HUNT

MINING CORP

Audited Consolidated Financial Statements
(Expressed in Canadian Dollars)
Years Ended December 31, 2015 and 2014

Management's Report

To the Shareholders of Hunt Mining Corp. (the "Company")

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors has appointed an Audit Committee, consisting entirely of independent directors who are neither management nor employees of the Company. The Audit Committee is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Audit Committee has the responsibility of meeting with management, and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Company's external auditors.

Crowe MacKay LLP, an independent firm of Chartered Accountants, is appointed by the Shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

(signed)
Tim Hunt
President and Chief Executive Officer

(signed)
Bob Little
Chief Financial Officer

Spokane, Washington
May 5, 2016

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Independent Auditors' Report

To the Shareholders of Hunt Mining Corp.

We have audited the accompanying consolidated financial statements of Hunt 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 shareholders' 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' 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 Hunt 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 3 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt about the ability of Hunt Mining Corp. to continue as a going concern.

Crowe MacKay LLP

Chartered Professional Accountants

Calgary, Alberta
May 5, 2016

Hunt Mining Corp.

Consolidated Financial Statements

Years ended December 31, 2015 and 2014 | **Page**

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Hunt Mining Corp.
An Exploration Stage Enterprise
Expressed in Canadian Dollars

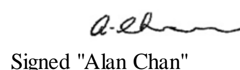
Consolidated Statements of Financial Position

	NOTE	December 31, 2015	December 31, 2014
CURRENT ASSETS:			
Cash and equivalents	7	$ 45,386	$ 115,246
Accounts receivable		119,402	69,554
Prepaid expenses		9,064	13,470
Total Current Assets		173,852	198,270
NON-CURRENT ASSETS:			
Property and equipment	9	1,001,048	943,241
Performance bond	12	489,620	336,850
VAT receivable, net of discount	13	868,809	557,480
Other deposit	20(c)	94,998	95,964
Minimum presumed income tax receivable	16	390,919	394,902
Total Non-Current Assets:		2,845,394	2,328,437
TOTAL ASSETS:		$ 3,019,246	$ 2,526,707
CURRENT LIABILITIES:			
Bank indebtedness	14	$ 40,775	$ -
Accounts payable and accrued liabilities		2,094,175	729,691
Taxes payable		113,363	124,307
Total Current Liabilities:		2,248,313	853,998
NON-CURRENT LIABILITIES:			
Loan payable	15	-	82,069
Provision	20(c)	250,000	125,000
Total Non-Current Liabilities:		250,000	207,069
TOTAL LIABILITIES:		$ 2,498,313	$ 1,061,067
SHAREHOLDERS' EQUITY:			
Share capital	10	$ 26,987,416	$ 26,392,416
Contributed surplus	11	9,578,881	9,416,187
Warrants	10	1,030,000	160,725
Deficit		(37,282,555)	(34,478,437)
Accumulated other comprehensive income (loss)		207,191	(25,251)
Total Shareholders' Equity:		$ 520,933	$ 1,465,640
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY:		$ 3,019,246	$ 2,526,707

Going Concern (Note 3) Subsequent Event (Note 22) Commitments and Provision (Note 20)

Approved on behalf of the Board of Directors

Signed "Tim Hunt"



Signed "Alan Chan"

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

Hunt Mining Corp.
An Exploration Stage Enterprise
Expressed in Canadian Dollars

Consolidated Statements of Loss and Comprehensive Loss

	NOTE	Years ended December 31, 2015	2014
OPERATING EXPENSES:			
Professional fees		379,330	393,221
Exploration expenses		427,468	1,084,971
Travel expenses		190,368	189,317
Administrative and office expenses		446,557	294,781
Payroll expenses		663,228	744,618
Share based compensation	11	1,969	57,970
Interest expense and banking charges		53,716	55,652
Depreciation	9	112,114	256,742
Total operating expenses:		2,274,750	3,077,272
OTHER INCOME/(EXPENSE):			
Interest income		13,495	18,456
Miscellaneous expense	8	8,881	(4,036)
VAT discount and accretion	13	265,964	(23,537)
Loss on foreign exchange		(604,452)	(143,294)
Contingent liability accrual	20(c)	(125,000)	-
Total other income/(expense):		(441,112)	(152,411)
LOSS - before income tax		(2,715,862)	(3,229,683)
Income taxes		(88,256)	(72,471)
NET LOSS FOR THE YEAR		$ (2,804,118)	$ (3,302,154)
Other comprehensive income (loss), net of tax:			
Items that may be reclassified subsequently to net loss			
Change in value of performance bond	12	152,770	(3,333)
Translation of foreign operations into Canadian dollar presentation		79,672	(63,324)
TOTAL NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR:		$ (2,571,676)	$ (3,368,811)
Weighted average shares outstanding - basic and diluted		76,226,385	12,539,893
NET LOSS PER SHARE - BASIC AND DILUTED:		$ (0.04)	$ (0.26)

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

Hunt Mining Corp.

An Exploration Stage Enterprise

Expressed in Canadian Dollars

Consolidated Statement of Changes in Shareholders' Equity

	Share Capital	Deficit	Accumulated Other Comprehensive Loss	Contributed Surplus	Warrants	Total
Balance - January 1, 2014	$ 26,062,481	$ (31,176,283)	$ 41,406	$ 9,358,217	$ -	$ 4,285,821
Net Loss	-	(3,302,154)	-	-	-	(3,302,154)
Other comprehensive loss	-	-	(66,657)	-	-	(66,657)
Share capital issued	500,000	-	-	-	-	500,000
Share issue costs and filing statement fees	(9,340)	-	-	-	-	(9,340)
Portion of units attributable to warrants issued	(160,725)	-	-	-	160,725	-
Share based compensation	-	-	-	57,970	-	57,970
Balance - December 31, 2014	$ 26,392,416	$ (34,478,437)	$ (25,251)	$ 9,416,187	$ 160,725	$ 1,465,640
Balance - January 1, 2015	$ 26,392,416	$ (34,478,437)	$ (25,251)	$ 9,416,187	$ 160,725	$ 1,465,640
Net Loss	-	(2,804,118)	-	-	-	(2,804,118)
Other comprehensive income	-	-	232,442	-	-	232,442
Share capital issued	1,625,000	-	-	-	-	1,625,000
Expiration of warrants	-	-	-	160,725	(160,725)	-
Portion of units attributable to warrants issued	(1,030,000)	-	-	-	1,030,000	-
Share based compensation	-	-	-	1,969	-	1,969
Balance - December 31, 2015	$ 26,987,416	$ (37,282,555)	$ 207,191	$ 9,578,881	$ 1,030,000	$ 520,933

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

Hunt Mining Corp.

An Exploration Stage Enterprise

Expressed in Canadian Dollars

Consolidated Statements of Cash Flows

	NOTE	Years ended December 31, 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss		$ (2,804,118)	$ (3,302,154)
Items not affecting cash			
Depreciation	9	112,114	256,742
Gain of foreign exchange		(105,552)	(155,622)
Share based compensation	11	1,969	57,970
Realized gain on marketable securities	8	(8,952)	(7,619)
Loan interest		-	680
Net change in non-cash working capital items			
Decrease in minimum presumed income tax receivable		73,856	(676)
Decrease in VAT receivable		(187,871)	37,096
Decrease (increase) in other deposit		17,948	(8,446)
Decrease (increase) in accounts receivable		(34,658)	58,177
Decrease in prepaid expenses		5,451	13,522
Increase in accounts payable and accrued liabilities		1,185,828	495,900
Decrease in taxes payable		(32,180)	(209,845)
Increase in provision		125,000	-
Net cash used in operating activities		(1,651,165)	(2,764,275)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	9	-	(5,281)
Purchases of marketable securities		(606,791)	(1,745,182)
Redemption of marketable securities		615,743	1,737,563
Net cash used in investing activities		8,952	(12,900)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of share capital	10(a)	1,625,000	490,660
Change in bank indebtedness	14	37,582	-
Proceeds from loan		-	81,389
Repayment of loan		(90,229)	-
Net cash from financing activities		1,572,353	572,049
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS:		$ (69,860)	$ (2,205,126)
CHANGE DUE TO FOREIGN EXCHANGE		-	(43,690)
CASH AND EQUIVALENTS, BEGINNING OF YEAR:		115,246	2,364,062
CASH AND EQUIVALENTS, END OF YEAR:		$ 45,386	$ 115,246
SUPPLEMENTAL CASH FLOW INFORMATION			
Taxes paid		(24,626)	(89,308)
Interest received		8	6,393

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

1. Nature of Business

Hunt Mining Corp. (the "Company" or "Hunt"), is a mineral exploration company incorporated on January 10, 2006 under the laws of Alberta, Canada and, together with its subsidiaries, is engaged in the exploration of mineral properties in Santa Cruz Province, Argentina.

The Company's registered office is located at #530, 355 Burrard Street, Vancouver, British Columbia, Canada, V6C 2G8. The Company's head office is located at 23800 E Appleway Avenue, Liberty Lake, Washington, USA.

The consolidated financial statements include the accounts of the following subsidiaries after elimination of intercompany transactions and balances:

Corporation	Incorporation	Percentage ownership	Business Purpose
Cerro Cazador S.A.	Argentina	100%	Holder of Assets and Exploration Company
1494716 Alberta Ltd.	Alberta	100%	Nominee Shareholder
Hunt Gold USA LLC	Washington, USA	100%	Management Company

The Company's primary activity is the exploration of mineral properties in Argentina. 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 mineral properties is entirely dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production or a sale of these properties.

2. Basis of presentation

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

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Judgments made by management in the application of IFRS that have a significant effect on the consolidated financial statements and estimates with significant risk of material adjustment in the current and following years are discussed in Note 6.

These consolidated financial statements were authorized for issue on May 3, 2016 by the Board of Directors of the Company.

3. Going Concern

The accompanying consolidated financial statements have been prepared under the assumption that the Company will continue as a going concern. The Company is an exploration stage company and has incurred significant losses since its inception. As shown in these consolidated financial statements, the Company has had minimal revenues and has incurred an accumulated loss of $37,282,555 through December 31, 2015 (2014 - $34,478,437). The Company intends to fund operations for the next twelve months with loans or investments from directors, officers and third parties.

The Company's ability to continue as a going concern is dependent upon the discovery of economically recoverable mineral reserves, the ability to obtain necessary financing to complete development and fund operations and future production or proceeds from their disposition. Additionally, the current capital markets and the deteriorating commodity markets worldwide provide no assurance that the Company's funding initiatives will continue to be successful. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The consolidated financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern. If the going concern basis was not appropriate for these consolidated financial statements, adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used.

4. Significant Accounting Policies

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

(a) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value.

(b) Consolidation

The Company's consolidated financial statements consolidate the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions, balances and unrealized gains or losses from intercompany transactions are eliminated on consolidation.

(c) Foreign currency translation

Monetary assets and liabilities, denominated in currencies other than the Canadian dollar are translated into Canadian dollars at the rates of exchange prevailing at the reporting date. Non-monetary assets and liabilities are translated at the exchange rate prevailing at the transaction date. Revenues and expenses are translated at average exchange rates throughout the reporting period. Gains and losses on translation of foreign currencies are included in the consolidated statement of loss and comprehensive loss.

The Company's subsidiaries have adopted the United States Dollar as their functional currency. Financial statements are translated to their Canadian dollar equivalents using the current rate method. Under this method, the statements of loss and comprehensive loss and cash flows for each period have been translated using the average exchange rates prevailing during each period. All assets and

liabilities have been translated using the exchange rate prevailing at the statement of financial position date. Translation adjustments are recorded as income or losses in other comprehensive income or loss. Transaction gains and losses resulting from fluctuations in currency exchange rates on transactions denominated in currencies other than the United States dollar are recognized as incurred in the accompanying consolidated statement of loss and comprehensive loss.

(d) Financial instruments

Financial assets and liabilities are recognized when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instrument were acquired.

Financial assets

Fair value through profit or loss
A financial asset can be classified as fair value through profit or loss only if it is designated at fair value through profit or loss or held-for-trading. The Company's financial assets at fair value through profit or loss are held for trading financial assets. They are measured at fair value with changes in fair value included in the statement of loss and comprehensive loss.

Loans and receivables
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at amortized cost using the effective interest method. Any gains or losses on the realization of receivables are included in the statement of loss and comprehensive loss.

Assets available for sale
Assets available for sale ("AFS") represent securities and other financial investments that are non-strategic, that are neither held for trading, nor held to maturity, nor held for strategic reasons, and that have a readily available market price. As such, gains or losses from revaluation of the asset are recorded as other comprehensive loss, except to the extent that any losses are assessed as being permanent, and the asset is therefore impaired, under IAS 39, or if the asset is sold or otherwise disposed of. If the asset is impaired, sold or otherwise disposed of the revaluation gain or loss implicit in the transaction is recognized as a revenue or expense in the statement of loss and comprehensive loss.

Impairment of financial assets
All financial assets except for those at fair value through profit or loss are subject to review for impairment at each reporting date or when events indicate that impairment may exist. Financial assets are impaired when there is objective evidence that a financial asset or a group of financial assets are impaired. Impairment losses on financial assets carried at amortized cost are reversed in subsequent

periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Financial liabilities

Fair value through profit or loss
These liabilities are comprised of derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are measured at fair value with changes in fair value included in the statement of loss and comprehensive loss.

Other financial liabilities
They are measured at amortized cost using the effective interest method. Any gains or losses in the realization of other financial liabilities are included in the statement of loss and comprehensive loss.

Fair values

Fair values of financial assets and liabilities are based upon quoted market prices available from active markets or are otherwise determined using a variety of valuation techniques and models using quoted market prices.

(e) Cash and equivalents

Cash and equivalents include cash on hand, deposits held with banks and other highly liquid short-term investments with original maturities of three months or less.

(f) Value added tax ("VAT")

VAT is generally charged for goods and services purchased in Argentina. The VAT paid may be recovered from future sales and therefore the Company recognizes VAT paid as an asset. The Company discounts its VAT receivable in order to reflect the present value of the VAT asset.

(g) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of an asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced.

Repairs and maintenance costs are charged to the consolidated statement of loss and comprehensive loss during the period in which they are incurred.

Depreciation is calculated to amortize the cost of the property and equipment over their estimated useful lives using the straight-line method. Equipment and vehicles are stated at cost and depreciated over an estimated useful life of three years.

The Company allocates the amount initially recognized in respect of an item of property and equipment to its significant parts and depreciates separately each such part. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains or losses in the consolidated statement of loss and comprehensive loss.

Exploration and evaluation expenditures

All exploration expenditures are expensed as incurred. Expenditures to acquire mineral rights, to develop new mines, to define further mineralization in mineral properties which are in the development or operating stage, and to expand the capacity of operating mines, are capitalized and amortized on a units-of-production basis over proven and probable reserves.

Should a property be abandoned, its capitalized costs are charged to the consolidated statement of loss and comprehensive loss. The Company charges to the consolidated statement of loss and comprehensive loss the allocable portion of capitalized costs attributable to properties sold. Capitalized costs are allocated to properties sold based on the proportion of claims sold to the claims remaining within the project area.

Impairment

The carrying value of property and equipment and exploration and evaluation expenditures is reviewed for indicators at each reporting period and whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs).

The recoverable amount is the higher of an asset's fair value less cost to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Expected future cash flows for property and equipment and exploration and evaluation expenditures are based on estimates of future metal prices and foreign exchange rates, proven and probable reserves, and future operating, capital, and reclamation cost assumptions.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

(h) Provisions

Provisions are liabilities that are uncertain in timing or amount. The Company records a provision when and only when:

(i) The Company has a present obligation (legal or constructive) as a result of past events;
(ii) It is probable that an outflow of resources will be required to settle the obligation; and
(iii) A reliable estimate can be made of the amount of the obligation.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is

material. The increase in the provision due to passage of time is recognized as accretion expense. Changes in assumptions or estimates are reflected in the period in which they occur.

Provision for environmental restoration represents the legal and constructive obligations associated with the eventual closure of the Company's exploration properties. These obligations consist of expenditures associated with reclamation and monitoring of activities and the removal of tangible assets. The discount rate used is based on a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, excluding the risks for which future cash flow estimates have already been adjusted. The Company doesn't have any material environmental restoration obligations at this time.

(i) Current and deferred tax

Income tax expense represents the sum of current tax and deferred tax expense. Income tax is recognized in the consolidated statement of loss and comprehensive loss except to the extent it relates to items recognized directly in shareholders' equity, in which case the income tax expense is recognized in shareholders' equity. Current taxes are measured at the amount, if any, expected to be recoverable from or payable to taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period.

The Company follows the liability method of accounting for deferred taxes. Under this method, deferred tax assets or liabilities are recorded to reflect differences between the accounting and tax base of assets and liabilities, and income tax loss carry forwards. Deferred taxes are measured using tax rates that are expected to apply to the period when the deferred tax asset is realized or deferred tax liability is settled, based on income tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The effect of any changes in tax rate is recognized in the statement of loss and comprehensive loss in the period in which the change occurs or in shareholders' equity, depending on the nature of the item(s) affected by the adjustment.

Deferred tax assets and liabilities are not recognized for temporary differences relating to: the initial recognition of goodwill; the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit or loss or taxable profit or loss; certain differences associated with subsidiaries, branches and associates, and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for deductible temporary differences to the extent it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent it is no longer probable that sufficient profits will be available to allow the asset to be recovered.

The Company offsets deferred tax assets and deferred tax liabilities relating to the same taxable entity. The Company may also offset deferred tax assets and deferred tax liabilities relating to different taxable entities, where the amounts relate to income taxes levied by the same taxation authority and the entities intended to realize the assets and settle the liabilities simultaneously.

(j) Provision for Minimum Presumed Income Tax

The Company determines the Minimum Presumed Income Tax ("MPIT") by applying the rate of 1% on the taxable assets in Argentina as of the reporting period. This tax is separate from current and deferred taxes. The Company's tax obligations in each fiscal year will be comprised of the greater of both taxes. However, if the MPIT exceeds the income tax in the fiscal year, such surplus may be computed as payment on account of the income tax that may arise in any of the ten subsequent fiscal years.

(k) Share-based compensation

The Company offers a share option plan for its directors, officers, employees and consultants. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Share based compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

Any consideration paid on exercise of share options is credited to share capital. The contributed surplus resulting from share-based compensation is transferred to share capital when the options are exercised.

(l) Revenue Recognition

Revenue for the Company is derived from Operator's fees and ongoing lease payments are derived once projects have advanced from Stage I to Stage II. Operator's fees are recognized when the services are provided, when persuasive evidence of an arrangement exists, the fee is determinable, and there is reasonable assurance of collection. Operator's fees are generated when the Company operates an exploration program under a budget approved by the project partner. The Company charges the project partner a pre-determined fee based on a percentage of the total exploration expenditures incurred. As operator, the Company may recover certain direct and indirect costs, and overhead which are recognized as a cost recovery, through the consolidated statement of loss and comprehensive loss.

The Company recovers costs from its exploration partner through the advancement of funds for expenditures before an exploration period has begun. On a monthly basis, the Company provides its exploration partner a reconciliation of expenses over the previous month and any surplus or shortage is carried over and applied to the following month's budget. This recovery of expenditures is classified as Cost Recovery.

The Company also generates one time payments that are classified as miscellaneous income when a project is accepted into the agreement as a Stage I project, when a project advances from a Stage I project to a Stage II project and when a project advances from a Stage II project to Stage III. Stage I, is an early exploration project that is not ready for exploration drilling; Stage II; is a project that is drill ready, or being drilled; Stage III, requires that the Company and its exploration partner jointly create a new company where by the Company will retain a 25% interest in the new company and its exploration partner, or a nominee of their choice, will be granted a 75% interest in the new company. The Company had two Stage II projects, Bajo Pobré and La Valenciana, and one new Stage I project, La Josefina.

No such agreements have been in place since July 1, 2013.

(m) Earnings per share

The calculation of earnings per share ("EPS") is based on the weighted average number of shares outstanding for each year. The basic EPS is calculated by dividing the earnings or loss attributable to the equity owners of the Company by the weighted average number of common shares outstanding during the year.

The computation of diluted EPS assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the earnings per share. The treasury stock method is used to determine the dilutive effect of the warrants and share options. When the Company reports a loss, the diluted net loss per common share is equal to the basic net loss per common share due to the anti-dilutive effect of the outstanding warrants and share options.

5. New Accounting Standards

At the date of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company. Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standard, amendment and interpretation that is expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements.

International Financial Reporting Standards ("IFRS")

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

IFRS 3 Business Combination

This IFRS now requires contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date. This amendment also clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

IFRS 2 Share-based Payment

The 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.

IAS 24 Related Party Disclosures

The amendments to IAS 24 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.

IFRS 8 Operating Segments

The amendment requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, and clarifies that reconciliations of segment assets is only required if segment assets are reported regularly.

IFRS 13 Fair Value Measurement

This amendment clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation. This amendment also clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

IAS 16 Property, Plant and Equipment

The amendment clarifies the requirements for the revaluation method to address concerns about the calculation of the accumulated depreciation or amortization at the date of the revaluation.

IAS 40 Investment Property

The amendment clarifies that judgment is needed to determine whether the acquisition of investment property is the acquisition of an asset, a group of assets or a business combination in the scope of IFRS 3 and that this judgement is based on the guidance in IFRS 3.

The following accounting standards and amendments are effective for future periods.

IFRS 5 Non current Assets Held for Sale and Discontinued Operations

The amendment clarifies circumstances in which an entity reclassifies an asset (or disposal group) from held for sale to held for distribution (or vice versa), and in circumstances which an entity no longer meets the criteria for held for distribution.

This standard is effective for reporting periods beginning on or after January 1, 2016.

IFRS 7 Financial Instruments

The amendment clarifies the applicability of the amendments to IFRS 7 Disclosure–Offsetting Financial Assets and Financial Liabilities to condensed interim financial statements.

This amendment is effective for reporting periods beginning on or after January 1, 2016.

IAS 19 Employee Benefits

The amendment clarifies the application of the requirements of IAS 19 Employee Benefits (2011) on determination of the discount rate to a regional market consisting of multiple countries sharing the same currency.
This standard is effective for reporting periods beginning on or after January 1, 2016.

IAS 34 Interim Financial Reporting

The amendment clarifies the meaning of disclosure of information 'elsewhere in the interim financial report' and requires a cross reference.

This amendment is effective for reporting periods beginning on or after January 1, 2016.

IFRS 11 Joint Arrangements

These amendments require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3) to: (a) apply all of the business combinations accounting principles in IFRS 3 and other IFRS standards, except for those principles that conflict with the guidance in IFRS 11; and (b) disclose the information required by IFRS 3 and other IFRS standards for business combinations. The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not re-measured).

These amendments are effective for reporting periods beginning on or after January 1, 2016.

IAS 27 Separate Financial Statements

This amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

This amendment is effective for reporting periods beginning on or after January 1, 2016.

Disclosure Initiative (Amendments to IAS 7 Statement of Cash Flows)

These amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

This standard is effective for reporting periods beginning on or after January 1, 2017.

IFRS 9 Financial Instruments

This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any ‘recycling’ of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one

exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.

This standard is effective for reporting periods beginning on or after January 1, 2018.

IFRS 15 Revenue from Contracts with Customers

The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service.

This standard is effective for reporting periods beginning on or after January 1, 2018.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and 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.

This standard is effective for reporting periods beginning on or after January 1, 2019.

6. Critical accounting judgments and estimates

(a) Significant judgments

Preparation of the consolidated financial statements requires management to make judgments in applying the Company's accounting policies. Judgments that have the most significant effect on the amounts recognized in these consolidated financial statements relate to functional currency; exploration and evaluation expenditures; income taxes; provisions and reclamation and closure cost obligations. These judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.
Functional Currency

Management determines the functional currency for each entity. This requires that management assess the primary economic environment in which each of these entities operates. Management's determination of functional currencies affects how the Company translates foreign currency balances and transactions. Determination includes an assessment of various primary and secondary indicators. In determining the functional currency of the Company's operations in Canada (Canadian dollar) and Argentina (U.S. dollar), management considered the currency that primarily influences or determines the selling prices of goods and services and the cost of production, including labor, material and other costs, and the currency whose competitive forces and regulations mainly determine selling prices.

Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. The Company's policy is to expense all exploration and evaluation expenditures.

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain and subject to judgement. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law in the various jurisdictions in which it operates. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

Provisions

Management makes judgments as to whether an obligation exists and whether an outflow of resources embodying economic benefits of a liability of uncertain timing or amount is probable, not probable or remote. Management considers all available information relevant to each specific matter.
Reclamation and closure costs obligations

The Company does not have a reclamation provision and expenses all exploration expenditures as they are incurred. If management makes the judgment in the future that a material reclamation obligation exists; it will use the magnitude and timing of costs to be incurred, inflation rates, regulatory changes and discount rates in calculating its expected obligation.

(b) Estimation uncertainty

The preparation of the consolidated financial statements in conformity with IFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company also makes estimates and assumptions concerning the future. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

The more significant areas requiring the use of management estimates and assumptions relate to title to mineral property interests; share-based payments, provisions and value added tax. These estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Company is also exposed to legal risk. The outcome of currently pending and future proceedings cannot be predicted with certainty. Thus, an adverse decision in a lawsuit could result in additional costs that are not covered, either wholly or partly, under insurance policies and that could significantly influence the business and results of operations.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Title to Mineral Property Interests

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

Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions is done by application of the Black-Scholes option pricing model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the Black-Scholes option pricing model, including the expected life of the stock option, forfeiture rate, volatility based on historical share prices and dividend yield and making assumptions about them.

Provisions

In the normal course of business, legal proceedings and other claims brought against the Company expose us to potential losses. Given the nature of these events, in most cases the amounts involved are not reasonably estimable due to uncertainty about the final outcome. In estimating the final outcome of litigation, management makes assumptions about factors including experience with similar matters, past history, precedents, relevant financial, scientific and other evidence, and facts specific to the matter. This determines whether management requires a provision or disclosure in the consolidated financial statements.

Value added tax ("VAT")

The Company estimates the VAT based on when it expects the project will go into production and uses a discount rate to calculate net present value. The Company plans to get reimbursement on the VAT once the exports of minerals have commenced, the Company has estimated that if successful in finding an economic mineral deposit, production will begin in 2019, this is based on the end of the exploration period on the Company's La Josefina project. The asset is reported at net present value based upon the Company's estimate of when it will have future revenues. The Company used an expected production date of December 31, 2019, and a discount rate of 24.5% based upon the average Argentine interest rates.

7. Cash and Equivalents

Cash and equivalents are comprised of the following:

	December 31, 2015	December 31, 2014
Cash	$ 45,386	$ 115,246
	$ 45,386	$ 115,246

The Company's cash and equivalents are held through Canadian, United States and Argentine financial institutions.

8. Marketable Securities

Marketable securities consist of equities in the Buenos Aires stock exchange. The Company purchased and sold shares during 2015, resulting in a loss of $8,592, which has been recorded as miscellaneous expense in the Company's consolidated statements of loss and comprehensive loss. No marketable securities were held at December 31, 2015.

9. Property and Equipment

	Land	Vehicles and equipment	Total
Cost			
Balance at December 31, 2013	$ 759,274	$ 1,204,752	$ 1,964,026
Additions	3,433	1,848	5,281
Foreign exchange movement	66,243	100,817	167,060
Balance at December 31, 2014	$ 828,950	$ 1,307,417	$ 2,136,367
Foreign exchange movement	159,844	140,199	300,043
Balance at December 31, 2015	**$ 988,794**	**$ 1,447,616**	**$ 2,436,410**
Accumulated amortization			
Balance at December 31, 2013	$ -	$ 852,267	$ 852,267
Depreciation for the period	-	256,742	256,742
Foreign exchange movement	-	84,117	84,117
Balance at December 31, 2014	$ -	$ 1,193,126	$ 1,193,126
Depreciation for the period	-	112,114	112,114
Foreign exchange movement	-	130,122	130,122
Balance at December 31, 2015	**$ -**	**$ 1,435,362**	**$ 1,435,362**
Net book value			
At December 31, 2014	$ 828,950	$ 114,291	$ 943,241
At December 31, 2015	**$ 988,794**	**$ 12,254**	**$ 1,001,048**

The majority of the Company's assets are located in Argentina. The Company owns a 25,000-acre ranch called the La Josefina Estancia, on which the Company's La Josefina project is located. La Josefina represents approximately 20% of our landholdings in Santa Cruz Province, Argentina.

The Company also owns small mobile housing units, several trucks and additional mechanical equipment to support exploration activities on the Company's projects, all located in Argentina.

10. Share Capital

On June 24, 2015, the Company's common shares were consolidated on the basis of one (1) post-consolidation common share for every ten (10) pre-consolidation common shares. All common share, share option, share purchase warrant and per share figures in these consolidated financial statements have been adjusted to reflect the 10:1 share consolidation.

a) Authorized:

Unlimited number of common shares without par value
Unlimited number of preferred shares without par value

Issued:

Common Shares	Year ended December 31, 2015		Year ended December 31, 2014	
	Number	**Amount**	Number	Amount
Balance, beginning of period	**14,650,298**	**$ 26,392,416**	12,150,298	$ 26,062,481
Non-brokered private placements	**47,500,000**	**1,625,000**	2,500,000	500,000
Portion of units attributable to warrants issued	**-**	**(1,030,000)**	-	(160,725)
Share issue costs and filing statement fees	**-**	**-**	-	(9,340)
Balance, end of period	**62,150,298**	**$ 26,987,416**	14,650,298	$ 26,392,416

Warrants	Year ended December 31, 2015		Year ended December 31, 2014	
	Number	**Amount**	Number	Amount
Balance, beginning of period	**2,500,000**	**$ 160,725**	-	$ -
Portion of units attributable to warrants issued	**47,500,000**	**1,030,000**	2,500,000	160,725
Expiry of warrants	**(2,500,000)**	**(160,725)**	-	-
Balance, end of period	**47,500,000**	**$ 1,030,000**	2,500,000	$ 160,725

Common share issuances

On October 13, 2015, the Company issued 25,000,000 units at $0.02 per unit pursuant to a non-brokered private placement for gross proceeds of $500,000, of which $360,000 was the fair value of the warrants. All of the proceeds were received from related parties. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.05 per warrant before October 13, 2020. All securities issued pursuant to the private placement were subject to a four-month and one day hold period from the date of closing.

On July 20, 2015, the Company issued 22,500,000 units at $0.05 per unit pursuant to a non-brokered private placement for gross proceeds of $1,125,000, of which $670,000 was the fair value of the warrants. All of the proceeds were received from related parties. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.075 per warrant before July 20, 2020. All securities issued pursuant to the private placement were subject to a four-month and one day hold period from the date of closing.

On November 4, 2014, the Company issued 2,500,000 units at $0.20 per unit pursuant to a non-brokered private placement for gross proceeds of $500,000, of which $160,725 was the fair value of the warrants. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.50 per warrant before November 4, 2015. $465,000 of the $500,000 private placement was purchased by related parties of the Company. All securities issued pursuant to the private placement were subject to a four-month and one day hold period from the date of closing. On November 4, 2015, 2,500,000 warrants expired with exercise price of $0.50.

b) Stock options:

Under the Company's share option plan, and in accordance with TSX Venture Exchange requirements, the number of common shares reserved for issuance under the option plan shall not exceed 10% of the issued and outstanding common shares of the Company. In connection with the foregoing, the number of common shares reserved for issuance to: (a) any individual director or officer will not exceed 5% of the issued and outstanding common shares; and (b) all consultants will not exceed 2% of the issued and outstanding common shares.

	Range of exercise prices	Number outstanding	Weighted average life (years)	Weighted average exercise price	Number exercisable on December 31,
Stock options	$1.00 - $3.50	434,753	2.64	$1.59	434,753

	December 31, 2015		December 31, 2014	
	Number of options	Weighted Average Price	Number of options	Weighted Average Price
Balance, beginning of period	494,753	$2.10	688,253	$3.10
Granted to officers and directors	-	$0.00	285,000	$1.00
Forfeiture of stock options	-	$0.00	(200,000)	$2.90
Expiration of stock options	(60,000)	$6.50	(278,500)	$3.00
Balance, end of period	434,753	$1.59	494,753	$2.10

On April 4, 2014, the Company granted 285,000 stock options to certain directors and officers of the Company in accordance with the Company's stock option plan. The options are exercisable at a price of $1.00 for a period of five years. All options vested immediately. The associated fair value of the stock options of $50,657 was calculated using the Black-Scholes option pricing model and using the following assumptions:

	April 4, 2014
Risk free interest rate	1.52%
Expected volatility	186.86%
Expected life (years)	5
Expected dividend yield	0%
Forfeiture rate	36.79%

c) **Warrants:**

	Range of Exercise prices	Number outstanding	Weighted average life (years)	Weighted average exercise price
Warrants	0.05 - 0.075	47,500,000	2.28	$0.06

	December 31, 2015		December 31, 2014	
	Number of warrants	Weighted Average Price	Number of warrants	Weighted Average Price
Balance, beginning of year	2,500,000	$0.50	-	-
Warrants (Note 10(a))	-	-	2,500,000	$0.50
Expiration of warrants	(2,500,000)	$0.50	-	-
Warrants (Note 10(a))	22,500,000	$0.08	-	-
Warrants (Note 10(a))	25,000,000	$0.05	-	-
Balance, end of year	47,500,000	$0.06	2,500,000	$0.50

11. Contributed Surplus

	December 31, 2015	December 31, 2014
Balance, beginning of year	$ 9,416,187	$ 9,358,217
Expiry of warrants	160,725	-
Share based compensation	1,969	57,970
Balance, end of year	$ 9,578,881	$ 9,416,187

12. Performance bond

The performance bond, originally required to secure the Company's rights to explore the La Josefina property, is a step-up US dollar denominated 2.5% coupon bond, paying quarterly, issued by the Government of Argentina with a face value of US$600,000 and a maturity date of 2035. The bond trades in the secondary market in Argentina. The bond was originally purchased for $292,877 (US$247,487). As of the twelve months ended December 31, 2015, the value of the bond increased to $489,620 (US$353,032) (December 31, 2014 - $336,850 (US$289,714). The changes in the face value of the performance bond of $152,770 for the twelve months ended December 31, 2015 (2014 - $3,333) are recorded as other comprehensive income (loss) in the Company's consolidated statement of loss and comprehensive loss.

Since Cerro Cazador S.A. ("CCSA") fulfilled its exploration expenditure requirement mandated by the agreement with Fomento Minero de Santa Cruz Sociedad del Estado ("Fomicruz"), the performance bond was no longer required to secure the La Josefina project. Therefore, in June 2010 the Company used the bond to secure the La Valenciana project, an additional Fomicruz exploration project.

13. Value added tax receivable ("VAT")

The Company's VAT receivable as of December 31, 2015 was $868,809 (December 31, 2014 - $557,480). These amounts reflect the VAT receivable accrued due to the payment of VAT on certain transactions in Argentina. The Company expects reimbursement on the VAT once the exports of minerals have commenced, the Company has estimated that if successful in finding an economic mineral deposit, production will begin in 2019. The asset is reported at net present value based upon the Company's estimate of when it will have future revenues. The Company used an expected production date of December 31, 2019, and a discount rate of 24.5% based upon the average Argentine interest rates and has recorded, as other expense, an adjustment in the present value of the VAT receivable. The net change of the VAT receivable for the twelve months ended December 31, 2015 was $311,329 (2014 – $8,804).

Balance at December 31, 2013	**$ 548,676**
Change	32,341
Discount and accretion	(23,537)
Balance at December 31, 2014	**$ 557,480**
Change	45,365
Discount and accretion	265,964
Balance at December 31, 2015	**$ 868,809**

14. Bank indebtedness

During the year ended December 31, 2015, the Company secured a variable rate non-disclosable line of credit with a local bank for a period of one year, during which time the Company drew $29,400 against the $30,000 USD LOC, making monthly interest only payments and paying a one-time 1% fee of $300. At December 31, 2015, the principal balance was $29,400. There was no such bank indebtedness in 2014.

15. Loan payable

During the year ended December 31, 2014, the Company entered into a loan agreement with a shareholder to borrow $82,069 (US$70,000). The loan bore interest at 5% per annum and was repayable on the second anniversary. Interest began accruing on November 1, 2014. Interest only payments were paid quarterly

beginning February 15, 2015. During the year ended December 31, 2015, the Company repaid the full loan amount plus accrued and unpaid interest, totaling US$70,875.

16. Income Taxes

The income tax provision differs from income taxes, which would result from applying the expected tax rate to net loss before income taxes. The differences between the "expected" income tax expenses and the actual income tax provision are summarized as follows:

	December 31, 2015	December 31, 2014
Loss before income taxes	$(2,715,862)	$(3,229,683)
Expected income tax recovery at 26.1% (2014 – 25.0%)	(708,800)	(807,000)
Non-deductible meals and other	325	5,000
Share based payments	500	15,000
Change in prior year estimates	(3,045,841)	157,000
Tax rate differences (mostly comprised of difference from effective Argentina tax rate of 35% and effective United States tax rate of 34%)	(212,929)	(285,000)
Foreign exchange	(1,399,398)	(1,915,580)
Change in deferred tax assets not recognized	5,277,846	2,758,109
Total income taxes	$ (88,256)	(72,471)

The components of the deferred tax asset are as follows:

	December 31, 2015	December 31, 2014
Canada		
Share issuance costs	$176,363	$217,732
Unrealized foreign exchange gain	-	(148,517)
Non-capital losses available for future periods	579,590	415,738
Deferred tax assets not recognized	(755,953)	(484,953)
Canada deferred tax asset	$ -	$ -
Argentina		
Property and equipment	$3,045,841	$ -
VAT receivable	169,735	300,000

Non-capital losses available for future periods	2,660,319	1,625,000
Contingency accrual and other	159,439	35,000
Deferred tax assets not recognized	(6,035,333)	(1,960,000)
Argentina deferred tax asset	$ -	$ -
United States		
Property and equipment	3,042	$16.000
Non-capital losses available for future periods	2,191,470	1,247,000
Deferred tax assets not recognized	(2,194,512)	(1,263,000)
United States deferred tax asset	$ -	$ -
Total deferred tax asset	$ -	$ -

As at December 31, 2015, the Company has, for tax purposes, non-capital losses available to carry forward to future years totaling $16,193,042 (2014 - $9,989,292).

As of November 2, 2015 the company became registered under Mining Tax Law and has filed a formal claim with the Federal Public Revenue Administration for a refund.

The non-capital loss carry-forwards reflected above expire as follows:

Year of Expiry	Canada	Argentina	United States	Total
2016	-	236,717	-	236,717
2017	-	677,904	-	677,904
2018	-	2,604,886	-	2,604,886
2019	-	1,087,534	-	1,087,534
2020	-	2,993,870	-	2,993,870
2029			669,111	669,111
2030			372,803	372,803
2031	1,141,327	-	1,025,586	2,166,913
2032	-	-	1,655,222	1,655,222
2033	-	-	1,231,291	1,231,291
2034	521,626	-	822,337	1,343,963
2035	483,678		669,149	1,152,827
Total	**$ 2,146,631**	**7,600,911**	**6,445,500**	**16,193,042**

As at December 31, 2015, the MPIT available for future periods is as follows, and with none paid in 2015, the total is the same as for 2014:

Generation year	Amount	Expiration year
2011	$41,659	2020
2012	$117,838	2021
2013	$105,776	2022
2014	$125,646	2023
2015	0	2024
Total	**$390,919**	

17. Related Party Transactions

During the year ended December 31, 2015, the Company incurred $142,459 (2014 – $113,436) in professional fees expense relating to the services of the President of CCSA. Included in accounts payable and accrued liabilities as at December 31, 2015 was $90,960 (December 31, 2014 - $25,685) owing to the President of CCSA for professional geological fees. Included in accounts payable and accrued liabilities as at December 31, 2015, the Company had a payable due to the President of CCSA for $373 (December 31, 2014 - $Nil) for field expenses. Included in prepaid expenses as at December 31, 2015, the Company had a receivable due from the President of CCSA for $Nil (December 31, 2014 - $2,497) for cash advanced for field expenses.

During the year ended December 31, 2015, the Company incurred $39,663 (2014 - $31,615) in professional fees expense relating to the accounting services of a director of CCSA. Included in accounts payable and accrued liabilities as at December 31, 2015, the Company had a payable owing to the director of CCSA of $31,890 (December 31, 2014 – $5,580). Included in accounts payable and accrued liabilities as at December 31, 2015, the Company had a payable due to the director of CCSA of $122 (December 31, 2014 - $Nil) for miscellaneous expenses. Included in prepaid expenses as at December 31, 2015, the Company had a receivable due from the director of CCSA of $Nil (December 31, 2014 - $359) for cash advanced for miscellaneous expenses.

During the year ended December 31, 2015, the Company incurred $Nil (2014 - $16,684) in professional fees expense relating to the consulting services of a director. Included in accounts payable and accrued liabilities as at December 31, 2015 was $6,709 (December 31, 2014 - $5,625) owing to a director for consulting fees.

During the year ended December 31, 2015, the Company incurred $80,738 (2014 - $48,533) in administrative and office expenses relating to the rental of office space and various administrative services and expenses payable to Hunt Family Limited Partnership, LLC, an entity controlled by the Company's President, CEO and Executive Chairman. Included in accounts payable and accrued liabilities as at December 31, 2015 was $85,677 (December 31, 2014 - $51,284) owing to Hunt Family Limited Partnership, LLC relating to the rental of office space and various administrative services and expenses.

During the year ended December 31, 2015, the Company received $563,296 from Hunt Family Limited Partnership, LLC for general administrative purposes. Included in accounts payable and accrued liabilities as at December 31, 2015 was $563,296 (December 31, 2014 - $Nil) owing to Hunt Family Limited Partnership, LLC relating funds received for general administrative purposes.

All related party transactions are in the normal course of business.

Remuneration of directors and key management of the Company

The remuneration awarded to directors and to senior key management, including the Executive Chairman and Chief Executive Officer, the Chief Financial Officer, a Director of the Company, the President of CCSA and a Director of CCSA, is as follows:

Remuneration of directors and key management of the Company

	Years ended December 31, 2015	Years ended December 31, 2014
Salaries and benefits	208,879	$ 197,188
Consulting fees	182,121	161,734
Share based compensation	1,371	53,400
	$ 392,371	$ 412,322

18. Financial Instruments

The Company's financial instruments consist of cash and equivalents, accounts receivable, performance bond, accounts payable, bank indebtedness and accrued liabilities.

The Company characterizes inputs used in determining fair value using a hierarchy that prioritizes inputs depending on the degree to which they are observable. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: inputs, other than quoted prices, that are observable, either directly or indirectly. Level 2 valuations are based on inputs, including quoted forward prices for commodities, market interest rates, and volatility factors, which can be observed or corroborated in the market place.
- Level 3: inputs are less observable, unavoidable or where the observable data does not support the majority of the instruments' fair value.

Fair value

As at December 31, 2015, there were no changes in the levels in comparison to December 31, 2014. The fair values of financial instruments are summarized as follows:

	December 31, 2015		December 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Financial Assets				
FVTPL				
Cash and equivalents (Level 1)	45,386	45,386	115,246	115,246
Available for sale				
Performance bond (Level 1)	489,620	489,620	336,850	336,850
Loans and receivables				
Accounts receivable	119,402	119,402	69,554	69,554
Financial Liabilities				
Other financial liabilities				
Bank indebtedness	40,775	40,775	-	-
Accounts payable and accrued liabilities	2,094,175	2,094,175	729,691	729,691
Taxes payable	113,363	113,363	-	-

Cash and equivalents, marketable securities and performance bond are measured based on Level 1 inputs of the fair value hierarchy on a recurring basis.

The carrying value of accounts receivable, accounts payable and accrued liabilities, and bank indebtedness approximate their fair value because of the short-term nature of these instruments. The Company assessed that there were no indicators of impairment for these financial instruments.

Financial risk management

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, price risk and interest rate risk.

i. Currency risk

The Company holds cash balances, incurs payables and has receivables that are denominated in the Canadian Dollar, the United States Dollar and the Argentine Peso. These balances are subject to fluctuations in the exchange rate between the Canadian Dollar, and the United States Dollar and the Argentine Peso, resulting in currency gains or losses for the Company.

As at December 31, 2015, the following are denominated in US dollars:

Cash and equivalents	$ 5,674
Performance bond	$ 489,620
Accounts payable and accrued liabilities	$ 449,253

As at December 31, 2015, the following are denominated in Argentine Pesos:

Cash and equivalents	$ 38,388
Accounts receivable	$ 115,831
Other credits	$ 94,998
Accounts payable and accrued liabilities	$1,017,641

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. A significant change in the currency exchange rates between the United States dollar relative to the

Canadian dollar and the Argentine Peso could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

At December 31, 2015, if the U.S. dollar strengthened or weakened by 10% relative to the Canadian dollar the impact on loss and other comprehensive loss would be as follows:

	Impact on net loss and comprehensive loss
U.S. Dollar Exchange rate – 10% increase	$ 4,037
U.S. Dollar Exchange rate – 10% decrease	$ (4,037)

At December 31, 2015, if the Argentine Peso strengthened or weakened by 10% relative to the Canadian dollar the impact on loss and other comprehensive loss would be as follows:

	Impact on net loss and comprehensive loss
Argentine Peso Exchange rate – 10% increase	$ (76,842)
Argentine Peso Exchange rate – 10% decrease	$ 76,842

ii. Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and equivalents are held through Canadian, United States and Argentine financial institutions.

The Company maintains its cash and equivalents in multiple financial institutions. The Company maintains cash in an Argentine bank. The Argentine accounts, which had a Canadian dollar balance of $38,388 at December 31, 2015 (December 31, 2014 - $11,117) are considered uninsured and may be at risk in case of the failure of the bank.

The Company controls for this risk by only keeping funds in Argentina sufficient to meet approximately two months of operating expenses.

The Company pays VAT to the Argentine government on all expenses in Argentina. This creates a VAT receivable owed by the government of Argentina. The Company's receivable at December 31, 2015 is $868,809 ($1,353,998 – undiscounted) (December 31, 2014 - $557,480 ($1,308,076 – undiscounted). The Company believes this to be a collectible amount and it is backed in the strength and laws of the Argentine government. If for some reason the government did not pay, changed the laws, defaulted on the receivable or the Company never achieved any mineral production, the Company could lose the full value of the receivable.

iii. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk through the management of its capital structure. The Company is dependent on the capital markets to raise capital by issuing equity in the Company to support operations. The current environment is prohibitive for the issuance of capital and there is no guarantee that should the Company need to raise new capital to support operations it will be able to do

so on favorable terms, if at all. All of the Company's accounts payable and accrued liabilities are current and payable within one year.

iv. Price risk

The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. A dramatic decline in commodity prices could impact the viability of the Company and the carrying value of its properties. The Company is exposed to price risk with respect to commodity prices. There is minimal price risk at the present time as the Company is not yet in the production phase.

v. Interest rate risk

Interest rate risk is the impact that changes in interest rates could have on the Company's earnings and liabilities. In the normal course of business, the Company's exposure to interest rate risk is low due to the fact that the amounts outstanding are insignificant.

19. Segmented Information

All of the Company's operations are in the mineral properties exploration industry with its principal business activity in the acquisition and exploration of mineral properties. The Company conducts its resource properties exploration activities primarily in Argentina.

The location of the Company's assets by geographic area as of December 31, 2015 and December 31, 2014 is as follows:

	December 31, 2015	December 31, 2014
Canada	$ 7,317	$ 118,729
Argentina	3,006,255	2,403,161
United States	5,674	4,817
	$ 3,019,246	$ 2,526,707

The location of the Company's net loss by geographic area as of December 31, 2015 and December 31, 2014 is as follows:

	Year ended	
	December 31, 2015	December 31, 2014
Canada	$ (659,621)	$ (546,890)
Argentina	(1,661,018)	(2,096,180)
United States	(483,478)	(659,084)
	$ (2,804,118)	$ (3,302,154)

20. Commitments and Provision

a) On March 27, 2007, the Company signed a definitive lease purchase agreement with FK Minera S.A. to acquire a 100% interest in the Bajo Pobré gold property located in Santa Cruz Province, Argentina. The Company may earn up to a 100% equity interest in the Bajo Pobré property by making cash payments and exploration expenditures over a five-year earn-in period.

The required expenditures and ownership levels upon meeting those requirements were:

Year of the Agreement	Payment to FK Minera S.A.		Exploration Expenditures Required	Ownership
First year – 2007	US$50,000	PAID	US$250,000	0%
Second year – 2008	US$30,000	PAID	US$250,000	0%
Third year –2009	US$50,000	PAID	-	51%
Fourth year – 2010	US$50,000	PAID	-	60%
Fifth year – 2011	US$50,000	PAID	-	100%

b) In March 2007, the Company was the successful bidder for the exploration and development rights to the La Josefina project from Fomicruz. On July 24, 2007, the Company entered into an agreement with Fomicruz pursuant to which the Company agreed to invest a minimum of US$6 million in exploration and development expenditures over a four year period, including US$1.5 million before July 2008. The agreement provides that, in the event that a positive feasibility study is completed on the La Josefina property, a Joint Venture Corporation ("JV Corporation") would be formed by the Company and Fomicruz. A revised schedule for exploration and development of the La Josefina project was submitted in writing to Fomicruz and was adopted on May 3, 2011, mandating that an economic feasibility study and production decision be made by the Company for the La Josefina project by the end of 2013. The Company would own 91% of the joint venture company and Fomicruz would own the remaining 9%.

On November 15, 2012 the Company signed an amended agreement with Fomicruz extending the exploration term by 4 years; the new agreement requires the Company to make a production decision by the end of 2019. The Company's projected production date is December 31, 2019.

The Company has agreed to make a minimum investment of US$12 million, of which it has already invested approximately US$9 million. Additionally, and subject to proof of compliance with committed investments, the Company has the option to continue exploration for a second additional term of four years, ending on June 30, 2019, requiring it to make an additional investment US$6 million, which will bring the total investments in the La Josefina Project to US$18 million.

A participating interest of Fomicruz over the minerals and metals extracted from the field and the purchase option of up to a 49% participating interest in the incorporation of the future Company to be organized for the production and exploitation of the project, having Fomicruz to contribute the equivalent of such percentage of the investments made. The Company has the right to buy back any increase in Fomicruz's ownership interest in the JV Corporation at a purchase price of USD$200,000 per each percentage interest owned by Fomicruz down to its initial ownership interest of 19%; the Company can purchase 10% of the Fomicruz's initial 19% JV Corporation ownership interest by negotiating a purchase amount with Fomicruz.

c) On June 30, 2010, a former director and accounting consultant ("the Consultant") to the Company severed his business relationship with the Company. On August 5, 2010 the Consultant claimed that since 2006, he was actually an employee of, not a consultant to, CCSA. On September 7, 2010, the

Argentine Ministry of Labor, Employment and Social Security filed a Certificate of Notice on CCSA and the Company indicating that a representative from CCSA and the Company must appear before a mediator to address the Consultant's claims. The certificates of notice stated the value of the Consultant's claim against the Company at 500,000 pesos (US$126,811).

On March 18, 2011, a lawsuit was filed against the Company and its subsidiaries by the Consultant. The lawsuit claimed that the Consultant was an employee of the Company, not a consultant, since 2006. The total value of the claim was US$249,041, including wages, alleged bonus payments, interest and penalties. The consolidated financial statements include a provision of $250,000 at December 31, 2015 (2014 - $125,000), representing the estimated value of the certificates of notices filed to date. Management considers the lawsuit to be without merit and intends to defend the Company and its subsidiaries to the fullest extent possible.

During the year ended 2013, the Company was notified that an amount of 635,628 pesos ($58,876 as at December 31, 2015 and $59,475 as at December 31, 2014) was withheld from its Argentine bank account and placed in escrow with the Court pending the outcome of the lawsuit filed on March 18, 2011 against the Company.

During the year ended 2014, the Company was notified that an additional amount of 389,982 pesos ($36,122 as at December 31, 2015 and $36,491 as at December 31, 2014) was withheld from its Argentine bank account and placed in escrow with the Court pending the outcome of the lawsuit filed on March 18, 2011 against the Company.

d) On October 31, 2011, the Company signed an agreement with the owners of the Piedra Labrada Ranch for the use and lease of facilities on the same premises as the Company's La Josefina facilities. The initial term was for three years beginning November 1, 2011 and ended on October 31, 2014, including annual commitments of US$60,000. The Company extended this agreement for two years.

e) On April 1, 2012 the Company entered into a 9 month agreement with the surface rights holder of the Piedra Grande Ranch, located in Santa Cruz province, Argentina for access and use of their property. The agreement allows for the Company to engage in exploration activity as well as use the property and the facilities to house and store the Company's equipment and personnel. The Company agreed to consideration of US$3,000 per month under this agreement. The initial term of the agreement ended on December 31, 2012. The Company extended the agreement until December 31, 2013. The Company's total obligation under this agreement for the year ended December 31, 2013 was US$36,000. The Company did not extend this agreement for another year.

f) On November 1, 2012, the Company entered into an agreement with Fomicruz S.E. (Fomicruz is government mining company of the Province of Santa Cruz and owner of the mining concessions of La Valenciana) for the exploration of the La Valenciana project in Santa Cruz province, Argentina. The agreement is for a total of 7 years, expiring on October 31, 2019. The 7 years is broken into 3 economic periods, at the end of each period the Company will have the option of reporting its results to Fomicruz or terminating the agreement.

The agreement with Fomicruz requires the Company to spend USD $5,000,000 in exploration on the project over 7 years. If the Company elects to exercise its option to bring the La Valenciana project into production it must grant Fomicruz a 9% ownership in a new JV Corporation to be created by the Company to manage the project. If Fomicruz elects to increase their ownership they can under the following formula up to a maximum of 49% interest.

- To purchase an additional 10% in the JV corporation, Fomicruz must reimburse the Company for 10% of the exploration expenses made by the Company during the exploration period;

- To purchase the next 10% interest in the JV corporation, Fomicruz must reimburse the Company for 20% of the exploration expenses made by the Company during the exploration period;

- To purchase a final additional 20% interest in the JV Corporation, Fomicruz must reimburse the Company for 25% of the exploration expenses made by the Company during the exploration period; bringing Fomicruz's total ownership interest in the JV Corporation to 49%.

At the Company's option it can purchase all but the 9% granted ownership interest in the JV Corporation from Fomicruz for USD $200,000 per percentage point owned. If Formicruz decides not to increase its stake in the company pursuant to the foregoing stipulations, or if it does so and CCSA buys it back, CCSA will have the option to acquire 10% (ten percent) of the initial 9% stake of Fomicruz S.E., in which case, it much reach an agreement with Fomicruz S.E. on the amounts to be paid.

g) On October 3, 2013, the Tax Authorities of the Santa Cruz Province, started a claim requesting omitted stamp tax on a) the Exploration Agreement signed during fiscal year 2012 (Amendment of "La Josefina" and "La Valenciana" contract) and b) Loan Agreement signed between the parent Companies and CCSA. Request is in the amount of $248,673. This amount does not include potential fines. An accrual for this amount has been included in taxes payable in the consolidated statements of financial position.

   On October 17, 2013, the answer to the requirement was filed.

   As of January 22, 2014, the Secretary of Public Revenues of the Province of Santa Cruz approved the tax assessment.

   On February 12, 2014, the Company filed a new request.

   On May 28, 2014, the final tax assessment was received from the Tax Authorities of the Santa Cruz Province in the amount of $209,460 (1,994,199 pesos), including interest, to be paid in installments with a final payment in November 2014. During the year ended 2014, the Company made all installment payments required and has satisfied the tax assessment.

h) On March 26, 2014, the Company signed an agreement with the surface rights holder of the La Valenciana Ranch, located in Santa Cruz Province, Argentina for access and use of their property. The agreement allows for the Company to engage in exploration activity. The term is for five years, beginning April 1, 2014 and ending March 31, 2019, including annual commitments of US$36,000. The Company's total commitment for 2014 was US$24,000, as it was only a partial year. The Company's commitment in 2015 was US$36,000 for the full year.

21. Capital Disclosure

Capital management is the key to achieving the Company's growth plans, the maintenance of a strong capital base to ensure financial flexibility, and providing returns to shareholders.

The Company's capital is comprised of shareholders' equity, as follows:

Management of capital risk

	December 31, 2015	December 31, 2014
Shareholders' equity	$520,933	$1,465,640

The Company does not have covenants associated with the Company's long-term liabilities. The Company regularly reviews its on-going capital requirements to fund capital expenditures and service upcoming obligations.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or acquire or dispose of assets. In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments.

The Company is not subject to externally imposed capital requirements.

22. Subsequent Events

As reported in news releases on February 10, 2016 and March 3, 2016, the Corporation was scheduled to close the purchase of the Martha mine, flotation mill, equipment and buildings for US$2.7 million on March 25, 2016 subject to satisfying certain closing conditions, including the approval of Argentina's National Secretary of Mining (SMN) and TSX Venture Exchange approval. The transaction closing date has been moved to early May 2016.

The terms for payment are US$1.2 million payable at closing, with the balance of US$1.5 million payable 365 days after the closing. The Corporation has made arrangements to secure the necessary financing for the acquisition, details of which will be disclosed on closing.

On April 14, 2016, the Corporation entered into a loan agreement with related parties to borrow US$2 million. The loan bears interest of 8% per annum on a month to month basis and is repayable or renewable every 90 days. The primary use of the funds is for the purchase of the Martha mine.