statements or whether to early adopt any of the new requirements. The following is a brief summary of the new and amended standards and interpretations:

IFRS 9 – Financial Instruments

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. In July 2014 IFRS 9, Financial Instruments ("IFRS 9") was issued. The completed standard provides revised guidance on the classification and measurement of financial assets. It also introduces a new expected credit loss model for calculating impairment for financial assets. This final version of IFRS 9 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 9 is not expected to have a material impact on amounts recorded in the financial statements of the Company.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 is effective for annual periods beginning on or after January 1, 2018. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. The new standard will apply to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 is not expected to have a material impact on amounts recorded in the financial statements of the Company.

IFRS 16 – Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019.

(Expressed in Canadian Dollars Unless Otherwise Noted)

3. EXPLORATION AND EVALUATION ASSETS

The following represents the exploration and evaluation assets the Company is continuing to explore as at December 31, 2015:

Fierro Property, Rio Negro Province, Argentina

On October 21, 2011, the Company entered into an option agreement with a non-arm's length private company whereby the Company will have the right to earn a 100% interest in the Fierro Property. The agreement received approval from the TSX Venture Exchange (TSX-V) on April 4, 2012. On April 4, 2013, the option agreement was amended to provide for a one year extension of the Company's first year's required expenditures on the property in consideration of the issuance of an additional 83,332 common shares of the Company for a total of 333,332 common shares. On April 4, 2014, the option agreement was further amended to accelerate the earn-in provisions such that the Company earned an immediate 100% interest in the property resulting in the Optionor waiving the remaining work commitments in exchange for accelerating and completing the issuance of 1,166,666 common shares.

On the commencement of commercial production, the Property will be subject to a 2% Net Smelter Royalty ("NSR") of which 1% can be purchased for $2,000,000 at any time.

4. LOANS PAYABLE

At December 31, 2015, the Company had the following loans payable:

	December 31, 2015		
	Maturity	Currency	Amount
Unsecured, non-interest bearing	On demand	United States dollar	$12,456
Unsecured, non-interest bearing	On demand	Canadian dollar	$12,000
Unsecured, 12% annual interest rate (1)	On demand	Canadian dollar	$7,000
Unsecured, 12% annual interest rate (2)	On demand	Canadian dollar	$20,000
Unsecured, 12% annual interest rate (3)	On demand	Canadian dollar	$15,000
			$66,456

At December 31, 2014, the Company had the following loans payable:

	December 31, 2014		
	Maturity	Currency	Amount
Unsecured, non-interest bearing	February 4, 2015	United States dollar	$10,441
Unsecured, non-interest bearing	March 3, 2015	Canadian dollar	$12,000
Unsecured, 12% annual interest rate (3)	September 17, 2015	Canadian dollar	$15,000
			$37,441

4. LOANS PAYABLE (continued)

(1) $7,000 Unsecured, 12% annual interest rate & finance expense

On January 13, 2015, the Company entered into a loan agreement with an arm's length lender. The principal amount of the loan is $7,000 and is to be used for working capital purposes and bears interest at the rate of 12% per annum. The principal balance of the loan, together with all accrued and unpaid interest thereon shall become due and payable in full on demand. As additional consideration for providing the loan, the Company will pay to the lender an arrangement fee in an amount equal to 20% of the principal amount of the loan totalling $1,400. Such amount is payable at the election of the lender in cash or common shares, or a combination of both. Payment of all or any part of the arrangement fee in common shares is subject to TSX Venture Exchange approval.

(2) $20,000 Unsecured, 12% annual interest rate & finance expense

On March 10, 2015, the Company entered into a loan agreement with an arm's length lender. The principal amount of the loan is $20,000 and is to be used for working capital purposes and bears interest at the rate of 12% per annum. The principal balance of the loan, together with all accrued and unpaid interest thereon shall become due and payable in full on demand. As additional consideration for providing the loan, the Company will pay to the lender an arrangement fee in an amount equal to 20% of the principal amount of the loan totalling $4,000. Such amount is payable at the election of the lender in cash or common shares, or a combination of both. Payment of all or any part of the arrangement fee in common shares is subject to TSX Venture Exchange approval.

(3) $15,000 Unsecured, 12% annual interest rate & finance expense

On September 17, 2014, the Company entered into a loan agreement with a private company. The principal amount of the loan is used for working capital purposes and bears interest at the rate of 12% per annum. The principal balance of the loan, together with all accrued and unpaid interest thereon shall become due and payable in full on demand. As additional consideration for providing the loan, the Company will pay to the Lender an arrangement fee in an amount equal to 20% of the principal amount of the loan totalling $3,000. Such amount is payable at the election of the Lender in cash or common shares, or a combination of both. Payment of all or any part of the arrangement fee in common shares is subject to TSX Venture Exchange approval.

All loans payable may be repaid in whole or in part at any time, without notice or penalty.

5. CAPITAL AND RESERVES

Authorized Share Capital

The Company's authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

On December 22, 2014, the Company received approval by the TSX Venture Exchange and the Company's shareholders for the consolidation of the Company's issued and outstanding common shares on the basis of three (3) pre-consolidation shares for one (1) post-consolidation share. All references to common shares in these audited consolidated financial statements reflect this change.

(Expressed in Canadian Dollars Unless Otherwise Noted)

5. CAPITAL AND RESERVES (continued)

Share Purchase Option Compensation Plan

The Company has a share purchase option plan (the "Plan") approved by the Company's shareholders that allows it to grant share purchase options, subject to regulatory terms and approval, to its officers, directors, employees and service providers. The Plan is based on the maximum number of eligible shares equaling a rolling percentage of 10% of the Company's outstanding common shares, calculated from time to time. If outstanding share purchase options are exercised or expire, and/or the number of issued and outstanding common shares of the Company increases, then the share purchase options available to grant under the Plan increase proportionately.

The exercise price of each share purchase option is set by the Board of Directors at the time of grant but cannot be less than the market price less allowable discounts in accordance with the policies of the TSX-V. Share purchase options granted generally vest immediately, and are subject to a four-month hold period and are generally exercisable for a period of up to ten years.

The continuity of share purchase options for the year ended December 31, 2015 is as follows:

Expiry date	Exercise Price	December 31, 2014	Granted	Exercised	Expired/ cancelled	December 31, 2015	Options exercisable
March 12, 2015	$0.39	99,999	-	-	(99,999)	-	-
July 29, 2017	$0.54	100,000	-	-	-	100,000	100,000
		199,999	-	-	(99,999)	100,000	100,000
Weighted average exercise price		$0.47	-	-	$0.39	$0.54	$0.54
Weighted average contractual remaining life (years)		1.4	-	-	-	1.6	1.6

The continuity of share purchase options for the year ended December 31, 2014 is as follows:

Expiry date	Exercise Price	December 31, 2013	Granted	Exercised	Expired/ cancelled	December 31, 2014	Options exercisable
March 12, 2015	$0.39	99,999	-	-	-	99,999	99,999
July 29, 2017	$0.54	100,000	-	-	-	100,000	100,000
		199,999	-	-	-	199,999	199,999
Weighted average exercise price		$0.47	-	-	-	$0.47	$0.47
Weighted average contractual remaining life (years)		2.4	-	-	-	1.4	1.4

(Expressed in Canadian Dollars Unless Otherwise Noted)

6. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended December 31, 2015 and 2014 was based on the following:

	Year ended December 31, 2015	2014
Loss attributable to common shareholders ($)	39,482	44,907
Weighted average number of common shares outstanding	8,171,525	7,855,087

Diluted loss per share for the year ended December 31, 2015 did not include the effect of 100,000 (December 31, 2014 – 199,999) share purchase options as they are anti-dilutive.

7. INCOME TAXES

The recovery of income taxes shown in the consolidated statements of loss and comprehensive loss differs from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	2015	**2014**
Canadian statutory income tax rate	26.00%	26.00%
	$	**$**
Loss for the year	(39,482)	(44,907)
Income tax recovery at statutory rate	(10,265)	(11,676)
Effect on income taxes of:		
Non-deductible differences	83	-
Rate differential and other	(1,066)	(660)
Non-capital loss expired	259,246	221,664
Unrecognized deferred tax assets	(247,998)	(209,329)
Income tax recovery	-	-

The significant components of the Company's deferred tax assets are as follows:

	2015	**2014**
	$	$
Deferred income tax assets		
Resource deductions	761,000	761,000
Capital tax loss carry forward	634,000	634,000
Non-capital tax loss carry forward	1,529,000	1,778,000
	2,924,000	3,173,000
Unrecognized deferred tax assets	(2,924,000)	(3,173,000)
Deferred income tax asset	-	-

(Expressed in Canadian Dollars Unless Otherwise Noted)

7. INCOME TAXES (continued)

The realization of income tax benefits related to these potential tax deductions is uncertain and cannot be viewed as probable. Accordingly, no deferred income tax assets have been recognized for accounting purposes.

The Company has Canadian non-capital tax loss carry forwards of $5,813,163 that may be available for tax purposes. The losses expire as follows:

Expiry	$
2026	1,081,390
2027	1,485,734
2028	1,536,404
2029	376,422
2030	607,119
2031	215,867
2032	329,716
2033	106,890
2034	41,347
2035	32,274
	5,813,163

At December 31, 2015, the Company had a net operating tax loss carry forward for Chile income tax purposes of approximately $76,000 (2014 – $76,000) and for Peru income tax purposes of approximately $11,000 (2014 - $4,000) that may be available for tax purposes. These available tax losses may be carried forward and back indefinitely and may only be applied to offset future taxable income from the Company's current Chile subsidiary. The Company also has available mineral resources expenses that are related to the Company's exploration activities in Argentina and the United States of $3,268,000 which may be deductible for Canadian tax purposes.

8. SEGMENTED INFORMATION

The Company is primarily involved in mineral exploration activities in the Americas and Argentina. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating revenues for the year ended December 31, 2015.

The Company's total non-current assets as at December 31, 2015 and December 31, 2014 are segmented geographically as follows:

	December 31, 2015	
	Argentina	Total
Exploration and evaluation assets ($)	340,493	340,493

	December 31, 2014	
	Argentina	Total
Exploration and evaluation assets ($)	340,493	340,493

(Expressed in Canadian Dollars Unless Otherwise Noted)

9. SUPPLEMENTARY CASH FLOW INFORMATION

	Year ended December 31, 2015 $	2014 $
Non-cash investing and financing activities		
Shares issued as option payment for exploration and evaluation assets	-	175,000

10. FINANCIAL RISK MANAGEMENT

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

(a) Fair Values

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, interest payable and loans payable. The fair value of cash, receivables, accounts payable and accrued liabilities, interest payable and loans payable approximates their carrying values due to the immediate or short-term maturity of these financial instruments.

The following table outlines the Company’s financial assets and liabilities measured at fair value by level within the fair value hierarchy described below. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

At December 31, 2015 the Company’s financial instruments measured at fair value are as follows:

	Carrying amount December 31, 2015	Level 1 $	Level 2 $	Level 3 $
		Fair value December 31, 2015		
Recurring measurements				
Financial Assets				
Cash	7,362	7,362	-	-

At December 31, 2014 the Company’s financial instruments measured at fair value are as follows:

	Carrying amount December 31, 2014	Level 1 $	Level 2 $	Level 3 $
		Fair value December 31, 2014		
Recurring measurements				
Financial Assets				
Cash	3,236	3,236	-	-

10. FINANCIAL RISK MANAGEMENT (continued)

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

(b) Financial Instrument Risk Exposure

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. Financial instruments that potentially subject the Company to credit risk consist of cash and accounts receivable. The Company has reduced its credit risk by depositing its cash with financial institutions that operate globally.

As the majority of the Company's receivables are with the government of Canada in the form of sales tax, the credit risk is minimal. Therefore, the Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior year.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares and warrants to fund exploration programs and anticipates doing so again in the future. See Note 1 for further information.

Market risk

(i) Currency risk

Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations in cash, accounts payable and loans payable usually denominated in US Dollars. The sensitivity of the Company's net and comprehensive loss due to changes in the exchange rate between the Canadian dollar and the US dollar is not material for the year ended December 31, 2015.

(ii) ***Interest rate risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash bears no interest. The fair value of cash approximates its carrying value due to the immediate or short-term maturity of this financial instrument.

Other current financial assets and liabilities are not exposed to interest rate risk because they are non-interest bearing or have prescribed interest rates.

10. FINANCIAL RISK MANAGEMENT (continued)

(c) Capital Management

The Company's objectives of capital management are intended to safeguard the entity's ability to support the Company's normal operating requirements on an ongoing basis, continue the exploration of evaluation and exploration assets and support any expansionary plans.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, reserves and deficit. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets.

To effectively manage the Company's capital requirements, management has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares to develop the project and anticipates doing so again in the future.

The Company is monitoring market conditions to secure funding at the lowest cost of capital. The Company is exposed to various funding and market risks which could curtail its access to funds.

The Company is not subject to any external covenants. There were no changes in the Company's approach to capital management during the year ended December 31, 2015.

Additional information regarding capital management is disclosed in Note 1.

11. RELATED PARTY TRANSACTIONS

A number of key management personnel, or their related parties, hold positions in other entities that result in them have control or significant influence over the financial or operating policies of the entities outlined below.

The following entities transacted with the Company in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions relating to key management personnel and entities over which they have control or significant influence were as follows:

Fierro Property, Rio Negro Province, Argentina

In accordance with the Fierro option agreement, the Company issued common shares to key management personnel or their related parties. During the year ended December 31, 2015, Nil (2014 – 175,000) common shares were issued to Mr. Sean Hurd, a director of the Company. During the year ended December 31, 2015, Nil (2014 – 175,000) common shares were issued to N.A.C. Investments Inc., a private company of which Mr. Nikolaos Cacos, a director and officer of the Company, is an owner.