SALAZAR RESOURCES LIMITED

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 Salazar Resources Limited

We have audited the accompanying consolidated financial statements of Salazar Resources Limited, which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014, and the consolidated statements of comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2015 and December 31, 2014, 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 audit 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 auditor considers 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 Salazar Resources Limited as at December 31, 2015 and December 31, 2014, and its financial performance and its cash flows for the years ended December 31, 2015 and December 31, 2014 in accordance with International Financial Reporting Standards.

"D&H Group LLP"

Vancouver, B.C.
April 27, 2016

Chartered Professional Accountants

SALAZAR RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	December 31, 2015 $	December 31, 2014 $
ASSETS			
Current assets			
Cash		43,249	49,236
Amounts receivable		2,322	1,301
GST receivable		571	4,406
Prepaid expenses and deposits		66,370	60,405
Total current assets		112,512	115,348
Non-current assets			
Investment		2,393	3,915
Property, plant and equipment	4	326,330	437,403
Exploration and evaluation assets	5	18,668,403	19,595,735
Total non-current assets		18,997,126	20,037,053
TOTAL ASSETS		19,109,638	20,152,401
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	1,566,334	830,161
Accrued interest payable	6	137,825	37,685
Advances	6	1,210,695	371,323
TOTAL LIABILITIES		2,914,854	1,239,169
SHAREHOLDERS' EQUITY			
Share capital	7	34,652,301	34,652,301
Share-based payments reserve		4,337,221	4,242,240
Deficit		(22,733,981)	(19,922,074)
Accumulated other comprehensive loss		(60,757)	(59,235)
TOTAL SHAREHOLDERS' EQUITY		16,194,784	18,913,232
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		19,109,638	20,152,401

Nature of Operations and Going Concern - See Note 1

Events after the Reporting Period - Note 13

These consolidated financial statements were approved for issue by the Board of Directors on April 27, 2016 and are signed on its behalf by:

*/s/ **Fredy Salazar***	*/s/ **Pablo Acosta***
Fredy Salazar	Pablo Acosta
Director	Director

SALAZAR RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note	Year Ended December 31 2015 $	2014 $
Expenses			
Accounting and administration	8(b)(ii)	24,100	31,200
Audit		45,926	47,825
Community relations		48	76,271
Consulting	8(b)(i)	176,474	195,966
Corporate development		12,598	12,840
Depreciation		104,530	71,459
General exploration		-	40,874
Interest expense	6	185,525	36,572
Investor relations		-	5,625
Legal		20,968	63,379
Office		61,240	93,189
Regulatory		13,148	13,668
Rent		23,698	22,857
Salaries and benefits	8(a)	406,603	445,562
Shareholder costs		2,666	5,378
Transfer agent		3,751	9,751
Travel		3,024	4,876
		1,084,299	1,177,292
Loss before other items		(1,084,299)	(1,177,292)
Other items			
Interest income		373	4,341
Foreign exchange		(279,172)	(54,231)
Write-off of property, plant and equipment	4	(6,543)	-
Impairment of exploration and evaluation assets	5	(1,565,614)	-
Other income	8(b)(iii)	123,348	-
		(1,727,608)	(49,890)
Net loss for the year		(2,811,907)	(1,227,182)
Other comprehensive loss		(1,522)	(1,522)
Comprehensive loss for the year		(2,813,429)	(1,228,704)
Basic and diluted loss per common share		$(0.04)	$(0.02)
Weighted average number of common shares outstanding		63,497,743	59,366,991

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

SALAZAR RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

Year Ended December 31, 2015

	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Accumulated Other Comprehensive Loss $	Total Equity $
Balance at December 31, 2014	63,497,743	34,652,301	4,242,240	(19,922,074)	(59,235)	18,913,232
Share-based compensation on bonus warrants	-	-	94,981	-	-	94,981
Unrealized loss on investment	-	-	-	-	(1,522)	(1,522)
Net loss for the year	-	-	-	(2,811,907)	-	(2,811,907)
Balance at December 31, 2015	63,497,743	34,652,301	4,337,221	(22,733,981)	(60,757)	16,194,784

Year Ended December 31, 2014

	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Accumulated Other Comprehensive Loss $	Total Equity $
Balance at December 31, 2013	56,122,573	33,069,377	4,242,240	(18,694,892)	(57,713)	18,559,012
Common shares issued for:						
Cash - private placement	7,375,170	1,622,537	-	-	-	1,622,537
Share issue costs	-	(39,613)	-	-	-	(39,613)
Unrealized loss on investment	-	-	-	-	(1,522)	(1,522)
Net loss for the year	-	-	-	(1,227,182)	-	(1,227,182)
Balance at December 31, 2014	63,497,743	34,652,301	4,242,240	(19,922,074)	(59,235)	18,913,232

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

SALAZAR RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended December 31, 2015 $	Year Ended December 31, 2014 $
Operating activities		
Net loss for the year	(2,811,907)	(1,227,182)
Adjustments for:		
Depreciation	104,530	71,459
Interest	185,525	36,572
Foreign exchange	149,357	15,314
Write-off of property, plant and equipment	6,543	-
Impairment of exploration and evaluation assets	1,565,614	-
Changes in non-cash working capital items:		
Amounts receivable	(1,021)	5,161
GST receivable	3,835	(2,061)
Prepaid expenses and deposits	(5,965)	(7,651)
Accounts payable and accrued liabilities	775,743	229,560
Net cash used in operating activities	(27,746)	(878,828)
Investing activity		
Exploration and evaluation assets expenditures	(677,852)	(427,623)
Net cash used in investing activity	(677,852)	(427,623)
Financing activities		
Issuance of common shares	-	836,050
Share issue costs	-	(9,613)
Advances received	1,010,980	785,658
Advances repaid	(311,369)	(434,153)
Net cash provided by financing activities	699,611	1,177,942
Net change in cash	(5,987)	(128,509)
Cash at beginning of year	49,236	177,745
Cash at end of year	43,249	49,236

Supplemental Cash Flow Information - see Note 11

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

1. Nature of Operations and Going Concern

Salazar Resources Limited (the "Company") was incorporated on July 23, 1987 under the provisions of the Company Act (British Columbia). The Company's common shares are listed and trade on the TSX Venture Exchange ("TSXV") under the symbol "SRL". The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7 Canada.

The Company is a junior mineral exploration company currently engaged in the acquisition and exploration of mineral properties located in Latin America. On the basis of information to date, the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the exploration and evaluation assets is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Exploration and evaluation assets represent costs incurred to date, less amounts depreciated and/or written off, and do not necessarily represent present or future values.

The Company's material mineral properties are located in Ecuador and consequently the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry.

These consolidated financial statements have been prepared on a going concern basis. As at December 31, 2015 the Company had a working capital deficit of $2,802,342 and an accumulated deficit of $22,733,981. The Company has not yet produced any revenues from its resource interests and further funds will be required to fund existing levels of overhead, planned exploration expenditures and property payments over the course of the next twelve months. In addition, exploration activities may change due to ongoing results and recommendations, or the Company may acquire additional properties, which may entail significant funding or exploration commitments. In the immediate term the Company's ability to continue as a going concern is dependent upon continued financial support from existing shareholders and creditors. In addition the Company will need to raise additional capital from the sale of common shares or other equity or debt instruments. If the Company is unable to raise the necessary capital and generate sufficient cash flows to meet obligations as they come due, the Company may have to reduce or curtail its operations or obtain financing at unfavourable terms. The material uncertainty may cast significant doubt about the Company's ability to continue as a going concern. Furthermore, failure to continue as a going concern would require the Company's assets and liabilities be restated on a liquidation basis which would differ significantly from the going concern basis. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern.

In April 2016 the Company agreed to a recapitalization plan, as described in Note 13.

2. Basis of Preparation

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

Basis of Measurement

The Company's consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value.

2. **Basis of Preparation** (continued)

Details of the Group

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

3. Significant Accounting Policies

Critical Judgments and Sources of Estimation Uncertainty

The preparation of these consolidated 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 consolidated 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.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

(i) 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.

(ii) Management is required to assess the functional currency of 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.

(iii) Management is required to assess impairment in respect of intangible exploration and evaluation assets. 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. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.

During fiscal 2015 management determined impairment indicators were present in respect of certain of its mineral concessions and an impairment test was performed. See Note 5 for details.

(iv) Although the Company takes steps to verify title to exploration and evaluation assets 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.

(v) The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company’s estimate of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates

3. Significant Accounting Policies (continued)

the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances. Details of these can be found in Note 9.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

(i) Depreciation expense is allocated based on assumed useful life of property, plant and equipment. Should the useful life differ from the initial estimate, an adjustment would be made in the statement of operations.

(ii) The cost estimates are updated periodically during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities. As at December 31, 2015 and 2014, there were no decommissioning liabilities.

(iii) The assessment of any impairment of exploration and evaluation assets and property, plant and equipment is dependent upon estimates of the recoverable amounts that take into account factors such as reserves, economic and market conditions and the useful lives of assets. As a result of this assessment, management has carried out an impairment test on the Company's exploration and evaluation assets and an impairment charge of $1,565,614 was made in fiscal 2015. In fiscal 2014 management concluded there were no impairment indicators and no impairment charge was required. In addition, during fiscal 2015 the Company recorded a write-off of $6,543 on certain of its property, plant and equipment.

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company is not exposed to significant credit or interest rate risk although cash is held in excess of federally insured limits with a major financial institution. As at December 31, 2015 and 2014, the Company did not have any cash equivalents.

Amounts Receivable

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Receivables are classified as loans and receivables. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Accounts Payable and Accrued Liabilities

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are classified as other financial liabilities initially at fair value and subsequently measured at amortized cost using the effective interest method.

3. Significant Accounting Policies (continued)

Exploration and Evaluation Assets

The Company follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties and crediting all proceeds received against the cost of the related properties. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farm out of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

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 mining property and development assets. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditures are not expected to be recovered, they are charged to the results of operations.

Property, Plant and Equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Property, plant and equipment are depreciated annually on a straight-line basis over the estimated useful lives of the assets, at a rate of between 10% and 33% commencing when the related asset is available for use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive income or loss.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

The Company compares the carrying value of property, plant and equipment to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant.

3. Significant Accounting Policies (continued)

Impairment of Assets

At each financial position reporting date, 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. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the price that would be received to sell an asset in an orderly transaction between market participants. 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 or cash-generating unit 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 profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Decommissioning Provision

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral interest by or on behalf of the Company. Costs for restoration of site damage which is created on an ongoing basis during exploration and evaluation are provided for at their net present values and charged against profits in the period such exploration and evaluation occurs. Discount rates using a risk-free rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. As at December 31, 2015 and 2014 the Company does not have any decommissioning obligations.

Financial Instruments

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through comprehensive loss. Cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost. Amounts receivable are classified as loans and receivables.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. Investment is classified as available-for-sale.

Transaction costs associated with FVTPL are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are measured at amortized cost. Accounts payable and accrued liabilities, accrued interest payable and advances are classified as other financial liabilities.

3. Significant Accounting Policies (continued)

Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized through comprehensive loss. At December 31, 2015 and 2014 the Company has not classified any financial liabilities as FVTPL.

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Equity Financing

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the transaction. The Company has adopted the residual value method with respect to the allocation of proceeds received on sale of units to the underlying common shares and share purchase warrants issued as private placement units. The fair value of the common shares issued in private placements is determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached share purchase warrants.

Share-Based Payment Transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as a share-based compensation expense with a corresponding increase in the equity settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

For employees the fair value is measured at grant date and each tranche is recognized separately on a straight line basis over the period during which the share options vest. The fair value of the share options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Current and Deferred Income Taxes

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

Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3. Significant Accounting Policies (continued)

Deferred Income Tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the 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. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Loss Per Share

Basic loss per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the “if converted” method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method.

Foreign Currency Translation

Functional and Presentation Currency

The financial statements of each of the Company’s subsidiaries are prepared in the local currency of their home jurisdictions. Consolidation of each subsidiary includes re-measurement from the local currency to the subsidiary’s functional currency. Each subsidiary’s functional currency, being the currency of the primary economic environment in which the subsidiary operates, is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars.

Exchange rates published by the Bank of Canada were used to translate subsidiary financial statements into the consolidated financial statements. Income and expenses for each statement of comprehensive loss presented are translated using the rates prevailing on the transaction dates. All resulting foreign exchange differences are recognized in comprehensive loss.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in comprehensive loss.

3. Significant Accounting Policies (continued)

New and Amended Accounting Pronouncements

The following new and amended standards adopted by the Company during fiscal 2015 did not result in a significant impact on the Company's financial statements:

(i) IFRS 2 *Share-based Payment* amendment clarifies vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition.

(ii) IAS 24 *Related Party Disclosures* amendments clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. Tentatively effective for annual periods beginning on or after January 1, 2018.

Accounting Standards and Interpretations Issued but Not Yet Adopted

As at the date of these financial statements, the following standard has not been applied in these financial statements:

(i) The completed version of IFRS 9, *Financial Instruments*, was issued in July 2014. The completed standard provides for 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. The new hedging guidance that was issued in November 2013 is incorporated into this new final standard. This final version of IFRS 9 will be effective for periods beginning on or after January 1, 2018, with early adoption permitted.

(ii) IFRS 15 outlines the principles for recognizing revenue from contracts with customers. The new standard establishes a new five-step model for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new standard is effective for annual periods beginning on or after January 1, 2018, and is applicable to all entities and will supersede all current revenue recognition requirements under IFRS.

Management is currently assessing the impact of this new standard on the Company's accounting policies and financial statement presentation.

(Expressed in Canadian Dollars)

4. Property, Plant and Equipment

Cost:	Land $	Drill Rigs and Equipment $	Other $	Total $
Balance at December 31, 2013 and 2014	93,299	861,004	329,148	1,283,451
Write-off	-	-	(27,955)	(27,955)
Balance at December 31, 2015	93,299	861,004	301,193	1,255,496
Accumulated Depreciation and Impairment:				
Balance at December 31, 2013	-	(431,004)	(306,169)	(737,173)
Depreciation	-	(106,342)	(2,533)	(108,875)
Balance at December 31, 2014	-	(537,346)	(308,702)	(846,048)
Depreciation	-	(90,627)	(13,903)	(104,530)
Write-off	-	-	21,412	21,412
Balance at December 31, 2015	-	(627,973)	(301,193)	(929,166)
Carrying Value:				
Balance at December 31, 2014	93,299	323,658	20,446	437,403
Balance at December 31, 2015	93,299	233,031	-	326,330

During fiscal 2015 the Company reviewed certain of its other assets and determined the estimated salvage value of these items were nominal, if any. Accordingly the Company has recorded a write-off of $6,543.

5. Exploration and Evaluation Assets

	As at December 31, 2015			As at December 31, 2014		
	Acquisition Costs $	Deferred Exploration Costs $	Total $	Acquisition Costs $	Deferred Exploration Costs $	Total $
Ecuador						
Curipamba	4,009,025	14,161,431	18,170,456	3,718,949	13,927,808	17,646,757
Ruminahui	1	-	1	505,309	99,706	605,015
Santiago	318,756	179,189	497,945	296,950	93,550	390,500
Mendez	1	-	1	540,758	178,953	719,711
	4,327,783	14,340,620	18,668,403	5,061,966	14,300,017	19,361,983
Colombia						
Other	-	-	-	233,752	-	233,752
	4,327,783	14,340,620	18,668,403	5,295,718	14,300,017	19,595,735

(Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets (continued)

	Ecuador				Colombia	
	Curipamba $	**Ruminahui $**	**Santiago $**	**Mendez $**	**Other $**	**Total $**
Balance at December 31, 2013	16,663,933	592,095	368,458	663,656	233,752	18,521,894
Exploration costs						
Camp supervision and personnel	189,716	-	-	-	-	189,716
Camp supplies	19,714	-	-	-	-	19,714
Depreciation	37,416	-	-	-	-	37,416
Environmental studies	16,596	-	-	-	-	16,596
Exploration site	34,596	-	-	-	-	34,596
Fuel	829	-	-	-	-	829
Preliminary economic assessment	118,763	-	-	-	-	118,763
Supplies	6,123	-	-	-	-	6,123
Travel and mobilization	8,067	-	-	-	-	8,067
Vehicles repairs and maintenance	7,262	-	-	-	-	7,262
Water and soil sampling	4,224	-	-	-	-	4,224
	443,306	-	-	-	-	443,306
Acquisition costs						
Property / concession payments	539,518	12,920	22,042	56,055	-	630,535
Balance at December 31, 2014	17,646,757	605,015	390,500	719,711	233,752	19,595,735
Exploration costs						
Camp supervision and personnel	164,917	-	8,730	-	-	173,647
Camp supplies	14,876	-	9,257	-	-	24,133
Environmental studies	11,667	1,907	5,725	-	-	19,299
Exploration site	24,881	-	2,946	-	-	27,827
Geological	-	-	50,458	-	-	50,458
Supplies	3,642	-	8,523	-	-	12,165
Travel and mobilization	7,924	-	-	-	-	7,924
Water and soil sampling	5,716	-	-	-	-	5,716
	233,623	1,907	85,639	-	-	321,169
Acquisition costs						
Property / concession payments	290,076	3,972	21,806	1,259	-	317,113
Impairment	-	(610,893)	-	(720,969)	(233,752)	(1,565,614)
Balance at December 31 , 2015	18,170,456	1	497,945	1	-	18,668,403

(a) *Ecuador*

The Company holds interests in the following properties in Ecuador:

(i) Curipamba Project

The Company owns a 100% interest in seven concessions located in the provinces of Bolivar and Los Rios, Ecuador. See also Note 13.

(ii) Ruminahui Project

The Company owns a 100% interest in two concessions located in the province of Pichincha, Ecuador. In prior years the Company has only made partial payments on these concessions. The Company can make applications to reduce the acreage of its concession holdings but, to date, no formal request has been made. In addition, no requests have been made by the Ecuador authorities of the unpaid amounts and the concessions have not been cancelled.

(Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets (continued)

One concession, the Moncayo concession, is being acquired pursuant to an option agreement. As at December 31, 2015 there remains US $50,000 of option payments outstanding.

Although the Company intends to make the concession payments which are in arrears, the Company has limited unallocated working capital. Accordingly, the Company has determined to record an impairment charge of $610,893 to a nominal amount of $1.

(iii) Santiago Concession

The Company holds a 100% interest in a concession (the "Santiago Concession") located in the province of Loja, Ecuador. The Santiago Concession is subject to a 1.5% net smelter return royalty ("NSR"). The Company may purchase a 0.75% NSR upon payment of US $850,000.

See also Note 8(b)(iv).

(iv) Mendez Project

The Company owns a 100% interest in two concessions in the province of Morona Santiago, Ecuador. In prior years the Company has only made partial payments on these concessions. The Company can make applications to reduce the acreage of its concession holdings but, to date, no formal request has been made. Although the Company intends to make the concession payments which are in arrears, the Company has limited unallocated working capital. Accordingly, the Company has determined to record an impairment charge of $720,969 to a nominal amount of $1.

On April 15, 2016 the Company received notification of its default on its concession payments on the Mendez Project. The Company has 60 days to make the payments totalling approximately US $87,000.

(b) *Colombia*

The Company holds mineral concessions and has applied for additional concessions located in the department of Narino, Colombia.

During fiscal 2015 the Company determined to discontinue its activities in Colombia, and accordingly, recorded an impairment charge of $233,752 for exploration and evaluation costs incurred.

6. Advances

	December 31, 2015 $	December 31, 2014 $
Non-interest bearing advances (a)	203,463	85,128
Interest bearing advances (b)	522,832	286,195
Promissory notes (c)	484,400	-
	1,210,695	371,323

(a) The Company has received ongoing advances from a private corporation controlled by the President and the CFO of the Company. During fiscal 2015 the Company received advances of US $201,543 (2014 - US $221,600) and repaid US $ 127,913 (2014 - US $148,220). The advances are non-interest bearing with no fixed terms of repayment.

6. **Advances** (continued)

(b) The advances, comprising US and Canadian dollar amounts, bear interest at 10% per annum and have no fixed terms of repayment. During fiscal 2015 the Company received ongoing advances of $341,680 (2014 - $540,856) and repaid advances of $151,682 (2014 - $459,067). In addition, the Company recorded interest expense of $49,199 (2014 - $36,572). As at December 31, 2015 interest of $92,979 (2014 - $37,685) was unpaid.

The advances are due to a private corporation controlled by family members of the President of the Company and private corporations controlled by or affiliated with a director of the Company.

(c) During March 2015 the Company received US $350,000 and on May 1, 2015 issued promissory notes (the "Promissory Notes") and 4,038,417 non-transferable share purchase warrants. The Promissory Notes are unsecured, bear interest at 12% per annum, and matured on March 31, 2016. Each warrant entitles the holder to purchase one common share of the Company at a price of $0.11 per share on or before May 1, 2016.

The fair value of the warrants issued was estimated using the the Black-Scholes option pricing model. The assumptions used were: risk-free interest rate 0.72%; estimated volatility 101%; expected life 1 year; expected dividend yield 0%; and estimated forfeiture rate 0%. The value assigned to the warrants was $94,981 and has been recorded in interest expense.

During fiscal 2015 the Company recorded interest expense of $41,345. As at December 31, 2015 interest of $44,318 was unpaid.

(d) See also Note 13.

7. **Share Capital**

(a) *Authorized Share Capital*

The Company's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) *Equity Financings*

No financings were completed during fiscal 2015. See also Note 13.

During fiscal 2014 the Company completed private placement financings as follows:

(i) On June 5, 2014 the Company completed a first-tranche closing of a non-brokered private placement financing of 4,247,943 units of the Company at $0.22 per unit for $934,547. On July 18, 2014 the Company completed a final closing of the private placement and issued 854,500 units for $187,990. Each unit consisted of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of $0.35 per share for a period of eighteen months from the dates of closing.

Officers and a private corporation controlled by family members of the President of the Company purchased a total of 1,995,670 units of this private placement.

The Company incurred $6,362 for filing fees associated with this private placement.

(Expressed in Canadian Dollars)

7. Share Capital (continued)

(ii) On October 24, 2014 the Company completed a private placement financing for 2,272,727 units, at a price of $0.22 per unit, for $500,000. Each unit consisted of one common share of the Company and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share of the Company at a price of $0.35 per share expiring April 24, 2016. A finder's fee of $30,000 is payable and has been included in accounts payable and accrued liabilities as at December 31, 2015.

The Company incurred $3,251 for filing fees associated with this private placement.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at December 31, 2015 and 2014 and the changes for the years ended on those dates is as follows:

	2015		2014	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of year	4,965,122	0.35	7,860,265	0.47
Issued	4,038,417	0.11	3,687,584	0.35
Expired	(3,401,509)	0.35	(6,582,727)	0.52
Balance, end of year	5,602,030	0.18	4,965,122	0.35

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at September 30, 2015:

Number	Exercise Price $	Expiry Date
427,250	0.35	January 18, 2016
1,136,363	0.35	April 24, 2016
4,038,417	0.11	May 1, 2016
5,602,030		

On January 18, 2016 the warrants to purchase 427,250 common shares of the Company at an exercise price of $0.35 per share expired without exercise.

(d) *Share Option Plan*

The Company has established a rolling share option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts in accordance with the policies of the TSXV. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of five years.

No share options were granted during the fiscal 2015 and 2014.

(Expressed in Canadian Dollars)

7. Share Capital (continued)

A summary of the Company's share options at December 31, 2015 and 2014 and the changes for the years ended on those dates, is as follows:

	2015		2014	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of year	-	-	967,500	1.04
Expired	-	-	(967,500)	1.04
Balance, end of year	-	-	-	-

8. Related Party Disclosures

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

(a) *Transactions with Key Management Personnel*

During fiscal 2015 and 2014 the following amounts were incurred with respect to the President and the Chief Financial Officer ("CFO") of the Company:

	2015 $	2014 $
Salaries	176,687	168,303
Health benefits	4,323	7,470
	181,010	175,773

As at December 31, 2015, $275,668 (2014 - $89,921) remained unpaid and has been included in accounts payable and accrued liabilities.

(b) *Transactions with Other Related Parties*

(i) During fiscal 2015 and 2014 the following amounts were incurred with respect non-executive directors of the Company:

	2015 $	2014 $
Consulting	130,438	112,680

As at December 31, 2015, $346,692 (2014 - $172,275) remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) During fiscal 2015 the Company incurred a total of $24,100 (2014 - $31,200) to Chase Management Ltd. ("Chase"), a private corporation owned by a director of the Company, for accounting and administration services provided by Chase personnel, excluding the director. As at December 31, 2015, $4,600 (2014 - $2,800) remained unpaid and has been included in accounts payable and accrued liabilities.

(iii) During fiscal 2015 the Company recorded $123,348 as other income from the rental of one of its drill rigs to a private Ecuadorian company, the shareholders of which include a former employee of the Company and the son of the Company's President.

(Expressed in Canadian Dollars)

8. Related Party Disclosures

(iv) During fiscal 2015 the Company incurred $50,458 (US $38,500) for geological services provided by a private corporation controlled by the President and the Chief Financial Officer of the Company on the Santiago Concession. As at December 31, 2015 the amount remains unpaid and has been included in accounts payable and accrued liabilities.

(c) See also Notes 6, 7(b), and 13(a)(ii).

9 Income Taxes

Deferred income tax assets and liabilities of the Company as at December 31, 2015 and 2014, are as follows:

	2015 $	2014 $
Deferred income tax assets (liabilities):		
Losses available for future periods	4,877,400	4,261,600
Financing costs	21,900	34,000
Difference between book value and income tax costs of exploration and evaluation assets	286,400	294,300
	5,185,700	4,589,900
Unrecognized deferred tax asset	(5,185,700)	(4,589,900)
Net deferred tax asset	-	-

The recovery of income taxes shown in the consolidated statements of operations differs from the amounts obtained by employing substantively enacted statutory rates to the loss before provision for income taxes for fiscal 2015 and 2014 as follows:

	2015 $	2014 $
Loss before income taxes	(2,811,907)	(1,227,182)
Statutory tax rate	26%	26.0%

	2015 $	2014 $
Expected income tax recovery	(731,100)	(319,100)
Effect of income tax rate changes	-	25,600
Foreign income tax rate differences	52,200	16,900
Other	(12,100)	(34,200)
Change in deductible temporary differences	691,000	310,800
Actual income tax recovery	-	-

As at December 31, 2015 the Company has approximately $9,062,200 (2014 - $8,586,200) of non-capital losses carried forward, and unclaimed deductions of $2,151,900 (2014 - $2,198,600) for Canadian tax purposes available to offset future income. The non-capital losses expire from 2026 to 2035. The Company also has non-capital losses of approximately $10,193,500 (2014 - $8,161,900) for Ecuadorian tax purposes and approximately $844,300 (2014 - $707,700) for Colombian tax purposes.

Deferred income tax benefits which may arise as a result of these losses have not been recognized in the consolidated financial statements as their realization is unlikely.

(Expressed in Canadian Dollars)

10. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following five categories: fair value through profit or loss ("FVTPL"); held-to-maturity investments; loans and receivables; available-for-sale and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	December 31, 2015 $	December 31, 2014 $
Cash	FVTPL	43,249	49,236
Amounts receivable	Loans and receivables	2,322	1,301
Investment	Available-for-sale	2,393	3,915
Accounts payable and accrued liabilities	Other financial liabilities	(1,566,334)	(830,161)
Accrued interest payable	Other financial liabilities	(137,825)	(37,685)
Advances	Other financial liabilities	(1,210,695)	(371,323)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for amounts receivable, accounts payable and accrued liabilities, accrued interest payable and advances approximate their fair value due to their short-term nature. The Company's cash and investment under the fair value hierarchy are measured using Level 1 inputs.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash and amounts receivable is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

10. Financial Instruments and Risk Management (continued)

	Contractual Maturity Analysis at December 31, 2015				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	43,249	-	-	-	43,249
Amounts receivable	2,322	-	-	-	2,322
Investment	-	-	2,393	-	2,393
Accounts payable and accrued liabilities	(1,566,334)	-	-	-	(1,566,334)
Accrued interest payable	(137,825)	-	-	-	(137,825)
Advances	(1,210,695)	-	-	-	(1,210,695)

	Contractual Maturity Analysis at December 31, 2014				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	49,236	-	-	-	49,236
Amounts receivable	1,301	-	-	-	1,301
Investment	-	-	3,915	-	3,915
Accounts payable and accrued liabilities	(830,161)	-	-	-	(830,161)
Accrued interest payable	(37,685)	-	-	-	(37,685)
Advances	(371,323)	-	-	-	(371,323)

See also Note 13.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bears floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

(b) Foreign Currency Risk

The Company's significant subsidiary is located in Ecuador which has adopted the US Dollar as its currency. The Company also maintains cash deposits in US Dollars with its Canadian bank. As such, the fluctuation of the Canadian Dollar in relation to the US Dollar will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks. At December 31, 2015, 1 Canadian Dollar was equal to 0.72 US Dollar.

Balances are as follows:

	US $	CDN $ Equivalent
Cash	18,794	26,103
Amounts receivable	953	1,324
Accounts payable and accrued liabilities	(969,117)	(1,345,995)
Accrued interest payable	(74,791)	(103,877)
Advances	(766,398)	(1,064,441)
	(1,790,559)	(2,486,886)

(Expressed in Canadian Dollars)

10. Financial Instruments and Risk Management (continued)

Based on the net exposures as of December 31, 2015 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the US Dollar would result in the Company's net loss being approximately $239,000 higher (or lower).

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain development of the business. The Company defines capital that it manages as share capital and cash. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

11. Supplemental Cash Flow Information

During fiscal 2015 and 2014 non-cash activities were conducted by the Company as follows:

	2015 $	2014 $
Operating activities		
Depreciation	-	37,416
Increase in accounts payable and accrued liabilities	(39,570)	40,968
	(39,570)	78,384
Investing activity		
Additions to exploration and evaluation assets	39,570	(646,218)
Financing activities		
Issuance of common shares	-	786,487
Advances retired	-	(188,653)
Share issue costs	-	(30,000)
	-	567,834

12. Segmented Information

The Company operates in one reportable segment, the exploration and development of unproven exploration and evaluation assets. As at December 31, 2015 and December 31, 2014 the Company's exploration and evaluation assets are located in Ecuador and Colombia and its corporate assets are located in Canada.

	December 31, 2015		
	Corporate Canada $	Mineral Operations Ecuador $	Total $
Current assets	44,662	67,850	112,512
Investment	2,393	-	2,393
Property, plant and equipment	-	326,330	326,330
Exploration and evaluation assets	-	18,668,403	18,668,403
	47,055	19,062,583	19,109,638

(Expressed in Canadian Dollars)

12. Segmented Information (continued)

	December 31, 2014			
	Corporate Canada $	Mineral Operations Ecuador $	Mineral Operations Colombia $	Total $
Current assets	67,434	47,914	-	115,348
Investment	3,915	-	-	3,915
Property, plant and equipment	-	437,403	-	437,403
Exploration and evaluation assets	-	19,361,983	233,752	19,595,735
	71,349	19,847,300	233,752	20,152,401

13. Events after the Reporting Period

(a) Subsequent to December 31, 2015 the Company:

(i) completed a non-brokered private placement financing of 22,293,398 units, at a price of $0.06 per unit for $1,337,604. Each unit consisted of one common share of the Company and a one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of $0.12 per share, expiring April 27, 2018. Resource Capital Fund VI L.P. ("RCF VI") purchased $1,033,774 of the private placement. The Company's term sheet with RCF VI provides that the parties are to determine a mutually-acceptable work program within three months of closing the private placement and if a work program cannot be settled within such period, RCF VI will be issued an additional warrant for each whole warrant issued in the private placement and the warrant exercise price for RCF VI's warrants will be reduced to $0.069; and

(ii) agreed to issue a total of 22,762,333 units of the Company, on the same terms as the private placements units, in settlement of $1,365,740 of cash advances previously received and accrued interest. The Company has completed an initial tranche and issued 14,277,483 units in settlement of $856,649. A further 8,484,847 units are to be issued in settlement of debt concurrently with the first closing of the royalty sale in Note 13(b).

In addition the Company has negotiated debt settlements for both insiders and non-insiders of the Company in regards to accrued and unpaid compensation pursuant to which US $265,783 of debt was forgiven and US $258,726 was settled by the issuance of 5,600,132 common shares of the Company at a price of $0.06 per share.

(b) The Company has agreed to sell to RCF VI a 2% NSR in its Curipamba Project for US $4,750,000. The royalty sale is to be completed in two tranches of 1% for US$2,375,000, with closing of each tranche being subject to the satisfaction of conditions precedent.

(c) See also Note 5(a)(iv) and 6(c).