TAKARA RESOURCES INC.

TAKARA RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015 and 2014

(Expressed in Canadian Dollars)

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Takara Resources Inc. (the "Company") were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in note 3 to the consolidated financial statements.

Management has established processes which are in place to provide them with sufficient knowledge to support management representations that they have exercised reasonable diligence that: (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the years presented by the consolidated financial statements; and (ii) the consolidated financial statements present fairly, in all material respects, the financial position, financial performance and cash flows of the Company, as of the date of and for the years presented by the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. The Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

[Signed]	[Signed]
'Frank J. Basa"	"Thomas P. Devlin"
President and Chief Executive Officer	Chief Financial Officer
April 27, 2016	April 27, 2016

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Takara Resources Inc.

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the 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 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 Takara Resources Inc. and its subsidiaries as at December 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that Takara Resources Inc. had continuing losses during the year ended December 31, 2015 and a working capital deficiency as at December 31, 2015. These conditions along with other matters set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about Takara Resources Inc's ability to continue as a going concern.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
April 27, 2016

TAKARA RESOURCES INC.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As at December 31,		**2015**		2014
Assets				
Current assets				
Cash	**$**	**139**	$	3,257
Amounts receivables (Note 5)		**54,776**		9,269
Total Assets	**$**	**54,915**	$	12,526
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (Note 10)	**$**	**401,951**	$	212,236
Total Liabilities		**401,951**		212,236
Shareholders' Equity				
Share capital (Note 7)		**17,087,130**		16,899,006
Warrants (Note 9)		**77,623**		-
Units to be issued (Note 6)		**103,253**		-
Contributed surplus		**3,710,157**		3,710,157
Deficit		**(21,325,199)**		(20,808,873)
Total Shareholders' Deficiency		**(347,036)**		(199,710)
Total Liabilities and Shareholders' Deficiency	**$**	**54,915**	$	12,526

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 14)
Subsequent event (Note 15)

APPROVED ON BEHALF OF THE BOARD

Signed "Frank Basa"

Signed "Jacques Monette"

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

TAKARA RESOURCES INC.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

For the years ended December 31,	2015	2014
Expenses		
Exploration and evaluation		
Acquisition	**$ 370,659**	$ 25,000
Geology, geophysics and surveys	**-**	121,966
Project management and engineering	**30,522**	-
Reports	**15,031**	5,000
Royalties	**15,000**	-
Facility expenses	**2,978**	-
Taxes, permits and licensing	**227**	-
	434,417	151,966
Corporate		
Administrative and general expenses	**7,878**	29,278
Insurance	-	13,761
Management fees	**16,250**	56,000
Professional fees	**82,489**	47,086
Filing costs and shareholders' information	**28,793**	19,497
Travel	**6,426**	6,774
	141,836	172,396
Other items		
Interest and other income	**-**	(485)
First nation costs	**1,700**	-
Gain on disposal of marketable securities	**-**	(19,670)
Exchange gain or loss	**4,422**	-
Taxes and interest	**2,045**	858
Writeoff of amounts receivable	**6,160**	-
Gain on debt settlement	**(10,000)**	-
Derecognition of accounts payable	**(64,254)**	-
	(59,927)	(19,297)
Net loss and comprehensive loss for the year	**$ 516,326**	$ 305,065
Net loss per share - basic and diluted	**$ 0.02**	$ 0.02
Weighted average number of shares outstanding basic and diluted	**21,303,195**	16,782,647

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

TAKARA RESOURCES INC.

Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital	Units to be issued	Warrants Reserve	Contributed Surplus	Deficit	Total Equity (Deficiency)
Balance December 31, 2013	$ 16,884,006	$ -	$ 5,440	$ 3,704,717	$ (20,503,808)	$ 90,355
Issued for properties	15,000	-	-	-	-	15,000
Warrants expired	-	-	(5,440)	5,440	-	-
Net loss for the year	-	-	-	-	(305,065)	(305,065)
Balance December 31, 2014	16,899,006	-	-	3,710,157	(20,808,873)	(199,710)
Issued by private placement	**131,000**	**-**	**69,000**	**-**	**-**	**200,000**
Share issue costs	**(15,376)**	**-**	**(7,686)**	**-**	**-**	**(23,062)**
Issued for properties	**62,500**	**103,253**	**14,001**	**-**	**-**	**179,754**
Issued for debt	**10,000**	**-**	**-**	**-**	**-**	**10,000**
Issued for compensation	**-**	**-**	**2,308**	**-**	**-**	**2,308**
Net loss for the year	**-**	**-**	**-**	**-**	**(516,326)**	**(516,326)**
Balance December 31, 2015	**$ 17,087,130**	**$ 103,253**	**$ 77,623**	**$ 3,710,157**	**$ (21,325,199)**	**$ (347,036)**

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

TAKARA RESOURCES INC.

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

For the year ended December 31,		2015		2014
Cash (used in) provided by:				
Operating activities				
Net loss for the year	$	(516,326)	$	(305,065)
Items not involving cash				
Exploration and evaluation expenses paid in shares		-		15,000
(Gain) on disposal of marketable securities		-		(19,670)
Acquisition of Castle Silver Mines Inc.		325,659		
Gain on shares issued for debt		(10,000)		-
Writeoff of amounts receivable		6,160		-
Derecognition of accounts payable		(64,254)		-
Changes in non-cash working capital items				
Amounts receivables		(31,985)		6,495
Prepaid expenses		-		16,914
Accounts payable and accrued liabilities		107,522		(40,092)
Net cash flows used in operating activities		(183,224)		(326,418)
Investing activities				
Cash acquired through acquisition (Note 6)		15,860		-
Transaction costs for acquisition (Note 6)		(15,000)		-
Gross proceeds from sale of marketable securities		-		72,778
Net cash flows generated from investing activities		860		72,778
Financing activities				
Issuance of common shares and warrants		200,000		34,183
Share issue cost		(20,754)		-
Net cash flows generated from financing activities		179,246		34,183
Decrease in cash		(3,118)		(219,457)
Cash and cash equivalents, beginning of year		3,257		222,714
Cash, end of year	$	139	$	3,257
Supplementary information				
Shares issued for debt		10,000		-

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

1. NATURE OF BUSINESS AND GOING CONCERN

Nature of business

Takara Resources Inc. ("Takara" or the "Company") was incorporated on April 29, 2005 pursuant to the Canada Business Corporations Act under the name Naples Capital Corp. On November 29, 2007, the Company amended its articles to change its name to Takara Resources Inc. The address of the Company's office is 1500 West Georgia Street, Suite 1300, Vancouver, BC V6G 2Z6. Takara's principal business activities are the acquisition, evaluation, exploration and development of mineral properties. To date, the Company has not realized any revenues from its properties.

These consolidated financial statements were approved by the Board of Directors on April 27, 2016.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and evaluation activities, and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, government licensing requirements or regulations, social licensing requirements, non-compliance with regulatory and environmental requirements or aboriginal land claims.

Going concern

As at December 31, 2015, the Company had not yet achieved profitable operations, had a working capital deficiency of $347,036 (2014 – $199,710), had accumulated losses of $21,325,199 (2014 - $20,808,873) and expected to incur future losses in the development of its business. The Company is in the process of exploring its properties and had not yet determined whether these properties contain economically recoverable reserves. The continued operations of the Company are dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the financing to complete the necessary exploration and development of such property and upon attaining future profitable production or proceeds from disposition of the properties, all of which indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management is actively pursuing additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

These consolidated financial statements have been prepared on a going concern basis and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

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 the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that have been measured at fair value.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE (continued)

Functional currency

The presentation and functional currency of the Company and its subsidiaries is the Canadian dollar.

Significant accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The consolidated financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the consolidated 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 also in future periods when the revision affects both current and future periods.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Acquisition of Castle Silver Mines Inc.

The Company has determined that the transaction between Takara and Gold Bullion Development Crop. ("Gold Bullion") to acquire Castle Silver Mines Inc. ("CSM"), a Gold Bullion's wholly-owned subsidiary, constituted an asset acquisition by Takara, as CSM did not meet the definition of a business as defined in IFRS 3 Business Combinations. Accordingly, effective as at the date of closing, CSM's net assets were consolidated at allocated cost and no goodwill has been recognized.

Going concern

See Note 1.

New accounting standards adopted during the year

The Company has adopted the following new standard effective January 1, 2015, and there was no material impact on the Company's consolidated financial statements.

IAS 24 Related Party Disclosures ("IAS 24")
IAS 24 was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity 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.

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE (continued)

Future changes in accounting standards

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 Financial Instruments ("IFRS 9")
IFRS 9 was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IAS 1 Presentation of Financial Statements ("IAS 1")
IAS 1 was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

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

	Jurisdiction	
Takara Resources (B.C.) Inc.	Canada	100% owned
Duckhorn Capital Corporation	Ontario	100% owned
Castle Silver Mines Inc.	Canada	100% owned

Intercompany balances and transactions, including unrealized gains and losses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

Financial instruments

Financial assets

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the consolidated statement of loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the consolidated statement of operations.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income and accumulated in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income and recognized in the consolidated statement of loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at the end of each reporting period. Financial assets are impaired when there is objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets described above.

Financial liabilities

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the consolidated statement of loss.

Other financial liabilities - This category includes all other financial liabilities which are recognized at amortized cost.

Financial liabilities are derecognized when the obligation is discharged, cancelled or expires.

The Company’s financial instruments consist of the following:

Financial assets:	Classification:
Cash and receivables	Loans and receivables

Financial liabilities:	Classification:
Accounts payable and accrued liabilities	Other financial liabilities

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

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

As at December 31, 2015 and 2014, there were no financial instruments measured at fair value, and the fair value of assets and liabilities carried at amortized cost was the same as their respective carrying values due to the short term nature of these assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Mining properties and exploration expenditures

The Company expenses all exploration and evaluation costs relating to mineral properties, except those acquired through a business combination, in the period in which they are incurred. All exploration and evaluation expenditures acquired through a business combination are capitalized as intangible assets. They are subsequently measured at cost less accumulated impairment.

Income taxes

Income taxes on the profit or loss for the periods presented comprises current and deferred tax.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, adjusted for amendments to tax payable with regards to previous reporting periods. Deferred tax is recorded using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

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

Additional income taxes that arise from the distribution of dividends from a subsidiary to its parent are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities, when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

Flow-through shares

Under Canadian income tax legislation, the Company is permitted to issue flow-through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. For accounting purposes, the proceeds from issuance of these shares are allocated between the offering of shares and the sale of tax deductions. The allocation is made based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A liability is recognized for this difference. The liability is reduced and the reduction of premium liability is recorded in other income at the time when the Company files the appropriate renunciation forms with the Canadian taxation authorities and the expenditures are incurred.

Share issue costs

Costs incurred for the issue of common shares and warrants are deducted from share capital and warrants, respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. As at December 31, 2015 and 2014, all options and warrants are anti-dilutive and have been excluded from the calculation of diluted loss per share.

Stock-based compensation and Warrants

The Company has in effect a stock option plan ("the Plan") which is described in note 8. The Plan allows Company employees, directors and officers to acquire shares of the Company for a specified option amount set on the date of grant. Stock options awarded are accounted for using the fair value-based method. Fair value is calculated using the Black-Scholes option pricing model and is recorded as stock-based compensation expense over the vesting period of the options. Consideration paid on the exercise of stock options is credited to share capital. The contributed surplus associated with the options is transferred to share capital upon exercise.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Warrants are accounted for using the fair value-based method. Fair value is calculated using the Black-Scholes option pricing model. Consideration paid on the exercise of warrants is credited to share capital and the value recorded in warrants reserve is transferred to share capital upon exercise. Upon expiration, the value of warrants is reclassified to contributed surplus.

Transaction costs

Direct transaction costs associated with business acquisitions are expensed as incurred.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. 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. Any intangible asset with an indefinite useful life is tested for impairment at the end of each reporting period and whenever there is an indication that the asset may be impaired.

An asset’s recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount, recognizing an impairment loss in the statement of operations. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the depreciation charge for the period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Asset retirement obligations

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 property interest. Such costs arising for the decommissioning of plant and other site restoration work, discounted to their net present value, are provided for and capitalized to the carrying value of the asset, as soon as the obligation to incur such costs arises.

Discount rates, using a pre-tax rate that reflects the time value of money, are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset through depreciation using either the unit-of-production or the straight-line method. The related liability is adjusted for each period for the unwinding of the impact of discounting 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 has no material restoration, rehabilitation and environmental costs as the environmental disturbance to date is minimal.

Foreign currency translation

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the Canadian dollar at the exchange rate at that date. Foreign exchange differences arising on translation are recognized in the statement of loss. Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Cash and cash equivalents

Cash equivalents include highly liquid Canadian bank guaranteed funds that are valued at cost plus accrued interest. The carrying amounts approximate the fair market value as they have maturities at the date of purchase of less than one year with early redemption without penalties available. The Company does not have any cash equivalents as of December 31, 2015 or 2014.

Comparative figures

Certain comparative amounts have been reclassified to conform to the current year’s presentation.

4. INVESTMENTS IN MARKETABLE SECURITIES

The Company’s investments in marketable securities were comprised of an investment of shares of Claude Resources Inc. (“Claude”).   The Company classifies these investments as available-for-sale, reported at the fair market value based on bid prices, with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss until the investments are derecognized or determined to be subject to a significant or prolonged decline in value with losses charged to earnings. During the year ended December 31, 2014, the Company disposed of the securities for net proceeds of $72,037.

(Expressed in Canadian Dollars)

5. AMOUNTS RECEIVABLE

The Company's amounts receivable are comprised of the following;

	December 31, 2015	December 31, 2014
Commodity taxes	$ 22,889	$ 9,269
Due from related party	31,887	-
	$ 54,776	$ 9,269

The amount due from related party is with a company, with which the Company has directors and officers in common. The amount is unsecured and non-interest bearing with no fixed terms of repayment.

6. EXPLORATION AND EVALUATION PROJECTS

Beaverlodge Uranium Projects in Athabasca Basin, Saskatchewan

On December 14, 2013, the Company entered into an agreement through the acquisition of Duckhorn in respect of the acquisition of a 100% interest in mineral claims prospective for uranium exploration in the northwest region of the Athabasca Basin, Saskatchewan.

For the year ended December 31, 2015, the Company incurred exploration and evaluation expenditures of $nil (2014 - $139,990), consisting of $nil relating to acquisition costs (2014 - $75,000) and $nil for geological field and consulting work (2014 - $64,990).

On December 30, 2014, the Company entered into an option agreement with Lakeland Resources Inc. ("Lakeland") to acquire a 50% interest in the Fond du Lac property, located in the northern Athabasca Basin region, Saskatchewan. Takara has the right to earn a 50% interest in the property by issuing 1,500,000 common shares (issued and valued at $15,000 based on the quoted market price of the shares on the date of issuance) to Lakeland on the closing date of the transaction, to reimburse Lakeland the expenditures incurred to date on the claim totaling $50,000 and by spending $100,000 on exploration on the property and by issuing an additional 250,000 shares by June 1, 2015.

The property is subject to a 1.5% net smelter return royalty ("NSR") to the original vendor.

The $50,000 payment due on closing, the expenditure of $100,000 on the property and the issue on June 1, 2015 of 250,000 shares have not been completed and the Company intends to relinquish its interest in this project.

Miskamowin Nickel Project, Manitoba

The Company previously reported that it had no intention to pursue exploration on the Miskamowin project, however, as a result of new information during the year ended December 31, 2013, the Company has elected to retain its interest in a downsized land package. There were no expenditures incurred on the Miskamowin project during the years ended December 31, 2015, 2014 and 2013.

The Company intends to relinquish its interest in this project.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION PROJECTS (continued)

Castle Silver Mine Project, Ontario

On April 13, 2015, Takara and Gold Bullion entered into a definitive purchase and sale agreement for Takara to acquire certain properties of Gold Bullion situated in Ontario, through the acquisition of Gold Bullion's wholly-owned subsidiary, CSM. Under the terms of the agreement, Takara will acquire all of the issued and outstanding common shares of CSM from Gold Bullion in exchange for 10,000,000 units of Takara issued in equal stages of 2,500,000 units over a 4-year period. Each unit consists of one common share in the capital of Takara and one common share purchase warrant exercisable at $0.10, expiring one year from the date of issuance of the units. Under the terms of the amended and restated share purchase agreement dated May 4, 2015, Gold Bullion has agreed to distribute pro rata the Takara units received to the Gold Bullion shareholders. In addition, the parties have agreed that Takara will not be obligated to issue any units, if such issuance results in Gold Bullion holding more than 20% of the then issued and outstanding common shares in the capital of the Company.

On September 15, 2015, the Company issued 2,500,000 units of Takara, with the remaining 7,500,000 units to be issued over 3-year period, to acquire all of the issued and outstanding common shares of CSM.

The consideration paid and payable is estimated as follows:

Common shares	$ 62,500
Warrants	14,001
Units to be issued	103,253
	$ 179,754

The warrants were assigned a value of $14,001 using the Black Scholes option pricing model. The assumptions used were: expected dividend yield of 0%, expected volatility of 145%, a risk free interest rate of 0.48% and expected life of 1 year.

The fair value of the units to be issued was estimated to be $103,253, of which $61,250 was assigned to common shares and $42,003 to warrants. The warrants were valued using the Black Scholes option pricing model, using the same assumption as the $14,001 valued warrants above. The estimated fair value of common shares was based on the quoted market share price at September 15, 2015, and included a liquidity discount. The value of liquidity discount was estimated using the Black Scholes option pricing model. The assumptions used were: expected dividend yield of 0%, expected volatility of 145%, a risk free interest rate of 0.48% and expected life of 1 – 3 years.

The allocation of the purchase price is as follows:

Cash	$ 15,860
Net liability assumed	(161,765)
Mineral exploration claims	340,659
Transaction costs	(15,000)
	$ 179,754

In accordance with the Company's accounting policy, the amount allocated to the mineral exploration claims was expensed during the year ended December 31, 2015.

Subsequent to the completion of the transaction, the Company and Gold Bullion have directors and officers in common.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION PROJECTS (continued)

CSM holds a 100% interest in certain claims and parcels located in the Haultain and Nicol townships of Ontario. The property is subject to a sliding scale royalty on silver production which will start from 3% when the price of silver is US$15 or lower per troy ounce and up to 5% when the price of silver is greater than US$30 per troy ounce and a 5% gross overriding royalty on the sale of products derived from the property with a minimum annual payment of $15,000 in the form of royalties on all future production from the property and a 1% NSR.

Beaver Property, Ontario

On October 8, 2015, the Company entered into an Assignment Agreement (the "Agreement") with Gold Bullion to acquire a 100% interest in the Beaver and Violet cobalt and silver properties located in the township of Coleman, in northern Ontario. Pursuant to the Agreement, the Company agrees to pay an aggregate of $75,000 with $15,000 payable within 10 days of execution of the agreement (paid) and four equal instalments of $15,000 on each anniversary date of the agreement, and accept all of Gold Bullion's rights, obligations and liabilities under the option agreement dated May 10, 2011 and amended January 31, 2012 (the "Option Agreement"). The Agreement is still subject to Gold Bullion's shareholders' approval and the TSX Venture Exchange's ("TSXV") approval.

Gold Bullion holds a 7 year option with Jubilee Gold Exploration Ltd ("Jubilee") to acquire a 100% interest to the Beaver and Violet properties, which are subject to a 3% NSR royalty. Each 1% can be purchased for $1.5M.

Pursuant to the Option Agreement, Gold Bullion is required to make annual payments to Jubilee for a period of 5 years, or until the properties are put into commercial production, whichever is earlier, in an aggregate amount of $60,000: $10,000 in each year on or before July 1, 2012, 2013, 2014, $15,000 on each of July 1, 2015, and 2016. Prior to signing the Agreement, the Company paid Gold Bullion $15,000 for the reimbursement of the July 1, 2015 prepayment of the NSR to Jubilee.

Pursuant to the Agreement, the Company is required to make a $15,000 prepayment of the NSR on July 1, 2016.

7. SHARE CAPITAL

Authorized
Unlimited number of common shares without par value
Unlimited number of preferred shares issuable in series

Common shares Issued and outstanding

	2015		2014	
	Number of Shares	**Amount**	Number of Shares	Amount
Balance, beginning of year	**18,282,647**	**$16,899,006**	16,782,647	$16,884,006
Private placements (i)	**4,000,000**	**131,000**	**-**	**-**
Share issue costs	-	**(15,376)**	-	**-**
Issued for debt (ii)	**400,000**	**10,000**	-	**-**
Issued for property (Note 6)	**2,500,000**	**62,500**	1,500,000	15,000
Balance, end of year	**25,182,647**	**$ 17,087,130**	18,282,647	$16,899,006

7. SHARE CAPITAL (continued)

(i) On April 13, 2015, the Company announced a non-brokered private placement of up to 6,000,000 units at a price of $0.05 per unit for aggregate gross proceeds of up to $300,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable to acquire a common share at a price of $0.10 for a period of two years from the date of issuance. A finders' fee equal to 7% of the gross proceeds raised and the issuance of a number of finder warrants equal to 7% of the units were available to eligible finders. Each finder warrant entitles the holder to acquire one common share at a price of $0.10 for a period of 24 months from closing. On May 20, 2015, the Company closed the first tranche of the private placement consisting of 1,500,000 units for gross proceeds of $75,000. Finder fees payable for the first tranche totaled $1,750 and 35,000 finder warrants. On June 23, 2015, the Company closed the second tranche of the private placement consisting of 1,900,000 units for gross proceeds of $95,000. Finder fees payable for the second tranche totaled $5,600 and 112,000 finder warrants. On July 31, 2015, the Company closed the final tranche of the private placement consisting of 600,000 units for gross proceeds of $30,000. The investors' and finders' warrants were assigned a value of $77,623 using the Black Scholes option pricing model. The assumptions used were: expected dividend yield of 0%, expected volatility of 118% - 212%, a risk free interest rate of 0.46% - 0.63% and expected life of 24 months.

A director and a family member of a director and officer subscribed for a total of 2,200,000 units for a total proceed of $110,000.

(ii) During 2015, and pursuant to the terms of the purchase agreement (see Note 6), the Company issued 400,000 common shares to settle $20,000 of management fees owed to one director of the Company at a price of $0.025 per share, which was the quoted market share price at the measurement date.

8. STOCK OPTIONS

The Company has in place a stock option plan (the "Plan") under which officers, directors, employees and consultants are eligible to receive incentive stock options. The aggregate number of common shares reserved for issuance under the Plan and common shares reserved for issuance under any other share compensation arrangement granted or made available by the Company from time to time may not exceed in aggregate 10% of the Company's common shares issued and outstanding at the time of grant. The term of any options granted under the Plan will be fixed by the Board of Directors and may not exceed ten years, but so long as the Company remains a "Tier 2" issuer under the policies of the Toronto Stock Exchange, options may not exceed a term of five years. The exercise price of options granted under the Plan will be determined by the Board of Directors, provided that it is not lower than the fair market value of the option shares on the date of the grant of the option.

The terms of the plan are as follows:

(i) the maximum number of shares that can be received by a beneficiary during any 12 month period is limited to 5% of issued and outstanding shares;

(ii) the maximum number of shares that can be reserved for a consultant during any 12 month period is limited to a 2% of issued and outstanding shares; and

(iii) the maximum number of shares that can be reserved for a supplier of investor relations services during any 12 month period is limited to 2% of issued and outstanding shares; moreover, the options granted may be exercised on a 12 month period after the grant, at the rate of 25% per quarter.

As at December 31, 2015 and 2014 there were no stock options outstanding.

(Expressed in Canadian Dollars)

9. WARRANTS

The following warrants transactons occurred during the years ended December 31, 2015 and 2014:

	Number of Warrants	Estimated Grant Date Fair Value	Weighted Average Exercise Price
Balance, December 31, 2013	136,000	$ 5,440	$ 0.05
Expired	(136,000)	(5,440)	(0.05)
Balance, December 31, 2014	-	-	-
Issued by private placements	**4,000,000**	**69,000**	**0.10**
Issue costs related to warrants	**-**	**(7,686)**	**-**
Issued for property	**2,500,000**	**14,001**	**0.10**
Issued as compensation	**147,000**	**2,308**	**0.10**
Balance, December 31, 2015	**6,647,000**	**$ 77,623**	**$ 0.10**

At December 31, 2015, the issued and outstanding warrants are as follows:

Number of Warrants	Exercise Price ($)	Estimated Grant Date Fair Value ($)	Expiry Date
2,500,000	0.10	14,001	September 15, 2016
1,535,000	0.10	30,447	May 20, 2017
2,012,000	0.10	23,846	June 23, 2017
600,000	0.10	9,330	July 31, 2017
6,647,000		77,623	

The weighted average remaining contractual life of the warrants outstanding at December 31, 2015 was 1.18 years (2014 – nil years).

10. RELATED PARTY TRANSACTIONS

The Company has entered into agreements with officers of the Company and private companies controlled by officers and directors of the Company for management consulting, geological consulting and other services required by the Company.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of officers and directors of the Company operating in a management capacity for the year ended December 31, 2015 was $71,363 (2014 - $69,125) and was composed entirely of short-term benefits..

There were no Directors' fees paid to members of the Board of Directors for the years ended December 31, 2015 and 2014.

Included in accounts payable and accrued liabilities was $188,634 (2014 - $55,446) payable to officers and directors of the Company or companies controlled by them. These amounts are unsecured and non-interest bearing with no fixed terms of repayment.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS (continued)

During the year ended December 31, 2014, the Company incurred legal fees of $10,129 for general corporate services to a firm, of which a former director of the Company is a partner. Included in accounts payable and accrued liabilities at December 31, 2014 was $16,717 payable to the firm. The firm is no longer considered a related party of the Company for the year ended December 31, 2015.

During the year ended December 31, 2015, the Company paid $1,500 for rent to a related party, with which the Company has one director in common. During the year ended December 31, 2014, the Company paid $6,789 for rent and shared services to another related party, with which the Company has one director in common. As at December 31, 2015, included in accounts payable and accrued liabilities was $nil (2014 - $1,239) owed towards rent and shared services.

Certain director and former directors advanced a total of $15,000 during year ended December 31, 2014 to fund general corporate expenses and working capital requirements. These amounts were included in accounts payable and accrued liabilities as of December 31, 2015 and 2014. These amounts are unsecured and non-interest bearing with no fixed terms of repayment.

Also see Notes 5, 6 and 7.

11. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate on the net loss for the years ended December 31 is as follows:

	2015	2014
Loss before income tax	$ 516,326	$ 305,065
Expected income tax recovery (2015 and 2014 - 26.5%)	(137,000)	(81,000)
Non-deductible expenses	2,000	2,000
Flow-through renunciation	-	17,000
Change in tax benefits not recognized	135,000	62,000
Income tax expense reflected in the consolidated statements of loss	-	-

Deferred Income Tax

Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amounts of assets and liabilities. Deferred income tax assets have not been recognized in respect of the following deductible temporary differences because it is not probable that future taxable profit will be available against which the Company can use these benefits:

	2015	2014
Non-capital losses - Canada	$ 6,816,280	$ 6,602,780
Resource-related deductions	1,213,410	965,750
Other deductible temporary differences	491,510	564,410
Total	$ 8,521,200	$ 8,132,940

(Expressed in Canadian Dollars)

11. INCOME TAXES (continued)

The Company's Canadian non-capital income tax losses expire as follows:

2025	$	64,720
2026		297,980
2027		721,960
2028		566,540
2029		331,260
2030		1,758,550
2031		1,659,040
2032		826,000
2033		163,020
2034		405,050
2035		22,160
	$	6,816,280

12. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of shareholders' equity and due to related parties. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its exploration, development and operating activities.

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to pursue the exploration of its mineral properties and maximize shareholder returns. The Company satisfies its capital requirements through careful management of its cash resources and by utilizing equity issues, as necessary, based on the prevalent economic conditions of both the industry and the capital markets and the underlying risk characteristics of the related assets. As at December 31, 2015, the Company had no bank debt.

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. There were no changes in the Company's approach to capital management during the year ended December 31, 2015 and 2014.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSXV which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2015, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

13. FINANCIAL INSTRUMENTS AND RISK FACTORS

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 counterparty's inability to fulfill its payment obligations. The Company is exposed to credit risk on its cash. The Company has deposited its cash with reputable financial institutions, from which management believes the risk of loss is minimized. As at December 31, 2015, cash was held with major Canadian financial institutions.

Liquidity Risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2015, the Company had a cash balance of $139 (December 31, 2014 - $3,257) to settle current financial liabilities of $401,951 (December 31, 2014 - $212,236). The Company is currently seeking equity financing as indicated in Note 1. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, existing shareholders ownership may be diluted.

Market Risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices.

(a) Interest rate risk
The Company is not exposed to interest rate risk as it does not have interest bearing debt.

(b) Commodity price risk
The ability of the Company to develop its mineral properties and the future profitability of the Company is directly related to the market prices of silver, uranium and nickel.

(c) Marketable securities price risk
The Company disposed of all marketable securities during the year ended December 31, 2014. At December 31, 2015, the Company was not exposed to marketable securities price risk.

Currency Risk

As the Company transacts business in Canadian dollars, there is minimal foreign currency risk at December 31, 2015.

14. COMMITMENTS AND CONTINGENCIES

(a) Environmental Contingencies
The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

14. COMMITMENTS AND CONTINGENCIES (continued)

(b) Flow-Through Shares
Pursuant to the issuance of 2,560,000 flow-through shares on December 31, 2013, the Company renounced $128,000 of qualified exploration expenditures with an effective date of December 31, 2013. The Company is required to expend this amount on qualified exploration expenditures by December 31, 2014. As of December 31, 2014, the Company has expended $64,990 of this amount on qualified exploration expenditures. There was a shortfall of qualified expenditures of approximately $63,010 as at December 31, 2014. This amount remains unspent as of December 31, 2015. As at December 31, 2015, no amount has been provided for potential claims in accordance with the indemnity provisions as no such amount, if any, is currently determinable.

The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that may become payable by the subscribers as a result of the Company not meeting this expenditure commitment.

(c) Management Contracts
The Company is party to a management contract. Upon the occurrence of certain events such as a change in control, the contract requires payment of up to $180,000. As a triggering event has not taken place, the contingent payment has not been reflected in these consolidated financial statements.

(d) Agreements with non-related parties
The Company is committed to pay an annual royalty payment in the amount of $15,000 to Jubilee Gold Exploration Ltd. See note 6.

The Company has entered into a Memorandum of Understanding (“MOU”) with the Mattagami First Nation community in connection with certain exploration and evaluation programs in their area in return for contributions towards education and environmental activities and the improvement of community facilities. Also, the Company will pay 2% of all costs of the exploration program incurred to date and thereafter to the First Nation community.

The MOU also includes terms outlining environmental protection, employment, training and business opportunities, and mitigation of impacts on the traditional pursuits of the members of the Mattagami First Nation community.

15. SUBSEQUENT EVENT

On April 13, 2016, the Company granted stock options to its directors, officers, employees and consultants to purchase an aggregate of 1,850,000 common shares in the capital of the Company. The stock options are exercisable for a term of five years at an exercise price of $0.05 per share.