ABRAPLATA RESOURCE CORP.

(formerly Angel Bioventures Inc.)

Consolidated Financial Statements

Years Ended December 31, 2016 and 2015

(expressed in Canadian dollars)

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP
1066 West Hastings Street, Suite 1250
Vancouver, BC Canada V6E 3X1

INDEPENDENT AUDITORS' REPORT

To the Shareholders of AbraPlata Resource Corp. (formerly Angel Bioventures Inc.)

We have audited the accompanying consolidated financial statements of AbraPlata Resource Corp. (formerly Angel Bioventures Inc.) (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2016 and 2015 and the consolidated statements of operations and comprehensive income (loss), changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 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 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 involves evaluating the appropriateness of the 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, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016 and 2015 and its financial performance and its 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 of the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

April 26, 2017

ABRAPLATA RESOURCE CORP.
(formerly Angel Bioventures Inc.)
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	December 31, 2016 $	December 31, 2015 $
Assets		
Current assets		
Cash	97	2,379
Amounts receivable	1,503	1,198
Loan receivable (Note 3)	380,000	–
Total assets	381,600	3,577
Liabilities and Shareholders' Deficit		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	4,915	223,109
Due to related parties (Note 5)	–	268,500
Loans payable (Note 6)	415,767	60,856
Total liabilities	420,682	552,465
Shareholders' deficit		
Share capital	17,138,933	17,138,933
Share-based payment reserve	1,357,753	1,357,753
Deficit	(18,535,768)	(19,045,574)
Total shareholders' deficit	(39,082)	(548,888)
Total liabilities and shareholders' deficit	381,600	3,577

Nature of operations and continuance of business (Note 1)
Subsequent events (Note 12)

Approved and authorized for issuance on behalf of the Board of Directors on April 26, 2017:

/s/ "Ken Ralfs""
Ken Ralfs, Director

/s/ "Glen Macdonald"
Glen Macdonald, Director

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

ABRAPLATA RESOURCE CORP.
(formerly Angel Bioventures Inc.)
Consolidated Statements of Operations and Comprehensive Income (Loss)
(Expressed in Canadian dollars)

	Year ended December 31, 2016 $	Year ended December 31, 2015 $
Expenses		
General and administrative	15,110	30,858
Management fees (Note 5)	20,000	30,000
Professional fees	6,190	9,445
Transfer agent and filing fees	24,873	16,519
Total expenses	66,173	86,822
Net loss before other income (expense)	(66,173)	(86,822)
Other income (expense)		
Recovery of reclamation costs	–	2,765
Gain on forgiveness of debt (Notes 4, 5, and 6)	606,305	–
Financing fee (Note 3)	(20,000)	–
Interest expense	(10,326)	(10,882)
Total other income (expense)	575,979	(8,117)
Net income (loss) and comprehensive income (loss) for the year	509,806	(94,939)
Earnings (loss) per share, basic and diluted	0.09	(0.02)
Weighted average shares outstanding	5,944,220	5,944,220

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

ABRAPLATA RESOURCE CORP.
(formerly Angel Bioventures Inc.)
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share capital		Share-based payment reserve	Deficit	Total shareholders' deficit
	Number of shares	Amount $	$	$	$
Balance, December 31, 2014	5,944,220	17,138,933	1,357,753	(18,950,635)	(453,949)
Net loss for the year	–	–	–	(94,939)	(94,939)
Balance, December 31, 2015	5,944,220	17,138,933	1,357,753	(19,045,574)	(548,888)
Net income for the year	–	–	–	509,806	509,806
Balance, December 31, 2016	5,944,220	17,138,933	1,357,753	(18,535,768)	(39,082)

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

ABRAPLATA RESOURCE CORP.

(formerly Angel Bioventures Inc.)
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended December 31, 2016 $	Year ended December 31, 2015 $
Operating activities		
Net income (loss)	509,806	(94,939)
Items not involving cash:		
Gain on forgiveness of debt	(606,305)	–
Changes in non-cash operating working capital:		
Amounts receivable	(305)	(115)
Advances receivable	–	6,700
Accounts payable and accrued liabilities	20,450	49,755
Due to related parties	20,000	30,000
Net cash used in operating activities	(56,354)	(8,599)
Investing activities		
Issuance of loan receivable	(380,000)	–
Net cash used in investing activities	(380,000)	–
Financing activities		
Proceeds from issuance of loans payable	434,072	10,856
Net cash provided by financing activities	434,072	10,856
Increase (decrease) in cash	(2,282)	2,257
Cash, beginning of year	2,379	122
Cash, end of year	97	2,379
Supplemental disclosures:		
Interest paid	–	–
Income taxes paid	–	–

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

1. Nature of Operations and Continuance of Business

AbraPlata Resource Corp. (formerly Angel Bioventures Inc.) (the "Company") was incorporated on August 31, 1993 under the Alberta Business Corporations Act. On September 30, 2015, the Company's incorporation jurisdiction was moved to British Columbia. The Company's registered office is located at Suite 203, 209 Granville Street, Vancouver, BC, V6C 1T2. The Company was a resource exploration company in the business of acquiring and exploring mineral properties until August 28, 2013 when the Company changed its name to Angel Bioventures Inc. On March 23, 2017, the Company changed its name to AbraPlata Resource Corp.

On September 16, 2016, the Company signed a binding Letter of Intent ("LOI") with Huayra Minerals Corporation ("Huayra"). The LOI set out the key terms of the proposed acquisition by the Company of 100% of the issued and outstanding securities of Huayra.

Huayra is a mineral exploration and development company engaged in the acquisition, exploration and development of mineral resource properties in Argentina. Huayra has an agreement (the "SSR Agreement") with Silver Standard Resources Inc. ("Silver Standard") to acquire an indirect 100% interest in the Diablillos and M-18 properties in Salta and Chubut Provinces, Argentina. Huayra also has rights in the Cerro Amarillo property in the Province of Mendoza, Argentina and the Samenta property in the Province of Salta, Argentina.

On November 15, 2016, the Company and its wholly-owned subsidiary, 1096494 BC Ltd., entered into a definitive merger agreement (the "Merger Agreement") with Huayra. Under the terms of the Merger Agreement, Huayra and 1096494 BC Ltd. will amalgamate (the "Amalgamation") and the amalgamated company will become a wholly-owned subsidiary of the Company. The Amalgamation is an arm's length transaction and will constitute a "reverse takeover" pursuant to the policies of the TSX Venture Exchange (the "Exchange"). Pursuant to the terms of the Merger Agreement, the Company intends to undertake a concurrent financing of not less than $1,500,000 to meet the initial listing requirements of the Exchange (the "Concurrent Financing").

Prior to the implementation of the Amalgamation, the Company will be continued from Alberta to British Columbia (the "Continuation"). Pursuant to the Amalgamation, the Company will acquire all of the issued and outstanding Class A common shares of Huayra in exchange for a like number of common shares of the Company.

Upon the Amalgamation becoming effective, it is anticipated that the Company will carry on the current business of Huayra. In this regard, the Company will enter into an agreement with Silver Standard (the "SSR Agreement") providing for the Company's assumption of all of Huayra's obligations under the SSR Agreement. Such obligations include, but are not limited to, Silver Standard's right under the SSR Agreement to: (i) a free carried equity interest in the Company until the completion of a public offering of $5,000,000 million or more; (ii) participate in future equity financings to maintain its ownership level in the Company for as long as Silver Standard continues to hold more than ten percent of the then issued and outstanding shares of the Company on a non-diluted basis; (iii) receive cash payments of approximately $1,500,000 million over the first two years and $12,500,000 million over the following three to five years; and (iv) a 1% net smelter returns royalty on production from each of the projects. The Company also proposes to list as a Tier 2 Mining Issuer on the Exchange.

As a condition precedent to the Amalgamation, the Company will undertake the Concurrent Financing to raise not less than $1,500,000 in order for the Company to meet the initial listing requirements of the Exchange. The securities to be issued in the Concurrent Financing will consist of 6,000,000 subscription receipts of the Company at a price of not less than $0.25 per share.

1. Nature of Operations and Continuance of Business (continued)

Each subscription receipt will, subject to the prior implementation of the Amalgamation, be automatically converted, for no additional consideration, into one (1) AbraPlata Share. Prior to the implementation of the Amalgamation, the gross proceeds of the Concurrent Financing will be deposited in escrow. Upon implementation of the Amalgamation, the gross proceeds from the Concurrent Financing will be released from escrow to the Company. If the Amalgamation is not implemented on or before December 15, 2016 or such later date as the parties to the Merger Agreement otherwise agree and, as a result, the Merger Agreement is terminated, then the gross proceeds from the Concurrent Financing will be returned to the subscribers to the Concurrent Financing and the subscription receipts will be cancelled.

The implementation of the Amalgamation is subject to a number of conditions, including but not limited to, the completion of the Continuation, completion of the Concurrent Financing, approval of the Amalgamation by the board of directors and security holders of the Company, 1096494 BC Ltd., and Huayra and regulatory approval including approval of the Exchange. The Amalgamation cannot close until the requisite approvals are obtained.

The Company also entered into an amended and restated merger agreement with 1096494 BC Ltd. and Huayra as of February 27, 2017 to replace and supersede the Merger Agreement and address certain corporate matters.

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2016, the Company has a working capital deficit of $39,082 and has an accumulated deficit of $18,535,768. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Basis of Presentation

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

These consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is the Company's functional currency.

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, 1096494 BC Ltd., as of November 14, 2016 (date of incorporation). All significant intercompany balances and transactions have been eliminated on consolidation.

2. Significant Accounting Policies (continued)

(b) Use of Estimates and Judgments

The preparation of the consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and judgments 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. The impacts of such estimates and judgments are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates and judgments are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. Actual results could differ from these estimates.

Significant areas requiring the use of accounting estimates and assumptions include the recoverability of loan receivable and unrecognized deferred income tax assets. Judgments made by management in the application of IFRS that have a significant effect on the consolidated financial statements include the application of the going concern assumption which requires management to take into account all available information about the future, which is at least but not limited to, 12 months from the year end of the reporting period.

(c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of change in value to be cash equivalents.

(d) Financial Instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss is stated at fair value with any gain or loss recognized in the consolidated statement of operations. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. Cash is classified as fair value through profit or loss.

2. Significant Accounting Policies (continued)

(d) Financial Instruments

(i) Non-derivative financial assets

Held-to-maturity investments

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to the consolidated statement of operations. The Company does not have any assets classified as available-for-sale.

Loans and receivables

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

Impairment of financial assets

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to the consolidated statement of operations in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of operations.

2. Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

(i) Non-derivative financial assets (continued)

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through the consolidated statement of operations are not reversed through the consolidated statement of operations. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

(ii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities, loans payable, and amounts due to related parties.

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

(iii) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(e) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the consolidated statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Significant Accounting Policies (continued)

(e) Income Taxes (continued)

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(f) Earnings/Loss Per Share

Basic earnings (loss) per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at December 31, 2016 and 2015, the Company had no potentially dilutive shares.

(g) Comprehensive Loss

Comprehensive income (loss) is the change in the Company’s net assets that results from transactions, events and circumstances from sources other than the Company’s shareholders and includes items that are not included in the consolidated statement of operations. The Company does not have any items affecting comprehensive income or loss.

(h) Share-based Payments

The Company grants share-based awards to employees, directors, and consultants as an element of compensation. The fair value of the awards is recognized over the vesting period as share-based compensation expense and share-based payment reserve. The fair value of share-based payments is determined using the Black-Scholes option pricing model using estimates at the date of the grant. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management’s best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognized in the consolidated statement of operations with a corresponding entry within equity, against share-based payment reserve. No expense is recognized for awards that do not ultimately vest. When stock options are exercised, the proceeds received, together with any related amount in share-based payment reserve, are credited to share capital.

Share-based payments arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, unless the fair value cannot be estimated reliably. If the Company cannot reliably estimate the fair value of the goods or services received, the Company will measure their value by reference to the fair value of the equity instruments granted.

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(i) Future Changes in Accounting Standards

A number of new standards, and amendments to standards and interpretations, are effective for the year ended December 31, 2016, and have not been applied in preparing these consolidated financial statements.

IFRS 9, *Financial Instruments* (New)

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. Loan Receivable

As at December 31, 2016, the Company has a loan receivable from Huayra of $380,000 for a loan of $400,000 net of financing fees of $20,000. The loan receivable is unsecured, non-interest bearing, and is due on demand.

4. Accounts Payable and Accrued Liabilities

	2016 $	2015 $
Trade payables	4,915	192,028
Accrued interest payable	–	31,081
	4,915	223,109

During the year ended December 31, 2016, creditors forgave $238,644 of trade payables and accrued interest payable owing from the Company.

5. Related Party Transactions

(a) During the year ended December 31, 2016, the Company incurred $20,000 (2015 - $30,000) of management fees to the Chief Executive Officer of the Company.

(b) During the year ended December 31, 2016, the Chief Executive Office of the Company forgave $251,000 of management fees owed by the Company. As at December 31, 2016, the Company owed $nil (2015 - $231,000) to the Chief Executive Officer of the Company for management fees, which is unsecured, non-interest bearing, and due on demand.

(c) During the year ended December 31, 2016, a director of the Company forgave $37,500 of management fees owed by the Company. As at December 31, 2016, the Company owed $nil (2015 - $37,500) to a director of the Company for management fees, which is unsecured, non-interest bearing, and due on demand.

6. Loans Payable

(a) As at December 31, 2016, the Company owed $nil (2015 - $30,000) to a non-related company. The amount owing was unsecured, bore interest at 10% per annum compounded semi-annually, and was due on September 20, 2016. During the year ended December 31, 2016, the non-related company forgave $30,000 owing from the Company.

(Expressed in Canadian dollars)

6. Loans Payable (continued)

(b) As at December 31, 2016, the Company owed $nil (2015 – $20,000) to a non-related company. The amount owing was unsecured, bore interest at 20% per annum compounded monthly, and was due on demand. During the year ended December 31, 2016, the non-related company forgave $20,000 owing from the Company.

(c) As at December 31, 2016, the Company owed $nil (2015 - $10,856) to a non-related party. The amount owing was secured by a general security agreement, bore interest at 8% per annum compounded semi-annually, and was due on demand. During the year ended December 31, 2016, the non-related party provided an additional $18,305 of funding for the Company. In November 2016, the non-related party forgave $29,161 of amounts owing from the Company.

(d) As at December 31, 2016, the Company owed $15,767 (2015 - $nil) to Huayra. The amount owing is unsecured, non-interest bearing, and due on demand.

(e) As at December 31, 2016, the Company owed $400,000 (2015 - $nil) to a non-related company. The amount owing is unsecured, non-interest bearing, and due on the date of completion of the Amalgamation or on demand.

7. Share Capital

Authorized: Unlimited common shares without par value
Unlimited first preferred shares without par value
Unlimited second preferred shares without par value

On March 2, 2015, the Company effected a ten-for-one reverse split of its issued and outstanding common shares, which was applied on a retroactive basis.

8. Share Purchase Warrants

	Number of warrants	Weighted average exercise price $
Balance, December 31, 2014	1,090,000	0.70
Expired	(1,090,000)	(0.70)
Balance, December 31, 2015 and 2016	–	–

9. Financial Instruments and Risks

(a) Fair Values

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, December 31, 2016 $
Cash	97	–	–	97

The fair values of other financial instruments, which include amounts receivable, loan receivable, accounts payable and accrued liabilities, amounts due to related parties, and loans payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

(Expressed in Canadian dollars)

9. Financial Instruments and Risks (continued)

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash, amounts receivable, and loan receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Amounts receivable consists of GST refunds due from the Government of Canada. Loan receivable consist of investments with Huayra. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

10. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2015.

11. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2016 $	2015 $
Canadian statutory income tax rate	26%	26%
Income tax payable (recovery) at statutory rate	132,550	(24,684)
Tax effect of:		
Change in unrecognized deferred income tax assets	(132,550)	24,684
Income tax provision	–	–

(Expressed in Canadian dollars)

11. Income Taxes (continued)

The significant components of deferred income tax assets and liabilities are as follows:

	2016 $	2015 $
Deferred income tax assets		
Non-capital losses carried forward	462,083	592,293
Share issuance costs	4,680	7,020
Property and equipment	4,135	4,135
Resource properties	588,793	588,793
Total deferred income tax assets	1,059,691	1,192,241
Unrecognized deferred income tax assets	(1,059,691)	(1,192,241)
Net deferred income tax assets	–	–

As at December 31, 2016, the Company has non-capital losses carried forward of $1,777,244, which are available to offset future years' taxable income. These losses expire as follows:

	$
2027	23,805
2029	549,163
2030	444,273
2031	257,646
2032	152,844
2033	135,292
2034	109,582
2035	104,639
	1,777,244

The Company also has available mineral resource related expenditure pools totalling $2,264,588, which may be deducted against future taxable income on a discretionary basis.

12. Subsequent Events

(a) On March 30, 2017, the Company completed a share split of its common shares on the basis of 5 new common shares for 1 existing common share. All common shares and per common share amounts in these consolidated financial statements have been retroactively restated to reflect the effects of the share split.

(b) On April 24, 2017, the Merger Agreement with Huayra was completed and Huayra became a wholly-owned subsidiary of the Company. As part of the completion of the Merger Agreement, the Company raised gross proceeds of $2,863,100 for the issuance of 9,543,663 common shares at an issuance price of $0.30 per share. As part of the financing, the Company will pay finders' fees equal to 8% of gross proceeds received from subscribers sourced by the finders, and issued 763,493 finders warrants, where each finders warrant is exercisable into one common share for a period of one year at an exercise price of $0.30 per share until October 24, 2017 and $0.50 per share thereafter.