PASINEX RESOURCES LIMITED

Consolidated Financial Statements

Year Ended December 31, 2015

(Expressed in Canadian Dollars)

Management's Responsibility

To the Shareholders of Paxinex Resources Limited (the "Company"):

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

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

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board of Directors is also responsible for recommending the appointment of the Company's external auditors.

MNP LLP is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

(signed)	(signed)
Steven Williams *CEO and director*	*Victor Wells* *Director*

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Pasinex Resources Limited:

We have audited the consolidated financial statements of Pasinex Resources Limited and its subsidiaries (the "Company") which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, the consolidated statements of operations and comprehensive income (loss), changes in shareholders' equity (deficit), and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or misstatement.

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 an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or misstatement. 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 assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

We believe that the audit evidence obtained 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, 2015 and 2014, and the results of its operations 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 2 of these consolidated financial statements, which discloses matters and conditions that indicate the existence of a material uncertainty which that may cast significant doubt about the Company's ability to continue as a going concern.

MNP LLP

April 28, 2016
Vancouver, BC

Chartered Professional Accountants

Pasinex Resources Limited

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

		2015		2014
Assets				
Current				
Cash and cash equivalents	$	**25,749**	$	151,045
GST/HST/VAT receivable		**4,035**		6,852
Other receivables		**2,238**		2,961
Prepaid expenses and deposits		**43,894**		42,558
Share subscription receivable (Note 13)		**92,500**		27,500
Marketable securities (Note 5)		**17,160**		16,567
		185,576		247,483
Due from related parties (Note 13)		**547,828**		372,679
Investment in joint venture (Note 9)		**377,794**		61,974
Equipment (Note 8)		**31,439**		48,072
Exploration and evaluation assets (Note 10)		**1,226,226**		1,051,247
	$	**2,368,863**	$	1,781,455
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 7)	$	**289,595**	$	160,090
Due to related parties (Note 13)		**92,306**		24,492
		381,901		184,582
Shareholders' equity				
Share capital (Note 11)		**8,781,434**		7,645,473
Share subscriptions received		**-**		19,800
Reserves (Note 12)		**1,208,833**		1,193,566
Deficit		**(7,868,912)**		(7,188,103)
Accumulated other comprehensive (loss)		**(134,393)**		(73,863)
		1,986,962		1,596,873
	$	**2,368,863**	$	1,781,455

Approval on behalf of the Board of Directors:

"Steven Williams" — Director

"Victor Wells" — Director

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

Pasinex Resources Limited

Consolidated Statements of Operations and Comprehensive Loss
For the years ended December 31, 2015 and 2014
(Expressed in Canadian dollars)

		2015		2014
Expenses				
Administrative fees	**$**	**150,000**	$	150,000
Advertising and promotions		**93,003**		178,245
Amortization		**15,046**		21,967
Consulting and management fees (Note 13)		**479,469**		336,961
Investor relations		**56,867**		54,573
Office and general		**43,083**		47,231
Professional fees		**75,760**		87,623
Project investigation costs		**92,435**		-
Share-based payments		**15,068**		233,632
Supplies and equipment		**8,527**		4,698
Transfer agent and regulatory authorities fees		**20,665**		23,181
Travel and meals		**95,672**		110,541
		(1,145,595)		(1,248,652)
Other income (expenses)				
Unrealized gain (loss) on marketable securities		**1,427**		1,318
Interest income		**167**		153
Equity gain (loss) from joint venture (Note 9)		**417,042**		(5,887)
Other income (expense) (Note 9(a))		**71,122**		(14,080)
Gain (loss) on disposition of marketable securities		**-**		17,350
Foreign exchange gain (loss)		**(19,387)**		(8,980)
Impairment of mineral properties		**(5,585)**		(239,645)
		464,786		(249,771)
Net income (loss) for the year		**(680,809)**		(1,498,423)
Other comprehensive income (loss)				
Currency translation adjustment		**(60,530)**		4,193
Comprehensive income (loss) for the year		**(741,339)**		(1,494,230)
Basic and diluted earnings (loss) per share	**$**	**(0.01)**	$	(0.02)
Weighted average number of common shares outstanding – basic and diluted		**82,472,473**		69,938,488

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

Pasinex Resources Limited

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Share Subscription Received	Reserves	Deficit	Accumulated Other Comprehensive (Loss)	Total
Balance, December 31, 2013	**59,839,836**	**$ 5,542,917**	**$ -**	**$1,051,855**	**$ (5,689,680)**	$ (78,056)	**$ 827,036**
Shares issued for property acquisition (Note 10)	550,000	27,500	-	-	-	-	27,500
Shares issued for cash (Note 11)	15,972,140	1,569,482	-	-	-	-	1,569,482
Shares issued for debt (Note 11)	2,877,718	287,772	-	-	-	-	287,772
Warrants exercised (Note 11)	1,384,615	299,999	-	(111,538)	-	-	188,461
Share issue costs	60,000	(82,197)	-	19,617	-	-	(62,580)
Share subscriptions received	-	-	19,800	-	-	-	19,800
Share based payments (Note 12)	-	-	-	233,632	-	-	233,632
Currency translation adjustment	-	-	-	-	-	4,193	4,193
Net loss for the year	-	-	-	-	(1,498,423)	-	(1,498,423)
Balance, December 31, 2014	**80,684,309**	**$ 7,645,473**	**$ 19,800**	**$1,193,566**	**$ (7,188,103)**	$ (73,863)	**$ 1,596,873**
Shares issued for property acquisition (Note 10)	1,100,000	132,000	-	-	-	-	132,000
Shares issued for cash (Note 11)	11,187,315	613,966	(19,800)	-	-	-	594,166
Shares issued for debt (Note 11)	7,820,685	391,034	-	-	-	-	391,034
Share based payments (Note 12)	-	-	-	15,068	-	-	15,068
Share issuance costs	-	(1,039)	-	199	-	-	(840)
Currency translation adjustment	-	-	-	-	-	(60,530)	(60,530)
Net loss for the year	-	-	-	-	(680,809)	-	(680,809)
Balance, December 31, 2015	**100,792,309**	**$ 8,781,434**	**$ -**	**$1,208,833**	**$ (7,868,912)**	**$ (134,393)**	**$ 1,986,962**

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

Pasinex Resources Limited
Consolidated Statements of Cash Flows
For the years ended December 31, 2015 and 2014
(Expressed in Canadian dollars)

		2015		2014
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss) for the year	**$**	(680,809)	$	(1,498,423)
Adjustment for items not involving cash:				
Unrealized (gain) loss on marketable securities		(1,427)		(1,318)
Amortization		15,046		21,967
Impairment of mineral property		5,585		239,645
(Gain) loss on disposition of marketable securities		-		(17,350)
Share based payments		15,068		233,632
Equity gain on affiliates		(315,968)		5,886
Changes in non-cash operating working capital:				
HST/VAT receivable		2,817		(225)
Other receivables		567		(1,836)
Prepaid expenses and deposits		(1,802)		(22,267)
Accounts payable and accrued liabilities		385,250		193,559
Due from related parties		(190,115)		(384,044)
Due to related parties		202,673		-
Net cash flows from (used in) operating activities		(563,115)		(1,194,774)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Exploration and evaluation assets		(88,127)		(437,950)
Equipment acquisitions		(1,189)		(7,208)
Investment in joint venture		-		(49,738)
Sale of marketable securities		-		98,350
Net cash flows from (used in) investing activities		(89,316)		(396,546)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Issuance of shares for cash, net of share issue costs		528,326		1,667,864
Shares for asset acquisition		-		19,800
Net cash flows from (used in) financing activities		528,326		1,687,664
Increase (decrease) in cash and cash equivalents		(124,105)		96,344
Effect of exchange rate on cash and cash equivalents		(1,191)		8,664
Cash and cash equivalents, beginning of the year		151,045		46,037
Cash and cash equivalents, end of the year	**$**	25,749	$	151,045

Supplemental disclosure with respect to cash flows (Note 13)

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

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Pasinex Resources Limited ("Pasinex" or the "Company") is a publicly listed company incorporated in British Columbia on February 21, 2006, and on August 4, 2006, it continued out of British Columbia and into the British Virgin Islands. On September 21, 2006, the Company changed its principal business activity and developed its business plan to enter the convention industry principally in Macau. On July 10, 2008, in connection with the change of control, the Company continued into British Columbia as a mineral exploration company in the exploration stage, engaged in the acquisition, exploration and development of mineral properties in Turkey. The Company's shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "PSE" and on the Frankfurt Stock Exchange ("FSE") under the symbol "PNX". The head office, principal address and registered and records office of the Company are located at 1450 – 789 West Pender, Vancouver, BC, Canada, V6C 1H2 as of December 31, 2015. In 2016, the Company has relocated its head office and principal address to Suite 1000, 36 Toronto Street, Toronto, Ontario, Canada, M5C 2C5.

These consolidated financial statements for the year ended December 31, 2015, were authorized for issue by the Audit Committee and Board of Directors on April 28, 2016.

2. GOING CONCERN

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for at least the next twelve months and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several adverse conditions cast substantial doubt on the validity of this assumption. The Company is in the exploration stage and, accordingly, has not yet commenced revenue-producing operations. The Company's 50% owned Joint Venture has started to generate revenue in 2015 and, as a result, the Company has recognized an equity gain from the Joint Venture for the year ended December 31, 2015 (Note 9). However, the receipt of future proceeds from the Joint Venture as a result of the profitable mining operation is uncertain and indeterminable at this time. The Company has incurred losses since inception and has an accumulated deficit as at December 31, 2015 of $7,868,912 (2014 - $7,188,103). At December 31, 2015, the Company had a working capital deficiency of $196,325 (2014 – working capital surplus of $62,901). The ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing required to maintain its operations, and to ultimately attain future profitable operations. Management expects the Company to continue as a going concern and plans to meet any financing requirements through equity financing and seeking other business opportunities to expand the Company's operations. The outcome of these matters cannot be predicted at this time and there are no assurances that the Company will be successful in achieving its goals. The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its mineral property interests in Turkey, the attainment of profitable mining operations through its Joint Venture or the receipt of proceeds from the disposition of its mineral property interests. Management is actively engaged in the review and due diligence on opportunities of merit in the mining sector and is seeking to raise the necessary capital to meet its funding requirements. There is, primarily as a result of the conditions described above, significant doubt as to the appropriateness of the use of the going concern assumption.

The Company is not expected to be profitable during the ensuing twelve months and therefore must rely on securing additional funds from either equity financing or loan from shareholders or directors for cash consideration. During the year ended December 31, 2015, the Company received gross cash proceeds of $501,666 (2014 - $1,569,482) from the completion of private placements. Though the Company has been successful at raising funds, there is no assurance that it will continue to generate sufficient funds for future operations.

3. BASIS OF PRESENTATION

a) Statement of Compliance

These consolidated statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

b) Basis of Measurement

These consolidated financial statements have been prepared on a historical costs basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are measured at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting.

c) Use of Estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and related disclosure. Judgement is used mainly in determining how a balance or transaction should be recognized in the consolidated financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. Actual results may differ from these estimates.

Significant areas where management's judgement has been applied include:

- Economic recoverability and probability of future economic benefits of exploration, evaluation and development costs – Management has determined that exploratory drilling, evaluation, development and related costs incurred which have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic information, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.
- Functional currency – The functional currency for the Company's subsidiary and investment in joint venture, is the currency of the primary economic environment in which the entity operates. The Company has determined the functional currency of each entity in Turkey is the New Turkish Lira (TRY). Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.
- Joint Venture – Pursuant to the Joint Venture Agreement between Pasinex Arama ve Madencilik AS ("Pasinex Arama") and Akmetal Madencilik Sanayi ve Ticaret A.S. ("Akmetal") dated January 17, 2013, the Company has determined the Joint Venture is a form of joint venture and the Company is required to account for its shares in the joint venture company by using the equity method.
- Going concern – Significant judgments used in the preparation of these consolidated financial statements include, but are not limited to those relating to the assessment of the Company's ability to continue as a going concern.
- Deferred taxes - deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that is probable that future taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax assets and unused tax losses can be utilized. In addition, the valuation of tax credits receivable requires management to make judgements on the amount and timing of recovery. As of December 31, 2015, the Company has not recognized any deferred income tax assets.

Significant areas requiring the use of management estimates and assumptions include:

- The inputs used in assessing the recoverability of deferred tax assets to the extent that the deductible temporary differences will reverse in the foreseeable future and that the Company will have future taxable income;

3. BASIS OF PRESENTATION (continued)

- Management's assumption that there are currently no decommissioning liabilities is based on the facts and circumstances that have existed during the year; and
- The inputs used in accounting for share-based payment expenses.

4. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements include the financial statements of Pasinex and its subsidiaries listed below:

			Equity Interest	
	Jurisdiction	Nature of Operations	2015	2014
Pasinex Arama	Turkey	Mineral exploration	100%	100%

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Pasinex and its subsidiaries are collectively referred to as the "Company". All intercompany transactions, balances and unrealized gains and losses from intercompany transactions have been eliminated upon consolidation.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand; deposits in banks and highly liquid investments with an original maturity of three months or less. There were no cash equivalents as at December 31, 2015 and 2014.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is calculated using the straight-line or declining methods at the following annual rates:

Computer software	-	2 years on straight-line method
Fixtures and equipment	-	3-10 years on straight-line method
Mining equipment	-	30% on declining method
Vehicles	-	4 years on straight-line method

Additions during the year are amortized on a pro-rata basis based on the annual amortization amount.

Exploration and evaluation assets

Exploration and evaluation activities involve the search for minerals, the determination of technical feasibility, and the assessment of commercial viability of an identified resource.

Exploration and evaluation costs incurred prior to obtaining licenses are expensed in the period in which they are incurred. Once the legal right to explore has been acquired, exploration and evaluation costs incurred are capitalized. All capitalized exploration and evaluation costs are recorded at acquisition cost and are monitored for indications of impairment. Where there are indications of a potential impairment, an assessment is performed for recoverability. Capitalized costs are charged to the statement of comprehensive loss to the extent that they are not expected to be recovered.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets (continued)

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets are tested for impairment and transferred to "Mines under construction". There is no amortization during the exploration and evaluation phase.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Foreign currencies

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency of the parent company and the Canadian subsidiary is the Canadian dollar. The functional currency of Pasinex Arama is New Turkish Lira (TRY). The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At year-end, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the year-end. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit and loss.

Assets and liabilities of subsidiaries having a functional currency other than the Canadian dollar are translated at the rate of exchange at the reporting date. Revenues and expenses are translated at average rates for the periods, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. The resulting foreign currency translation adjustments are recognized in other comprehensive income ("OCI").

Financial instruments

Financial Assets

Financial assets are classified into one of the following categories: fair value through profit or loss, loans and receivables, available-for-sale, or held-to-maturity. The classification depends on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. Management determines the classification of its financial asset at initial recognition. The Company's accounting policy for each category is as follows:

(i) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term and are classified as current assets. Derivatives are also categorized as at fair value through profit or loss unless they are designated as hedges. Cash and cash equivalents are classified as at fair value through profit or loss and are measured at fair value. Marketable securities are classified as at fair value through profit or loss for those bought and held principally for the purpose of selling them in the near term and are reported at fair value, with unrealized gains and losses recognized in earnings.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(ii) Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as "trading" assets, have not been designated at fair value through profit or loss or as available-for-sale and for which the holder may recover substantially all of its initial investment, other than because of credit deterioration. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivable are derecognized or impaired, as well as through the amortization process. Other receivables and due from related parties are classified as loans and receivables. They are recorded at cost, which on initial recognition represents their fair value. Subsequent valuations are recorded at amortized cost using the effective interest method.

(iii)Available-For-Sale
Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally of the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale financial assets are carried at fair value with changes in fair value recognized in accumulated other comprehensive loss/income. The Company does not have any financial assets classified as available-for-sale.

(iv) Held-to-maturity
The 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 financial assets classified as held-to-maturity.

Impairment on Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

Financial liabilities are all classified as other financial liabilities, based on the purpose for which the liability was incurred. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. The Company's due to related parties, and accounts payable and accrued liabilities are classified as other financial liabilities.

Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Share-based payment transactions

The Company grants stock options to buy common shares of the Company to directors, officers and employees. The board of directors grants such options for periods of up to five years, which vest immediately and are priced at the previous day's closing price.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period of the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Where the terms of a stock option is modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

Joint venture

Pursuant to IFRS 11, Joint Arrangements, a venturer is required to classify its interest in a joint arrangement as a joint venture or joint operation. A joint venture will be accounted for using the equity method of accounting, whereas a joint operation will recognize the venturer's share of the assets, liabilities, revenue and expenses of the joint operation.

Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Warrants

The fair value of warrants is measured at grant date, using the Black-Scholes option pricing model. Warrants issued as a finder's fee is recognized as share issuance costs with a corresponding increase in contributed surplus. Proceeds from issuances of units consisting of shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is deferred based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is an indication of impairment, then the asset's recoverable amount is estimated.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss.

Earning/Loss per share

Basic earnings / loss per share is computed by dividing the net income or loss attributable to the owners of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings per share is determined by adjusting the earnings or loss attributable to the owners of the Company and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options and common share purchase warrants, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of "in-the-money" stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period.

In periods that the Company reports a net loss, per share amounts are not presented on a diluted basis as the result would be anti-dilutive.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Flow-through shares

The Company may, from time to time, issue flow-through common shares to finance its resource exploration activities. Canadian income tax law permits the Company to renounce to the flow-through shareholders the income tax attributes of resource exploration costs financed by such shares. Flow-through common shares are recognized in equity based on the quoted price of the existing shares on the date of the issue. The difference between the amounts recognized in common shares and the amount the investor pays for the shares is recognized as other liability which is reversed into earnings as eligible expenditures are incurred. The deferred tax impact is recorded prospectively upon renunciation of the related tax benefits, provided it is expected the Company will incur the required eligible expenditures.

When flow-through expenditures are renounced, a portion of the deferred tax assets that were not previously recognized are recognized as a recovery of deferred taxes in the statements of operations and comprehensive loss.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the “Look-back” Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

A number of new standards, amendments to standards and interpretations, are not yet effective for the year ended December 31, 2015, and have not been applied in preparing these consolidated financial statements. The following pronouncements are those that the Company considers most significant and are not intended to be a complete list of new pronouncements that effect the financial statements.

IFRS Standards Issued But not yet Effective

IFRS 9 Financial Instruments (“IFRS 9”)

In November 2009, the IASB issued IFRS 9 as the first step in its project to replace IAS 39, Financial Instruments: Recognition and Measurement. On July 24, 2014 the IASB issued the complete IFRS 9. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity’s business model and the contractual cash flows of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7, Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on the measurement of financial liabilities and de-recognition of financial instruments. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 with early adoption permitted, and must be applied retrospectively with some exemptions permitted. The Company does not expect the adoption of IFRS 9 to have a material effect on its consolidated financial statements.

IFRS 15 Revenue from contracts with customers

The standards on revenue from contracts with customers was issued on May 28, 2014 and is effectively for annual reporting periods beginning on or after January 1, 2018 for public entities with early adoption permitted. Entities have the option of using either full retrospective or modified retrospective approach to adopt the guidance. The Company is currently assessing the impact of this standard on its consolidated financial statements.

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS Standards Issued But not yet Effective (continued)

Amendments to IAS 1, Presentation of Financial Statements ("IAS 1")

On December 18, 2014, the IASB issued amendments to IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016 with early adoption permitted. The Company intends to adopt these amendments in its financial statements for the annual period beginning on January 1, 2016. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

IFRS 16, Leases ("IFRS 16")

On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company is evaluating the impact of adopting this standard on its consolidated financial statements.

5. MARKETABLE SECURITIES

	December 31, 2015		**December 31, 2014**	
	Cost $	Fair Market Value $	Cost $	Fair Market Value $
Mutual Funds	16,053	17,160	16,053	16,567
Total	16,053	17,160	16,053	16,567

There were no transactions for marketable securities during the last two fiscal years.

6. FINANCIAL INSTRUMENTS AND CAPITAL DISCLOSURES

In accordance with IFRS, the Company shall disclose the comparison of carrying amounts and fair values of the Company's financial instruments that are carried in the consolidated financial statements. As of December 31, 2015 and 2014, the fair values of the financial assets and liabilities approximate their carrying amounts due to the short-term maturities of these instruments, except for cash and cash equivalents and marketable securities. Marketable securities are measured at fair value based on price quotations at the reporting date.

The Company classifies its financial instruments using a fair value hierarchy as a framework for disclosing fair value of financial instruments based on inputs used to value the Company's investments. The hierarchy of inputs and description of inputs is described as follows:

Level 1 – fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – fair values are based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or
Level 3 – fair values are based on inputs for the asset or liability that are not based on observable market data, which are unobservable inputs.

(Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS AND CAPITAL DISCLOSURES (continued)

	Assets measured at fair value as at December 31, 2015			
	Level 1 **$**	**Level 2** **$**	**Level 3** **$**	**Total** **$**
At fair value through profit or loss				
Cash and cash equivalents	25,749	-	-	25,749
Marketable securities	17,160	-	-	17,160
	42,909	-	-	42,909

	Assets measured at fair value as at December 31, 2014			
	Level 1 **$**	**Level 2** **$**	**Level 3** **$**	**Total** **$**
At fair value through profit or loss				
Cash and cash equivalents	151,045	-	-	151,045
Marketable securities	16,567	-	-	16,567
	167,612	-	-	167,612

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies as set out herein. A discussion of the Company's use of financial instruments and their associated risk is provided below:

a) Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada and in Turkey. Management believes that the credit risk with respect to receivables is remote. The Company mitigates credit risk on these financial instruments by adhering to its investment policy that outlines credit risk parameters and concentration limits.

The maximum credit risk exposure relating to financial assets is represented by their respective carrying values as at the statements of financial position date.

b) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient capital to meet liabilities when due after taking into account the Company's holdings of cash that might be raised from equity financings. As at December 31, 2015, the Company had a cash balance of $25,749 (2014- $151,045) and current liabilities of $381,901 (2014 - $184,582). All of the Company's accounts payable and accrued liabilities have contractual maturities of less than 60 days and are subject to normal trade terms. The Company may manage its short term liquidity shortfall by obtaining additional loans from directors or by equity financing.

c) Market Risk

Market risk consists of currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

(Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS AND CAPITAL DISCLOSURES (continued)

i) Currency Risk - Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is considered to be in the exploration stage and has not yet developed commercial mineral interests, the underlying commodity price for minerals is impacted by changes in the exchange rate between the Canadian and United States dollar. Foreign currency risk also arises from the fluctuation in currency exchange between the Canadian dollar and TRY. The Company does not have significant exposure to currency risk with regards to its TRY denominated financial assets and financial liabilities.

ii) Interest Rate Risk - Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is currently not exposed to interest rate risk.

The Company manages its common shares, stock options and warrants as capital. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can continue to explore and develop its project for the benefit of its stakeholders. The Company is not subject to any externally imposed capital requirement.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the exploration and development of its mineral properties. The Board of Directors has not established quantitative capital structure criteria for management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business. The properties in which the Company currently has interest are in the exploration stage and the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and development and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. In order to facilitate the management of capital and maintenance and development of future mining sites, the Company may issue new equity, incur additional debt, option its properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of certain assets. The Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. The Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities of the Company are due to service providers, including regulatory fees, professional fees, consulting fees, and general office costs. All accounts payable and accrued liabilities for the Company fall due within the next 12 months.

8. EQUIPMENT

Cost	**Vehicles**	**Fixtures & Equipment**	**Mining Equipment**	**Total**
December 31, 2013	**$ 25,140**	**$ 22,660**	**$ 48,595**	**$ 96,395**
Additions/Disposals	-	7,208	-	7,208
Exchange adjustment	35	(30)	-	5
December 31, 2014	**$ 25,175**	**$ 29,838**	**$ 48,595**	**$ 103,608**
Additions/Disposals	-	1,189	-	1,189
Exchange adjustment	(1,288)	(1,515)	-	(2,803)
December 31, 2015	**$ 23,887**	**$ 29,512**	**$ 48,595**	**$ 101,994**

(Expressed in Canadian Dollars)

8. EQUIPMENT (continued)

Accumulated depreciation								
December 31, 2013	**$**	**7,720**	**$**	**7,139**	**$**	**17,263**	**$**	**32,122**
Additions/Disposals		7,696		6,417		9,400		23,513
Exchange adjustment		(54)		(45)		-		(99)
December 31, 2014	**$**	**15,362**	**$**	**13,511**	**$**	**26,663**	**$**	**55,536**
Additions/Disposals		4,549		5,274		6,580		16,403
Exchange adjustment		(745)		(639)		-		(1,384)
December 31, 2015	**$**	**19,166**	**$**	**18,146**	**$**	**33,243**	**$**	**70,555**
Net book value								
December 31, 2014	$	9,813	$	16,327	$	21,932	$	48,072
December 31, 2015	**$**	**4,721**	**$**	**11,366**	**$**	**15,352**	**$**	**31,439**

9. JOINT VENTURE WITH AKMETAL

On June 28, 2012, the Company, through its wholly-owned Turkish subsidiary, Pasinex Arama, signed a non-binding Letter of Intent ("LOI") with an arm's length Turkey based miner, Akmetal Madencilik Sanayi ve Ticaret A.S. ("Akmetal"), to form a 50 / 50 joint venture to explore for zinc and other associated commodities in the region between and around Horzum and Tufanbeyli, Adana Province, Turkey. Under the terms of the LOI it is proposed that a joint venture company will be formed and held 50 / 50 by the two parties and will be controlled by a board consisting of equal representatives of both Pasinex and Akmetal. Both partners will equally fund exploration and other general costs associated to the joint venture's course of business.

On October 29, 2012, the new joint venture company, Horzum Arama ve Isletme AS ("Joint Venture"), was formed while the Joint Venture Agreement had not been substantiated. On January 17, 2013, Pasinex Arama and Akmetal signed the Joint Venture Agreement effective the same day. During the year ended December 31, 2013, the Joint Venture acquired, through staking, one property in Turkey: Pinargozu. The property is located within the Turkish Provinces of Adana, and was acquired for the potential to host base and precious metals.

The initial capital of the Joint Venture company was determined to be a total of TRY 500,000 and Pasinex Arama is obligated for 50% of the total, being TRY 250,000. As at December 31, 2015, Pasinex Arama has paid TRY 161,050 in cash toward the total required capital. The investment in the joint venture is accounted for using the equity method.

	TRY ($)	CAD ($)
At December 31, 2013	36,962	18,470
Additional investment in joint venture	98,550	49,738
Loss from joint venture	(11,664)	(5,887)
Foreign exchange difference	-	(347)
At December 31, 2014	123,849	61,974
Gain from joint venture	886,757	417,042
Elimination of intercompany profit (a)	(214,914)	(101,074)
Foreign exchange difference	-	(148)
At December 31, 2015	795,692	377,794

(a) For the year ended December 31, 2015, the Company charged $580,448 (TRY$ 1,234,208) to the Joint Venture for the exploration costs spent on Pinargozu and one of the Horzum JV Properties, plus a 5% management fee. A portion of the costs were written off in prior year. As a result, 50% of the gain amounted to $101,074 was recognized as other income on the consolidated statements of operations for the year ended December 31, 2015. The gain was reduced by other expense of $29,952.

(Expressed in Canadian Dollars)

9. JOINT VENTURE WITH AKMETAL (continued)

The following is a summary of the financial statements of the Joint Venture:

Balance Sheet at December 31, 2015:

	TRY ($)	CAD ($)
Current assets		
Cash and prepaid expenses	1,027,199	487,714
Accounts receivable	10,356,818	4,917,417
Inventory	808,301	383,781
Non-current assets		
Plant and equipment	397,246	188,612
Property costs	2,210,335	1,049,467
Other non-current assets	410,488	194,901
Total Assets	15,210,387	7,221,892
Current liabilities	8,003,474	3,800,049
Due to JV partners	5,185,701	2,462,171
Share capital	500,000	237,400
Surplus (deficit)	1,521,212	707,832
Foreign exchange difference	-	14,440
	15,210,387	7,221,892

Statement of Operations for the Year Ended December 31, 2015:

	TRY ($)	CAD ($)
Gross sales	9,581,636	4,506,244
Cost of sales	(7,662,202)	(3,603,534)
General and administrative expenses	(145,919)	(71,085)
Net income for the year	1,773,515	831,625

As at December 31, 2015, the property costs for the Joint Venture includes the following expenditures:

Pinargozu Property cost details:	TRY ($)	CAD ($)
Deposits and guarantees	100,278	47,612
Preparation and development	2,110,057	1,001,855
Total	2,210,335	1,049,467

It should be noted that the Pinargozu license is held by the Joint Venture company. As such, the Pinargozu property exploration expenditures are reported on the balance sheet of the Joint Venture company Horzum AS. Any expenditures incurred by the Company on the Pinargozu license are recorded as due from the Joint Venture.

See also Note 13.

(Expressed in Canadian Dollars)

10. EXPLORATION AND EVALUATION ASSETS

The following schedule shows the property spending for the years ended December 31, 2015 and 2014:

	Murray Property	Horzum JV Properties	Dadak Property	Golcuk Property	Total
Balance, December 31, 2013	**$ 174,366**	**$ 172,800**	**$ 67,013**	**$ 411,824**	**$ 826,003**
Additions during the year –					
Acquisition costs – shares issued	-	-	-	27,500	27,500
License costs	-	45,385	-	37,020	82,405
Property exploration costs					
Assays	-	-	-	21,918	21,918
Miscellaneous expenses	-	-	-	12,440	12,440
Drilling	-	-	-	96,823	96,823
Fees	-	(472)	(318)	45,877	45,087
Field supplies and rentals	-	-	-	1,935	1,935
Geological and field personnel	-	66,321	-	45,936	112,257
Travel and accommodation	-	-	-	36,952	36,952
VAT receivable – mining activities	-	(3,405)	11	31,527	28,133
Total additions during the year	-	107,829	(307)	357,928	465,450
Foreign exchange adjustment	-	156	(4,236)	710	(3,370)
Impairment of mineral properties	(174,366)	-	(62,470)	-	(236,836)
Balance, December 31, 2014	**$ -**	**$ 280,785**	**$ -**	**$ 770,462**	**$ 1,051,247**
Additions during the year –					
Acquisition costs – cash	-	18,191	-	41,332	59,523
Acquisition costs – shares issued	-	-	-	132,000	132,000
Property exploration costs					
Assays	-	1,500	-	3,256	4,756
Field supplies and rentals	-	-	-	30	30
Geological and field personnel	-	12,224	-	3,099	15,323
Miscellaneous expenses	-	-	-	1,728	1,728
Travel and accommodation	-	-	-	915	915
VAT receivable – mining activities	-	404	-	415	819
Total additions during the year	-	32,319	-	182,775	215,094
Impairment of mineral properties	-	-	-	-	-
Foreign exchange adjustment	-	(12,658)	-	(27,457)	(40,115)
Balance, December 31, 2015	**$ -**	**$ 300,446**	**$ -**	**$ 925,780**	**$ 1,226,226**

Properties Held in Turkey

Horzum JV Properties

The Company, through Pasinex Arama, has acquired six properties in the vicinity of Horzum, Adana province, Turkey as part of the "Horzum generative" zinc exploration program, in addition to the 8 properties acquired during the nine months ended December 31, 2012. These properties were acquired to be included in the 50 / 50 joint venture with Akmetal and cover approximately 8,650 hectares within the Horzum area of Adana Province. During the year ended December 31, 2013, the Company determined that they would not be incurring future exploration costs. During the year ended December 31, 2015, $14,128 (2014 – $62,444) in exploration costs and $18,191 (2014 - $45,385) in license costs have been spent on the Horzum JV. As at December 31, 2015, the Company has only the Akkaya Property with its exploration license in good standing. The process to transfer of the license of the Akkaya Property to the Joint Venture is still ongoing, therefore the Company is capitalizing all costs spent on the property until the transfer takes place. See also Note 8.

10. EXPLORATION AND EVALUATION ASSETS (continued)

Golcuk Property

On July 19, 2012, the Company signed an option agreement (the "Agreement") with Eurasian Minerals Inc. ("Eurasian") and its wholly owned Turkish subsidiary, Eurasia Madencilik Ltd. STI, whereby Pasinex, through its wholly owned Turkish subsidiary, Pasinex Arama, can acquire a 100%-interest in the Golcuk Property ("Golcuk") located in northeast Turkey. Under the Agreement, Golcuk will be forthwith transferred to Pasinex Turkey.

As consideration, upon granting of the mining obligation extension, Pasinex issued common shares to Eurasian as follows:

(i) 500,000 shares within five (5) days after the granting of the extension (issued);
(ii) 500,000 common shares on the one year anniversary of the Initial Issuance Date (issued);
(iii) 1,000,000 common shares on the two year anniversary of the Initial Issuance Date (issued); and
(iv) 1,000,000 common shares on the three year anniversary of the Initial Issuance Date (issued subsequent to December 31, 2015).

Eurasian will retain a 2.9% Net Smelter Royalty on Golcuk which Pasinex has the option of buying down to 2% within six years of the Agreement date for consideration of $1,000,000.

Additionally, Pasinex will be required to complete minimum annual work commitments on the project as follows:

(i) $200,000 before the one year anniversary of the date of the transfer of Golcuk to Pasinex Turkey (the "Completion Date");
(ii) $250,000 before the two year anniversary of the Completion Date; and
(iii) $250,000 before the end of the four year anniversary of the Completion Date.

Golcuk is classified as an operational license under the Turkish government mining regulations. As such, the property requires, at a minimum, a small-scale mining operation to be carried out each year in order to satisfy its operational license, and each year, the project must process approximately 900 tonnes of ore. On the completion and acceptance of the Agreement, Pasinex was to file a request for a one-year extension in regard to the Company's small-scale mining obligation to the Turkish government. However, Pasinex applied for and obtained an Open Pit Application and management has determined that the granting of the Open Pit Application would replace the one-year extension requirement of the original option Agreement. The Company entered into an Amending Agreement with Eurasian to waive certain government requirement and the right to terminate the agreement. The Golcuk property was transferred to Pasinex Arama in September 2012.

During the year ended December 31, 2015, $9,443 (2014 – $293,408) in exploration costs and $173,332 (2014 - $64,520) in acquisition costs have been incurred on the Golcuk Property.

Dadak Property

On May 14, 2012, the Company acquired, through staking, the Dadak Property in the province of Afyon in Turkey. During the year ended December 31, 2015, $nil (2014 – $318) in exploration costs have been incurred and impaired, as the Company relinquished the property back to the government in order to focus on the Horzum and Golcuk properties.

Properties Held in Canada

Murray Property

The Company acquired a 100% interest in one mineral claim northeast of Yellowknife, Northwest Territories, known as the Murray Property pursuant to a Mineral Property Acquisition Agreement dated April 17, 2008, between the Company and Zimtu Capital Corp. ("Zimtu"). The Company acquired the Property for $15,509 cash. There was a 1% net smelter return royalty and a 1% gross overriding royalty on the Property, in favour of the original vendor of the property, which was relinquished on May 7, 2009. Zimtu is an arm's length party to the Company. During the year ended December 31, 2014, the Company impaired the property as the Company is now focused on its properties in Turkey and does not have any plans to pursue additional work on the property.

11. SHARE CAPITAL

a) Authorized: Unlimited common shares with no par value.

b) Issued:

During the year ended December 31, 2015

On February 6, 2015, the Company closed a non-brokered private placement of 910,000 units (the "Units") at a price of $0.11 per Unit for gross proceeds of $100,100. Each Unit consists of one common share and one half of a share purchase warrant (the "Warrant"). Each whole Warrant will be exercisable into one additional common share (the "Warrant Share") of the Company at $0.18 per Warrant Share for a period of two years from closing.

On February 12, 2015, the Company issued 1,000,000 common shares to Eurasian, valued at $120,000, in accordance with the Golcuk Property agreement (see Note 9). The Company also issued 100,000 common shares to Zimtu Capital Corp., valued at $12,000, for finder's fees in accordance with the Golcuk Property agreement.

On December 31, 2015, the Company closed a non-brokered private placement of 10,277,315 units (the "Units") at a price of $0.05 per Unit for gross proceeds of $513,866. Each Unit consists of one common share and one half of a share purchase warrant (the "Warrant"). Each whole Warrant will be exercisable into one additional common share (the "Warrant Share") of the Company at $0.10 per Warrant Share for a period of one year from closing. As at December 31, 2015, $92,500 of the funds were not yet collected, however all funds have been received subsequent to December 31, 2015.

On December 31, 2015, the Company issued 7,820,685 shares at a deemed value of $0.05 to various creditors for the settlement of debt valued at $391,034.

During the year ended December 31, 2014

On February 12, 2014, the Company issued 500,000 common shares to Eurasian, valued at $25,000, in accordance with the Golcuk Property agreement (see Note 9). The Company also issued 50,000 common shares to Zimtu Capital Corp., valued at $2,500, for finder's fees in accordance with the Golcuk Property agreement.

On April 7, 2014, the Company completed tranche 1 of a non-brokered private placement of 5,947,142 units (the "Units") at a subscription price of $0.07 per Unit for gross proceeds of $416,300. Each Unit consists of one common share and one-half of a share purchase warrant (the "Warrant"). Each whole Warrant is exercisable into one additional common share (the "Warrant Share") of the Company at $0.12 per Warrant Share for a period of three years from closing. The Company paid $18,304 in cash, and issued 27,200 broker warrants and 60,000 common shares to finders in connection with this private placement.

On April 22 2014, the Company completed tranche 2 of a non-brokered private placement of 1,449,460 units (the "Units") at a subscription price of $0.07 per Unit for gross proceeds of $101,462. Each Unit consists of one common share and one-half of a share purchase warrant (the "Warrant"). Each whole Warrant is exercisable into one additional common share (the "Warrant Share") of the Company at $0.12 per Warrant Share for a period of three years from closing.

On May 30, 2014, the Company issued 2,877,718 shares at a deemed value of $0.10 to Zimtu Capital Corp. ("Zimtu") for the settlement of debt valued at $287,772.

On June 30, 2014, 500,000 warrants were exercised at $0.15 per warrant, and 384,615 warrants were exercised at $0.10 per warrant, for total proceeds of $113,462. As a result, the Company allocated $61,538 from reserves.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

b) Issued: (continued)

On August 18, 2014, the Company closed a non-brokered private placement of 5,210,538 units (the “Units”) at a price of $0.13 per Unit for gross proceeds of $677,370. Each Unit consists of one common share and one half of a share purchase warrant (the “Warrant”). Each whole Warrant will be exercisable into one additional common share (the “Warrant Share”) of the Company at $0.20 per Warrant Share for a period of three years from closing. Finder’s fees are payable in connection with this private placement of $18,356 and 141,200 share purchase warrants. Each of the finder’s warrants are exercisable into a common share of the Company at $0.20 per share for a period of three years.

On December 17, 2014, 500,000 warrants were exercised at $0.15 per warrant, for total proceeds of $75,000. As a result, the Company allocated $50,000 from reserves.

On December 19, 2014, the Company closed a non-brokered private placement of 3,365,000 units (the “Units”) at a price of $0.11 per Unit for gross proceeds of $370,150. Each Unit consists of one common share and one half of a share purchase warrant (the “Warrant”). Each whole Warrant will be exercisable into one additional common share (the “Warrant Share”) of the Company at $0.18 per Warrant Share for a period of two years from closing. Finder’s fees are payable in connection with this private placement of $3,520 and 32,000 share purchase warrants. Each of the finder’s warrants are exercisable into a common share of the Company at $0.18 per share for a period of two years. The common shares issued will be restricted from trading for a four month hold period in accordance with applicable securities laws. As at December 31, 2014, $27,500 was included in other receivables and was subsequently received in January 2015.

c) Warrants:

Warrant transactions and the number of warrants outstanding are summarized as follows:

	2015		2014	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of year	11,484,821	$ 0.15	5,533,365	$ 0.15
Issued	5,593,658	$ 0.11	7,986,071	$ 0.14
Expired	(1,948,750)	$ 0.16	(650,000)	$ 0.15
Exercised	-	-	(1,384,615)	$ 0.14
Balance, end of year	15,129,729	$ 0.14	11,484,821	$ 0.15

The following warrants were outstanding and exercisable at December 31, 2015:

Expiry Date	Exercise Price	2015
December 11, 2016	$0.10	1,550,000
April 7, 2017	$0.12	2,973,572
April 22, 2017	$0.12	724,731
August 18, 2017	$0.20	2,605,268
December 19, 2016	$0.18	1,682,500
February 6, 2017	$0.18	455,000
December 31, 2016	$0.10	5,138,658
Total		15,129,729
Weighted average outstanding life of warrants		1.17 years

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

d) Agent Warrants:

Warrant transactions and the number of warrants outstanding are summarized as follows:

	2015		2014	
	Number of Agent Warrants	Weighted Average Exercise Price	Number of Agent Warrants	Weighted Average Exercise Price
Balance, beginning of year	258,800	$ 0.18	67,560	$ 0.16
Granted	16,800	$ 0.10	200,400	$ 0.19
Expired	(58,400)	$ 0.16	(9,160)	$ 0.15
Balance, end of year	217,200	$ 0.18	258,800	$ 0.18

The following agent warrants were outstanding and exercisable at December 31, 2015 and 2014:

Expiry Date	Exercise Price	2015	2014
July 2, 2015	$0.16	-	58,400
April 7, 2017	$0.12	27,200	27,200
August 18, 2017	$0.20	141,200	141,200
December 19, 2016	$0.18	32,000	32,000
December 31, 2016	$0.10	16,800	-
Total		217,200	258,800
Weighted average outstanding life of agent warrants		1.44 years	2.03 years

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its agent warrants granted. Accordingly, share issue costs of $199 (2014 - $19,617) were recognized during the year ended December 31, 2015.

The fair value of each agent warrant grant was calculated using the following weighted average assumptions:

	2015	2014
Expected life (years)	1 year	2-3 years
Interest rate	0.48%	1.01-1.24%
Volatility	87%	167-208%
Dividend yield	N/A	N/A
Grant date fair value	$0.01	$0.06-0.11

e) Shares held in escrow:

As at December 31, 2015, there are nil common shares of the Company held in escrow (2014 – 712,500).

(Expressed in Canadian Dollars)

12. SHARE-BASED PAYMENTS

The Company has a Stock Option Plan (the "Plan") in place under which it is authorized to grant options of up to 10% of its outstanding shares to officers, directors, employees and consultants. The exercise price of each option is to be determined by the Board of Directors but shall not be less than the discounted market price as defined by the CSE. The expiry date for each option should be for a maximum term of five years. The Plan was most recently approved at the Company's Annual General Meeting ("AGM) on June 17, 2015.

On March 14, 2014, 1,500,000 stock options were granted to directors, officers, and consultants of the Company at a price of $0.10, expiring on March 14, 2019. The stock options were 100% vested on issuance.

On December 19, 2014, 1,600,000 stock options were granted to directors, officers, and consultants of the Company at a price of $0.14, expiring on December 19, 2019. The stock options were 100% vested on issuance.

On May 8, 2015, 190,000 stock options were granted to officers and a consultant of the Company at a price of $0.14, expiring May 8, 2020. The stock options were 100% vested on issuance.

The following is a summary of option transactions under the Company's stock option plan for the years ended December 31, 2015 and 2014:

	2015		2014	
	Number of Options	Weighted Average Exercise Price	Number Options	Weighted Average Exercise Price
Balance, beginning of year	3,100,000	$ 0.12	250,000	$ 0.25
Granted	190,000	0.14	3,100,000	$ 0.12
Expired	-	-	(250,000)	$ 0.25
Balance, end of year	3,290,000	$ 0.12	3,100,000	$ 0.12

The following stock options were outstanding and exercisable as at December 31, 2015:

Expiry Date	Exercise Price	Number of Shares	Weighted Average Remaining Contractual Life (Years)
March 14, 2019	$ 0.10	1,500,000	3.20
December 19, 2019	$ 0.14	1,600,000	3.97
May 8, 2020	$ 0.14	190,000	4.36
	$ 0.12	3,290,000	3.64

The Company applies the fair value method in accounting for its stock options using the Black-Scholes pricing model. Accordingly, share based compensation costs of $15,068 (2014 - $233,632) were recognized during the year ended December 31, 2015. The fair value of each option grant was calculated using the following weighted average assumptions:

(Expressed in Canadian Dollars)

12. SHARE-BASED PAYMENTS (continued)

	2015	2014
Expected life (years)	5.00	5.00
Interest rate	1.02%	1.37-1.60%
Volatility	113%	123–131%
Dividend yield	N/A	N/A
Grant date fair value	$0.08	$0.06-0.09

13. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying consolidated financial statements are summarized below and include transactions with key management personnel, which includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Company during the year. The terms and conditions of these transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, or similar transactions to non-key management personnel related entities on an arm's length basis.

A summary of the related party transactions and balances is as follows:

Related Party Transactions	**2015** **$**	**2014** **$**
Management and consulting fees	204,050	257,072
Geological fees	10,300	66,150
Total	214,350	323,222

Amounts Due to Related Parties	**2015** **$**	**2014** **$**
Clinton Smyth	50,890	10,237
John Barry	-	5,087
Larry Seeley	2,872	-
Jody Bellefleur	12,600	-
Steven Williams	25,944	9,168
Total Amount Payable	92,306	24,492

These transactions are in the normal course of operations and have been valued in these financial statements at the amount of consideration established and agreed to by the related parties. Amounts due to related parties are unsecured, non-interest bearing and due on demand.

Pasinex Arama provides project management and technical management services to Akmetal for Akmetal's 100%-owned license, numbered IR-1179, located in the Adana area. The balance of receivable from Akmetal is $128,007 as of December 31, 2015 (2014 - $134,388). This property will be transferred to the Joint Venture pending approval from the Turkish government.

Pasinex Arama provides project management and technical management services to the Joint Venture for Pinargozu property and Horzum JV Properties which will be transferred to the Joint Venture. The balance of receivable from the Joint Venture is $419,821 as of December 31, 2015 (2014 -$238,291).

(Expressed in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS (continued)

As of December 31, 2015, the Company has a share subscription receivable of $75,000 from Larry Seeley, a director of the Company. The balance has been received subsequent to the year end.

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

		Year ended December 31, 2015		Year ended December 31, 2014
Income tax paid	$	-	$	-
Interest paid	$	-	$	-
Fair market value of agent warrants granted	$	199	$	19,617
Shares issued for debt	$	391,034	$	287,772
Shares issued for property	$	132,000	$	27,500

15. SEGMENT INFORMATION

The Company has one operating segment, acquisition, exploration and development of mineral properties. The table below shows consolidated data by geographic segment based on the location:

		December 31, 2015		December 31, 2014
Non-current assets by geographic segment				
Canada	$	-	$	-
Turkey		2,183,287		1,533,972
	$	2,183,287	$	1,533,972

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to confirm to the current year's consolidated financial statements presentation.

17. INCOME TAXES

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statement of operations and comprehensive loss for the years ended December 31, 2015 and 2014:

		2015		2014
Income (loss) before taxes:	**$**	(608,810)	**$**	(1,498,423)
Statutory tax rate		26.00%		26.00%
Expected income tax(recovery)		(177,011)		(389,590)
Non-deductible items		6,742		63,208
Change in estimates		46,824		(34,841)
Loss carryforwards expired		30,239		-
Functional currency adjustments		-		(39,774)
Share issuance costs		(270)		(21,371)
Foreign tax rate difference		(2,826)		13,282
Change in deferred tax asset not recognized		96,302		409,086
Total income taxes (recovery)	**$**	-	**$**	-

(Expressed in Canadian Dollars)

17. INCOME TAXES (continued)

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax assets (liabilities) at December 31, 2015 and 2014 are comprised of the following:

Canada

		2015		**2014**
Non capital loss carryforwards	$	1,309,948	$	1,137,006
Capital Losses		9,640		9,640
Equipment		495		3,095
Financing costs		17,724		33,317
		1,337,807		1,183,058
Deferred tax asset not recognized		1,337,807		1,183,058
Net deferred tax asset (liability)	$	-	$	-

Turkey

		2015		**2014**
Exploration and evaluation assets		(2,143)		12,945
Investment in joint venture		(60,266)		3,723
Net Operating loss carryforwards	$	182,476	$	161,848
		120,067		178,516
Deferred tax asset not recognized		120,067		178,516
Net deferred tax asset (liability)	$	-	$	-

The Company has non capital loss carryforwards of approximately $5,040,000 (2014: $ 4,373,000) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Canada

Expiry	$
2026	118,000
2027	132,000
2028	376,000
2029	648,000
2030	261,000
2031	529,000
2032	631,000
2033	671,000
2034	903,000
2035	771,000
Total	5,040,000

In addition, the Company has capital loss of $74,150 (2014: $74,150), which may be carryforward indefinitely and apply to reduce future capital gains.

The Company has net operating loss carryforwards of approximately $1,014,000 (2014: $809,000) which may be carried forward to apply against future year income tax for Turkish tax purposes.

(Expressed in Canadian Dollars)

17. INCOME TAXES (continued)

Turkey	
Expiry	$
2016	12,000
2017	199,000
2018	335,000
2019	110,000
2020	358,000
Total	1,014,000

18. SUBSEQUENT EVENTS

a) On February 11, 2016, the Company issued 1,000,000 common shares to Eurasian, valued at $60,000, in accordance with the Golcuk Property agreement (see Note 9). The Company also issued 100,000 common shares to Zimtu Capital Corp., valued at $6,000, for finder's fees in accordance with the Golcuk Property agreement.

b) A claim was initiated by CFT Muh Ltd Sti against the Company for consulting fee payment for a total amount of 261,214 TRY on March 17, 2016. Objection of the Company was filed on March 25, 2016. The parties signed a Statement of Compromise and Release on March 29, 2016. CFT Muh Ltd Sti agreed to waive its claim in return of a payment of $37,600 (80,000 TRY) by the Company, which has been accrued in accounts payable and accrued liabilities as of December 31, 2015.