CADAN RESOURCES CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2015

This Management Discussion and Analysis ("MD&A") of the financial condition and results of operations has been prepared as at April 29, 2016, and should be read in conjunction with Cadan Resources Corporation's (the "Company" or "Cadan") consolidated financial statements for the year ended December 31, 2015. The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed consolidated interim financial statements of the Company are presented on a consolidated basis with the Company's 40% owned Philippine affiliates, Batoto Resources Corporation ("BRC") and TMC Tribal Mining Corporation ("TMC") and a wholly owned subsidiary, and Tribal Processing Corporation, (collectively, the "Philippine Companies"),in accordance with IFRS. Except as otherwise disclosed, all dollar figures included therein, and in this MD&A, are reported in Canadian dollars.

The Company is a reporting issuer in the provinces of British Columbia and Alberta in Canada, and is listed on the TSX Venture Exchange under the trading symbol CXD, and on the Frankfurt Stock Exchange under the symbol A12F37.

To assist shareholders and potential investors to learn more about Cadan and its mineral projects, the Company maintains a website that provides information regarding its Philippine gold-silver and gold stockworks, and porphyry skarn copper-gold and gold projects. Readers are encouraged to visit the site at (www.cadanresources.com) as well as review the Company's press releases and other public filings available on SEDAR (www.sedar.com).

1. Forward Looking Statements

Certain information included in this MD&A, including management's assessment of the Company's future plans, constitutes forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. These risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except as required by applicable law.

2. Disclosure of Technical Information on Mineral Projects

References in this MD&A to mineral resources are estimates prepared pursuant to the requirements of National Instrument 43-101, *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators ("NI 43-101") as in effect on the date of the estimates. The definitions of the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in, and are required to be disclosed by, NI 43-101.

Technical aspects of this MD&A were approved by Howard Lahti, BSc Geology, MSc Geochemistry, PhD Litho-Geochemistry, Registered Professional Geoscientist of New Brunswick, who is a Qualified Person as defined by NI 43-101.

3. Company Overview

The Company is engaged in mine development and exploration at its T'Boli gold mine and exploration of precious and base metals at its other project areas located in the Philippines. Its immediate corporate objective is to bring the T'Boli mine into profitable production and provide, from cash flow, an adequate budget for the systematic exploration of its other project areas.

The Company's management and resources are currently focused on development, exploration and production activities at the T'Boli gold-silver mine which is located in south-central Mindanao, Philippines. The project's development activities include underground mine development, diamond drilling, mineralized rock production from development and stoping and processing of mineralized rock produced through the Company's facility at T'Boli. Surface exploration at the Batoto-Tarale gold prospect, located in East Mindanao, remains at minimum levels of expenditure and there has been no expenditure required at the Comval project which is subject to the commercial arrangement with Metallum Limited (ASX: MNE) ("Metallum").

4. Directors & Management

Mr. Peter Main	Director, Chief Executive Officer and Chief Operating Officer
Mr. Steve Woods	Director
Mr. Ryan Sanders	Director
Ms. Richelle L. Singson Michael	Director
Mr. Derick Sinclair, CPA, CA	Chief Financial Officer

5. Corporate Activity

Cadan has continued to build on its significant changes in FY2014 during 2015 and to date in 2016. The company worked aggressively on raising capital and developing a number of working models for bringing the T'Boli operation back into production. In what has been another very tough year in the resources and financial markets, Cadan has found it very difficult raising the required capital. However, it has been able to advance the T'Boli operation from a very low capital base. The main objective in 2015 was to significantly restructure the company's balance sheet to allow it to move forward with getting the T'Boli operation into production albeit initially at a slower rate. This process has been somewhat hindered by previous management making claims for payment. Cadan did achieve its key objectives and as of early FY2016 is progressing toward having the T'Boli operation back into production. Key milestones achieved during 2015 and to date in 2016:

- May 2015 – Cadan Cease traded for failing to complete its Financial Audit requirements for 2014 on or before 30th April 2015.
- May 2015 – Cadan signs Binding Heads of Agreement with Investor to raise US$2.0m $2.45m. Post the completion of the transaction the Investor, (highly regarded with extensive Philippine experience) will own in excess of 30% of Cadan.
- July 2015 – Cadan closes First Tranche of Private Placement. Cadan raised an additional $766,251 of a total planned capital raising and debt restructuring of $3m.
- July 2015 – Cadan closes Second Tranche of Private Placement. Raising an additional C$660,000, in addition it converted $1,239,810 from debt into equity as part of the planned financial restructuring.
- August 2015 – Cadan closes Private Placement with strategic Philippine Investor and reduces its debt. Cadan raised $2,196,000 and converts an additional $1,199,778 debt into equity. Total debt to equity conversion to date for 2015 equates to $2,439,588
- October 2015 – Revocation of Cease Trade Order. Cadan worked hard to get the Audited accounts completed and the company reinstated to the TSX Venture exchange. That now completed management is focused on getting the T'Boli project and company back on track moving toward production.
- October 2015 – Since July 2015 Cadan has worked on fixing its balance sheet through raising a total of $8,63m made up of $3.69m in new capital and total debt reduction and conversion to equity of $4.94m. a significant milestone for the company given the position of the company's balance sheet at the beginning of the FY2015
- November 2015 – Cadan commences commissioning at its T'Boli mine, having completed 4 months of rectification work on the processing plant. January 2016 – Cadan signs Binding Term Sheet for a $8.51m (US$6.4m) Debt Facility over 3 years. The facility will be funded in four stages based on agreed production targets. This medium term facility provides Cadan with the financial stability to get its T'Boli operation into full production.
- February 2016, Cadan's T'Boli plant achieves its nameplate production of 200 tonnes per day. A significant milestone for Cadan given since inception the T'Boli Operation had only previously achieved maximum output of 100 tonnes per day.

6. Direction

Since the granting of the Declaration of Mining Project Feasibility ("DMPF") by the Philippine government, on October 10, 2012, the Company has advanced capital mine development, on-lode strike development, diamond drilling and establishment of stoping operations, utilizing small scale narrow vein mining methods.

However, the Company was forced to change direction primarily due to mis-management from the operation through to the corporate resulting in Cadan struggling to source the required funding to keep the operation moving forward. The focus over the last 2 years has been to get Cadan back on track from what can only be described as a near death experience. The current management team took the hard decision to restructure the company which included a plan to restructure the debt and develop an operational plan at T'Boli that could be achieved. This has involved rebuilding trust and credibility with the T'Boli community and establishing relationships with the Governor and Congressman of the region. Historically these relationships were virtually non-existent.

Operationally, the focus over the last 18 months has been directed toward the development of an operational plan to recommence operations at T'Boli. Cadan announced toward the end of the year it had recommenced operations with the plant commencing commissioning in September 2015. First gold was delivered by the end of 2015, with the construction of the Portal and commencement of the mine decline only commencing early in 2016. Going forward into 2016 the primary goal is to progressively ramp up the T'Boli project toward full production from the mine at a rate in excess of 200 tonnes per day. And corporately complete the financial reconstruction of the Company.

7. Mineral Properties

The Company's material mineral properties are the T'Boli gold-silver deposit, the Batoto-Tarale gold prospect and its 20% interest in the Comval copper-gold deposits, all located on the Island of Mindanao in the Philippines. Currently, the Company's main focus is on recommencing development of the T'Boli epithermal gold-silver project. The Company plans to recommence gold and silver production along with restarting development and stoping activities underground.

T'Boli Gold-Silver Project

The T'Boli project is situated approximately 130 km southwest of Davao City, and 40 km west-northwest of General Santos City, in the Province of South Cotabato, Mindanao Island, Republic of the Philippines at 6.13' N latitude & 124.49' W longitude. TMC is the legal owner of licences covering the T'Boli project, and the Company holds rights in the project pursuant to a mineral processing option agreement with TMC under which it has an exclusive right to process mineralized rock from the TMC mineral areas consisting of 84.98 hectares MPSA No. 090-97-X1 and 2,908.24 hectares APSA No. 51-X1.

The T'Boli project consists of a historical underground mine, a new processing plant, accommodation complex and an assay laboratory constructed by the Company. Work on the project, by the Company, has included the rehabilitation of an underground mining tunnel known as the Beehive Adit and development of a decline to access mineralized rock on horizons below the adit. To date, only a small portion of the north vein systems have been developed. Prior to shutting the mine down, decline development had advanced toward the South Vein's Golden Beam lode and the first cross cut had been developed into the vein. The whole mining operation was suspended in July 2014 and consequently flooded to prevent access to the mine. The mine remained closed for the whole 2015 year therefore there was no ore mined during the year.

2015 Annual Activity

- Cadan engaged Ian Mackenzie in January 2015 as a specialist mining/drilling consultant to advise and consult on the underground development at the T'Boli mine.
- The whole mining management team and workforce at T'Boli were made redundant, with only 17 employees retained. The objective going forward is to rebuild the workforce, however the focus for the mine development is to engage a mining contractor for the decline and drive development in the first instance.
- Hexat Mining Corporation ("Hexat"), a local Philippine plant constructor, was engaged early in May to commence rehabilitation of the T'Boli plant. Hexat built the original plant in 2012.
- TMC engaged Philippine contractor MagDrills to commence all the mine site works and portal and decline development. The mine infrastructure work was completed in November 2015 in preparation for the recommencement of mining at T'Boli.
- Commenced construction of a new tailings pond (Tailings Pond 2) for the first six months only primarily due to capital constraints, and developed a plan for a third tailings pond to commence once Tailings dam 2 was completed. It has been estimated that Tailings Dams 2 & 3 will provide enough tailings capacity until mid-2017. Planning has commenced for tailings Dam 4 which is expected to provide an additional 2 years capacity.
- Completed volumetric survey of the marginal ore stockpiles located at the mine and impounded tailings. The estimate for the tailings was a total of 50,000 tonnes, while the marginal stockpiles totalled approximately 14,400 tonnes.
- A significant review of the geological data was undertaken by CADS, who then spent close to seven months upgrading the geological records, which has significantly improved the quality, organization and ease of access to the data which in turn has significantly enhanced the mine planning process. CADS has also implemented new procedures to safeguard the data and maintain the improvements to quality control.
- A decision was taken to build a new portal and decline given the damage to the existing portal and decline provided structural and safety concerns. The new decline is well advanced and progressed 120m to date. The get to first ore the decline needs to go a further 200m and is expected to reach first ore at the end of July 2016.
- Cadan and TMC have completed a comprehensive review of all agreements with local landowners, tribal groups, government bodies etc. resulting in a comprehensive database of all agreements and many agreements have been re-signed and disputed issues resolved. The review was initiated as it became apparent that there were misunderstandings between Cadan/TMC and the other parties to the agreements often caused by poorly worded agreements. The review uncovered long outstanding unresolved issues between local landowners, tribal groups, government bodies etc. which in the past have caused disruptions to operations at T'Boli. Through negotiations with the parties to these agreements many agreements have been re-signed and disputed issues resolved. Cadan/TMC has implemented a new policy requiring all agreements be included in the new data base and that all agreements must be witnessed by an official third party and novated where required.

- The T'Boli processing plant was commissioned in November 2015; however, there remained a number of issues and concerns from TMC and Cadan management. The commissioning phase took a lot longer than expected primarily due to the construction contractor underperforming and failing to meet required equipment and timing standards and deadlines respectively. Post several delays and missed deadlines by the contractor TMC took the decision prior to Christmas to remove the contractor from site. MagDrills was engaged as the mill maintenance contractor as they had been called in on several occasions prior to assist with mechanical issues. The underperformance by the contractor resulted in a three month delay in the operation declaring commercial production of 200 tonnes per day.
- As of the end of March the T'Boli processing plant has been successfully operating at in excess of 200 tonnes per day for in excess of 2 months and the plant is performing very well
- Hexat's failure to deliver on the contract specification for building the plant cost TMC close to US$300k. TMC management is preparing a claim against Hexat for the losses.
- TMC appointed a Philippine National Mill Manager with in excess of 30 years metallurgical experience late last year and he has done an excellent job in getting the plant operating smoothly and consistently. In addition MagDrills have been appointed to manage the mill maintenance contract and have been a major influence to the high efficiency and utilization rates the plant has achieved over the last 2 to 3 months.
- The T'Boli processing plant since restarting has processed 463oz of gold up to the end of March 2016 and it has received C$704,461 the mill continues to process marginal ore from the mine and tailings from tailings pond 1. As this stage the T'Boli operation is only marginally profitable as it continues to process low grade ore in preparation for the mine accessing higher grade material.
- Production continues to improve with feed into the processing plant increasing from 4,262 tonnes for the month of February to 6,271 tonnes during March which equates to in excess of 200 tonnes per day.
- Average cost of production during February and March 2016 equates to US$654/oz. Average milling cost per tonne processed is US$29/tonne.

PRODUCTION AND SALES SUMMARY

Metal sales in Philippine Pesos and converted to Canadian dollars for Financial Year Ended 2015:

	Grams	oz.	Tons Milled	Ave. grade (grams/ton)	Total Proceeds	
					Peso	CDN($)
Beg. Inventory	-	-	-	-	-	-
January	-	-	-	-	-	-
February	-	-	-	-	-	-
March	-	-	-	-	-	-
April	-	-	-	-	-	-
May	-	-	-	-	-	-
June	-	-	-	-	-	-
July	-	-	-	-	-	-
August	-	-	-	-	-	-
September	-	-	-	-	-	-
October	-	-	-	-	-	-
November	-	-	975.87	1.70	-	-
December	2,437.31	78.36	3,540.40	1.83	3,793,352.18	111,791.45
Total, 2015	**2,437.31**	**78.36**	**4,516.27**	**1.77**	**3,793,352.18**	**111,791.45**

Metal sales in Philippine Pesos and converted to Canadian dollars for Financial year to date March 31, 2015:

	Grams	oz.	Tons Milled	Ave. grade (grams/ton)	Total Proceeds	
					Php	CDN($)
Beg. Inventory	-	-	-	-	-	-
January	7,237.09	232.68	3,126.00	1.85	11,866,084.58	348,094.37
February	2,088.79	67.16	4,262.00	1.65	3,823,939.67	108,680.04
March	2,638.44	84.83	6,271.00	1.49	4,834,398.68	135,895.44
Total, 2016	**11,964.32**	**384.66**	**13,659.00**	**1.66**	**20,524,422.93**	**592,669.85**

The Batoto Gold Prospect

The Batoto prospect is situated approximately 90 km northeast of Davao City, in the Compostela Valley, East Mindanao, Philippines and is contiguous with the Comval project. The mining and exploration permits for Batoto are held by BRC and, in January 2012, Cadan granted Metallum Limited (formerly Mining Group Ltd.) ("Metallum") an option to acquire an 80% interest in the Batoto prospect, however, this option expired unexercised and the project continues to be owned 100% by BRC as disclosed in the Company's news release dated October 29, 2012.

The Project, consisting of APSA No. 246 of 648 hectares & EPA 000109-X1 of 4,018.19 hectares, is a stockwork of quartz veins associated with locally intense quartz pyrite-sericite-argillic alteration cropping out around the spur of a mountain ridge between elevations 400m and 800m above sea level. Gold mineralization occurs within a west-southwest trending zone known as the Clark Mineralized Zone ("CMZ"). Workings of artisanal miners within the CMZ are exposed over about 1km in a west-southwesterly direction from the northeastern point of the spur, but the mineralization may extend at further1km to the west-southwest and link with the Santa Fe gold prospect.

Identified in 1980 by Sabena Mining Corporation, it was explored by 787 rock chip samples from some 7,000m of road cuts, systematic trenches and 400m of adits, drifts and cross cuts, reportedly averaging 1.6g/t Au and giving rise to a number of historic estimates. In 1981, one estimate by FC Gervasio & Associates, geological consultants, amounted to 39 million tonnes at 1.8g/t Au, for 2.1 million ounces of gold, based on 3,945 meters of trenching, 232 meters of aditting, 328 meters of diamond drilling, and 2,600 meters of access road construction and pit development.

It should also be noted that the foregoing historic estimate was not prepared in accordance with CIM standards. Further, a qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves. The Company is not treating the historical estimate as current mineral resources or mineral reserves as defined in sections 1.2 and 1.3 of NI 43-101, and the historical estimate should not be relied upon. The foregoing historical estimate provides only an indication to the Company of mineralization potential.

In 1981, Sabena Mining Corporation constructed a 500tpd gold processing plant and mined and processed approximately 80,000t from a small open cut on the Batoto prospect. These historical assays have not been verified and are not NI 43-101 compliant.

Drilling at Batoto has now advanced to a stage where interpretation has identified a number of discrete higher grade flat plunging zones within the overall stockwork system. Future drilling will be designed to accommodate this new interpretation.

During 2015 there was no work carried out at the Batoto project.

Comval Copper-Gold Project 20% Cadan via Agusan Metals Corporation ("Agusan")

On January 17, 2012, the Company completed the sale of 80% of the Company's interest in Agusan to Metallum. The Company retains a 20% equity interest in Agusan, which holds the exploration permits on the Comval copper-gold project located in the Compostela Valley, East Mindanao, Philippines and is contiguous with the Batoto project. The Project consists of EP No. 00001-XI & EP No. 00002-XI, totaling 4,314.14 hectares.

Pursuant to a shareholders' agreement, Metallum has an obligation to fund AU $48,000,000 in exploration activity in Agusan as follows:

Exploration Expenditures	Annual amount (AU $)	Cumulative amount (AU $)
Year 1	5,000,000	nil
Year 2	5,000,000	nil
Year 3	5,000,000	15,000,000
Year 4	15,000,000	30,000,000
Year 5	18,000,000	48,000,000

The annual amounts in the table above are the expected schedule of expenditures; the cumulative amount is the funding requirement schedule. Should Metallum not meet the funding requirements, the agreement contains dilution provisions.

Metallum announced in its 2014 Annual Report that it had carried out no field work on the Comval Project. Cadan is evaluating its options under the agreement with respect to:

1. Metallum’s spending shortfall at the end of year 3,
2. Metallum’s steady decline in spending on the project, and
3. Metallum announcement in their Annual Report of their change in focus “from the Comval copper gold project in the Philippines to the El Roble copper project in Chile”.

Metallum had previously announced a Joint Ore Reserves Committee ("JORC") compliant 'Inferred Resource' prepared by independent consulting firm Cube Consulting Pty Ltd of 32,675,000 tonnes at 0.42% Cu and 0.13 g/t Au including four (4) prospects; Maangob, Kalamatan, Tagpura West and Tagpura East (see Metallum Australian Stock Exchange release dated October 10, 2012). Cadan subsequently commissioned the same independent consultants to prepare a National Instrument 43-101 technical report, which stated the same Inferred Resource of 32,675,000 tonnes at 0.42% Cu and 0.13 g/t Au over the same area (see Company news release dated March 18, 2013).

This estimate was calculated using a lower cutoff grade of 0.3% Cu and prepared in separate technical reports in accordance with the 2004 Edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves" and "CIM Standards of Disclosure for Mineral Resources and Mineral Reserves 2010", the latter of which was filed on SEDAR as a NI 43-101 technical report on April 3, 2013.

Metallum exploration has included outcrop sampling, underground adit sampling, trench sampling, diamond drilling and mapping. The results are published on the Metallum website, including quoted high-grade intercepts of gold and broad porphyry style copper intercepts, which are considered to be encouraging.

Previous exploration has prioritized several new discoveries including the Taub, Tagpura North and Tandawan prospects. The Taub prospect is considered to be a gold bearing epithermal vein mapped and sampled over 300m along strike. The Tagpura North prospect is a copper-gold skarn with an approximate area of 500m by 300m and the Tandawan prospect, located 1km west of the Bayag Bayag prospect, is considered to be a gold bearing epithermal vein with 150m of strike and up to 7m in true width.

Financial Data

The following selected financial information is derived from the audited consolidated financial statements of the Company prepared in accordance with IFRS.

All amounts in Cdn$,000, except per share data	Years ended December 31, 2015 $	2014 $	2013 $	2012 $	2011 $
Operations:					
Revenues	n/a	n/a	n/a	n/a	n/a
Net Income/(Loss)	(7,276)	(8,450)	(22,900)	3,803	(11,487)
Comprehensive Income/(Loss)	(7,276)	(8,450)	(21,437)	2,339	(11,006)
Net Income/(Loss) per share-basic	(0.10)	(0.42)	(1.55)	0.35	(1.93)
Net Income/(Loss) per share-diluted	n/a	n/a	n/a	$ 0.18	n/a
Dividends per share	n/a	n/a	n/a	n/a	n/a
Balance Sheet:					
Working capital/(deficit)	(15,192)	(14,867)	(10,460)	(1,935)	(155)
Total assets	5,140	4,016	6,499	18,357	9,713
Total Long-term liabilities	120	209	199	208	279

Results of Operations, for the Year ended December 31, 2015, compared with the year ended December 31, 2014.

For the year ended December 31, 2015, the Company reported consolidated net loss of $7,275,933 compared to a net loss of $8,450,007 for the year ended December 31, 2014, a favourable variance of $1,174,074. The favourable variance consists of Operating activities contributing $162,173, Other items contributing $1,635,822, and Deferred income tax expenses consuming $623,921. Further explanations of the variances are detailed below.

Operating expenses favourable variance $162,173.

- Other operating expenses consisting of Offices, Legal, Travel, Regulatory and miscellaneous costs were $641,579 (2014 - $1,531,700) a favourable variance of $890,121. The favourable variance was the result of a reduction in activities in 2015 resulting from the lack of funding to progress the Philippine projects described in more detail in section 5 Corporate Activity above.
- Bank Charges and interest $1,124,448 (2014 - $1,238,999) a favourable variance of $114,551 primarily due to debt holders converting part of their debt to shares and warrants of the Company.

Partially offset by:

- Share based compensation $583,680 (2014 – Nil) during 2015 the Company issued 12 million 5 year $0.05 options that vested on issue to directors, officers and consultants of the Company who were responsible for raising funds and developing the plan to get the T'Boli mine operating at designed capacity during of 2016. The options were valued using the Black Scholes pricing model.
- Consulting fees $828,625 (2014 - $663,175) an unfavourable variance of $165,450 primarily due to the addition of consultants to develop the plan to get the T'Boli mine operation funded and operating at designed capacity in 2016.
- Exploration and evaluation expenses $1,409,405 (2014 - $1,316,036) an unfavourable variance of $93,369. Primarily due to increased activity in the final quarter of 2015 as the Company prepared to return the T'Boli operation to production.

Other items favourable variance $1,635,822.

- Impairment of loan with Agusan $143,854 (2014 – $1,595,074) a favourable variance of $1,451,220. Pursuant to the January 17, 2012 sale of the 80% interest in Agusan, the Company retained a 20% investment in Agusan and the loan receivable from Agusan of $10,307,538, which was subsequently been written down to $Nil due to uncertainty around the collectability of the loan created as a result of Metallum putting that project on care and maintenance. The carrying value of the loan to Agusan was impaired and written down to $Nil.

- Impairment of investment in Agusan $179,775 (2014 - $nil) and unfavourable variance of $179,775. During 2015, the investment value of Agusan increased as a result of foreign exchange gains in Agusan, picked up by the Company through their 20% equity share of Agusan's income. Given the ongoing uncertainty around the Agusan project due to Metallum putting that project on care and maintenance, the share of equity income capitalized to investment was immediately impaired and written down to $Nil.
- Impairment of exploration and evaluation assets $nil (2014 - $1,029,478) favourable variance $1,029,478. Under IFRS 6, Exploration for and evaluation of mineral resources, an indicator of impairment was determined in 2014 and continued to exist in 2015 for the Batoto property, due to a lack of currently available funding or plans for future exploration activities. Management has been unable to determine a value in use or fair value less costs of disposal for the Batoto property, which would satisfy the IFRS accounting requirements for measurement of recoverable amount. Therefore, the Batoto property has been impaired to $Nil during the years ended December 31, 2015 and 2014, such impairment determined in accordance with level 3 of the fair value hierarchy.
- Termination fees in 2015: $nil (2014 - $495,000), a favourable variance of $495,000, as no termination payments were incurred in 2015.

Partly offset by:

- Foreign exchange losses in 2015 of $1,528,972 (2014 - $228,943), an unfavourable variance of $1,300,029 resulting from the strengthening of the Philippine peso and US dollar against the Canadian dollar.

The following selected financial information for the eight previous quarters is derived from the consolidated financial statements of the Company prepared in accordance with IFRS.

	Three Months Ended December 31, 2015	Three Months Ended September 30, 2015	Three Months Ended June 30, 2015	Three Months Ended March 31, 2015
Total assets	5,140	4,883	4,162	3,906
Working Capital (deficiency)	(15,192)	(12,607)	(15,227)	(16,083)
Net Income (loss)	(3,476)	(1,603)	(852)	(1,345)
Comprehensive Income (loss)	n/a	n/a	n/a	n/a
Basic earnings/(loss) per share	(0.05)	(0.02)	(0.04)	(0.07)
Diluted earnings/(loss) per share	n/a	n/a	n/a	n/a

	Three Months Ended December 31, 2014	Three Months Ended September 30, 2014	Three Months Ended June 30, 2014	Three Months Ended March 31, 2014
Total assets	4,016	6,984	7,135	7,194
Working Capital (deficiency)	(14,867)	(12,829)	(13,358)	(12,833)
Net Income (loss)	(3,097)	(1,389)	(1,529)	(2,435)
Comprehensive Income (loss)	(3,097)	(1,451)	(1,467)	(2,435)
Basic earnings/(loss) per share	(0.19)	(0.08)	(0.08)	(0.13)
Diluted earnings/(loss) per share	n/a	n/a	n/a	n/a

Results of Operations, for the three months ended December 31, 2015, compared with the three months ended December 31, 2014.

For the three months ended December 31, 2015, the Company reported consolidated net loss of $3,475,873 (December 31, 2014 - $4,572,945) a favourable variance of $1,097,072. The favourable variance consists of an unfavourable Operating activities variance of $458,286 and Other items with a favourable variance of $1,555,358. Further explanations of the variances are detailed below.

Operating expenses unfavourable variance $458,286.

- Share based compensation $583,680 (2014 – Nil) during 2015 the Company issued 12 million 5 year $0.05 options that vested on issue to directors, officers and consultants of the Company who were responsible for raising funds and developing the plan to get the T'Boli mine operating at designed capacity during of 2016. The options were valued using the Black Scholes pricing model.
- Bank Charges and interest $549,915 (2014 - $247,421) an unfavourable variance of $302,494 primarily due to additional debt borrowed in the third quarter of 2015.
- Consulting fees $215,540 (2014 - $50,725) a unfavourable variance of $164,815 primarily due to the addition of consultants to develop the plan to get the T'Boli mine operation funded and operating at designed capacity in 2016.
- Exploration and evaluation expenses $1,008,635 (2014 - $244,575) an unfavourable variance of $764,060. The unfavourable variance was primarily the result of a fourth quarter reallocation of exploration expenses incorrectly categorized as other expense earlier in 2015.

Partially offset by:

- Other operating costs a credit of $541,943 (2014 - $814,820) a favourable variance of $1,356,763. The favourable variance was primarily the result of a fourth quarter reallocation of exploration expenses incorrectly categorized as other expense earlier in 2015 and the implementation of cost cutting undertaken at the T'Boli operation in preparation for getting the T'Boli mine operating at designed capacity during of 2016.

Other items favourable variance $1,555,358.

- Impairment of loan with Agusan $Nil (2014 – $1,595,074). Pursuant to the January 17, 2012 sale of the 80% interest in Agusan, the Company retained a 20% investment in Agusan and the loan receivable from Agusan of $10,307,538, which was subsequently been written down to $Nil due to uncertainty around the collectability of the loan created as a result of Metallum putting that project on care and maintenance. The carrying value of the loan to Agusan was impaired and written down to $Nil in accordance with Level 3 of the fair value hierarchy.
- Impairment of exploration and evaluation assets $Nil (2014 - $1,029,478). Under IFRS 6, Exploration for and evaluation of mineral resources, an indicator of impairment was determined in 2014 and continued to exist in 2015 for the Batoto property, due to a lack of currently available funding or plans for future exploration activities. Management has been unable to determine a value in use or fair value less costs of disposal for the Batoto property, which would satisfy the IFRS accounting requirements for measurement of recoverable amount. Therefore, the Batoto property has been impaired to $Nil during the years ended December 31, 2015 and 2014, such impairment determined in accordance with level 3 of the fair value hierarchy.

Partly offset by:

- Foreign exchange losses in 2015 of $500,822 (2014 - $360,511), an unfavourable variance of $140,311 resulting from the strengthening of the Philippine peso and US dollar against the Canadian dollar.

Liquidity and Capital Resources

At December 31, 2015, the Company a working capital deficit of $15,192,263 (December 31, 2014 - $14,866,593), consisting of cash of $185,581 (December 31, 2014 - $67,645), amounts and advances receivable of $836,752 (December 31, 2014 - $225,670), prepaid expenses and other assets of $559,650 (December 31, 2014 - $506,226), accounts payable and accrued liabilities of $6,264,740 (December 31, 2014 - $5,903,386), loans payable of $705,365 (December 31, 2014 - $325,360), convertible notes of $2,571,607 (December 31, 2014 - $3,946,363), deferred income tax liability of $1,627,338 (December 31, 2014 - $222,654), due to related parties of $5,605,196 (December 31, 2014 - $5,268,371) and retirement benefit obligations of $119,655 (December 31, 2014 - $209,198). The accounts payable are due within three months.

Due to related parties are advances from Mighty River International Ltd. (“Mighty River”), a company that had a director in common with Cadan during part of 2014, and at December 31, 2015, and December 31, 2014, owned over 10% of the issued and outstanding shares of the Company. The Company entered into an agreement on May 2, 2013, whereby Mighty River provided the Company with a US $5 million loan facility. The facility bears interest at a rate of 8% per annum and is repayable in 12 months from the draw dates. Advances against the facility are secured by the Company’s assets. In connection with the loan agreement, the Company, Mighty River, and the Company's Philippine affiliate, TMC, entered into royalty agreements pursuant to which Mighty River is entitled to receive a 1% production royalty on the T'Boli mine located in the Philippines for each US $1 million advanced to the Company. At December 31, 2015, the Company had total principal, interest and royalties owing to Mighty River of $5,605,196 (US$4,142,706) (December 31, 2014 - $5,268,371 (US$4,541,307)). During 2015, the Company and Mighty River amended the agreement extending the Final Maturity Date and Repayment date to June 1, 2016. In addition, the Company has reached an agreement with Mighty River to refinance $904,000 (US $800,000), being a portion of the amounts owed on the Credit Facility for interest and royalties. Pursuant to the refinancing the Company issued 18,080,000 units at $0.05 each, with each unit consisting of a common share and a warrant to purchase a common share for 12 months at $0.10.

The Company will require significant cash funding to conduct its exploration programs, meet its administrative overhead costs, repay the convertible notes, and maintain its resource interests over the next twelve months. This will require the Company to obtain additional financing. The Company invests surplus cash in guaranteed investment certificates with Bank of Montreal and faces no known liquidity issues.

Financial Instruments

The Company has classified its cash as FVTPL; loan to Agusan, as AFS; amounts and advances receivable (excluding GST receivable), as loans and receivables; and accounts payable and accrued liabilities, loans payable, convertible notes and due to related parties, as other financial liabilities.

The carrying values of cash, amounts and advances receivable (excluding GST receivable), accounts payable and accrued liabilities, and secured loans, approximate their fair values due to the short terms to maturity of these financial instruments. The carrying values of amounts due to related parties, excluding convertible notes due to related parties described below, approximate their fair value, as they are non-interest-bearing and due on demand.

The carrying values of convertible notes were determined, in accordance with Level 2 of the fair value hierarchy, by discounting the face value of the notes over the terms of each note by a discount rate of 60%, and accreting the discount over the respective term to the anticipated conversion date of the notes.

During the year ended December 31, 2015, the uncertainty around the collection schedule for the Agusan loan continued as Metallum continues to report the project as being on care and maintenance status. As a result, the carrying value of the loan to Agusan continues to be impaired, in accordance with Level 3 of the fair value hierarchy, and has a carrying value of $nil.

Credit risk

The Company is exposed to credit risk with respect to its cash. Cash has been placed on deposit with major Canadian and Philippine financial institutions. The risk arises from the non-performance of counterparties of contractual financial obligations.

The Company manages credit risk, in respect of cash, by maintaining deposits at major financial institutions with strong investment-grade ratings.

Concentration of credit risk exists with respect to the Company's cash, as the majority of the amounts are held with only a few Canadian and Philippine financial institutions. The Company's concentration of credit risk and maximum exposure thereto, is as follows:

	December 31, 2015	December 31, 2014
Canadian dollar equivalent		
Canadian dollar	$ 133,178	$ 21,359
Philippine peso	52,403	46,286
Total cash	$ 185,581	$ 67,645

The Company is also exposed to credit risk with respect to its amounts and advances receivable, and loan to Agusan. The Company maintains an equity investment in Agusan and receives periodic financial information from Metallum and Agusan with respect to that investment. The Company actively monitors the financial status of Agusan and Metallum to minimize the credit risk related to this loan. Other amounts receivable relate to input tax credits.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's cash is held in bank accounts. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on their estimated fair values as of December 31, 2015, and December 31, 2014. Future cash flows from interest income on cash will not be material. The Company manages interest rate risk by investing in highly liquid investments with maturities of one year or less.

The Company's convertible notes and credit facility are at fixed rates of interest.

(ii) Foreign currency risk

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars.

The Company is exposed to foreign currency risk with respect to cash, accounts payable and accrued liabilities, and amounts due to related parties, as a portion of these amounts are denominated in Philippine pesos, Australian dollars and US dollars as follows:

The Company manages foreign currency risk by only holding funds in foreign currencies for short-term requirements. The Company has not entered into any foreign currency contracts and does not utilize derivatives to mitigate this risk.

A 1% fluctuation in the value of the Philippine peso, Australian dollar and US dollar at December 31, 2015, would result in a change to net loss and comprehensive loss by approximately $96,000 (December 31, 2014 - $99,000).

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk.

		December 31, 2015		December 31, 2014
Canadian dollar equivalent				
Philippine Pesos				
Cash	$	52,403	$	46,286
Accounts payable and accrued liabilities		(3,522,077)		(3,305,231)
AUD$				
Accounts payable and accrued liabilities		(1,224,919)		(1,233,883)
US$				
Accounts payable and accrued liabilities		(299,137)		(153,072)
Loans		(315,378)		-
Due to related parties (note 11)		(5,605,196)		(5,268,371)
Net exposure				
Canadian dollar equivalent	$	(10,914,304)	$	(9,914,271)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required for operations and anticipated investing and financing activities. Accounts payable are all due within thirty days and amounts due to related parties, excluding convertible notes due to related parties and excluding amounts due under the credit facility, are without specific terms of repayment, however, they are expected to be repaid within one year.

The Company has convertible notes of $867,360 that matured on December 1, 2015 and the Company is in discussions with the holders of the notes on repayment terms. On March 24, 2016, the Company paid $41,972 being the accrued interest owing at December 1, 2015. The remaining convertible notes of $1,814,152 mature on July 1, 2016.

The carrying values of the convertible notes at December 31, 2015, and December 31, 2014, were:

		December 31, 2015		December 31, 2014
Face value on issue	$	2,681,512	$	3,407,407
Accrued interest		162,216		538,956
Unamortized discount conversion		(272,121)		-
	$	**2,571,607**	**$**	**3,946,363**

The Company will require significant cash funding to conduct its exploration programs, meet its administrative overhead costs, meet its repayment obligations, maintain its resource interests and bring its T'Boli gold processing plant to full production capacity. This will require the Company to obtain additional financing.

Financial Condition and Capital Resources

During the year ended December 31, 2015, the Company continued to provide financial support to the Philippine companies, in particular, its partially-owned affiliates, BRC in the Comval in eastern Mindanao and in T'Boli, in southwestern Mindanao. As in 2014, during the year ended December 31, 2015, the Company continued to experience difficulty raising the capital needed, and, as noted in item 5 above, has made significant changes to address the underperformance of the milling and mining operations at T'Boli. In 2015, the Company completed an 8:1 share consolidation, was able to raise new capital primarily from two cornerstone investors, and restructured some of its debts, allowing it to implement a plan that has see the T'Boli project recommence operations. At BRC, we will continue the exploration and development of the projects in the Comval in eastern Mindanao at levels to ensure compliance with Philippine requirements to keep the permits in good standing.

At December 31, 2015, the working capital deficit was $15,192,263 (December 31, 2014 - $14,866,593), which includes the convertible notes of $2,571,607 (December 31, 2014 - $3,946,363), and advances against the credit facility due to related parties $5,605,196 (December 31, 2014 - $5,268,371).

Cumulative Exploration and Evaluation Costs

Through its subsidiaries and the Philippine affiliates, the Company has interests in certain permits and licences to explore and develop mineral properties located in the Philippines. During the year ended December 31, 2015, the Philippine affiliate companies spent $1,511,575 (year ended December 31, 2014 - $1,603,495), and recovered from metal sales $102,170 (year ended December 31, 2014 - $287,459). To date, the Company has spent, net of recoveries from metal sales, $31,818,041 (December 31, 2014 - $30,408,636) developing the properties as detailed below:

	Batoto	TMC	December 31 2015 Total	December 31 2014 Total
Cumulative exploration and evaluation expenses				
Balance, beginning of year	**$ 6,276,155**	**$ 25,823,443**	**$ 33,703,093**	**$ 32,099,598**
Incurred during year				
Community development	-	-	-	36,969
Exploration and mine development	24,758	1,204,723	1,229,481	840,187
Field supplies, admin expenses	-	-	-	132,094
Mill Site	-	282,094	282,094	594,245
Total incurred during year	**$ 24,758**	**$ 1,486,817**	**$ 1,511,575**	**$ 1,603,495**
Cumulative exploration and evaluation expenses before recovery from metal sales	**$ 6,300,913**	**$ 27,310,260**	**$ 35,214,668**	**$ 33,703,093**
Recovery on metal sales				
Balance, beginning of year	-	(3,294,457)	(3,294,457)	(3,006,998)
Recovered during year	-	(102,170)	(102,170)	(287,459)
Total recovery on metal sales	**$ -**	**$ (3,396,627)**	**$ (3,396,627)**	**$ (3,294,457)**
Balance, end of year	**$ 6,300,913**	**$ 23,913,633**	**$ 31,818,041**	**30,408,636**

Related Party Transactions and Balances

At December 31, 2015, the Company owed $6,400,092 (December 31, 2014 - $6,650,435) to related parties as follows:

	December 31, 2015	December 31, 2014
Officers and directors for:		
Consulting and directors fees	$ 681,352	$ 370,752
Reimburse expenses	14,372	14,075
Convertible notes (note 10)	99,172	997,237
Due to related parties	5,605,196	5,268,371
	$ 6,400,092	$ 6,650,435

At December 31, 2015, the Company was committed to pay termination payments to officers of the Company, in the event of termination without cause, between two and three years of annual salary. If all termination payments are triggered, the Company would be required to pay $1,020,000 (2014 - $1,020,000).

Significant Accounting Policies and Estimates

The Company's condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB").The accounting policies have been applied consistently by the Company and its subsidiaries.

Non-controlling interest in the net assets of consolidated partially-owned Philippine companies are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share of changes in equity since the date of acquisition.

Investments in and Expenditures on Resource Properties

Once a permit or licence to explore an area has been secured, acquisition costs are capitalized on a property-by-property basis. Exploration expenditures, related to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential, are expensed as incurred. Any incidental pre-production revenue is net against exploration and evaluation expenditures, until the property is in commercial production.

Management reviews the carrying value of capitalized costs at least annually. In the case of undeveloped projects, there may be only inferred resources to form a basis for the impairment review. The review is based on a status report regarding the Company's intentions for development of the undeveloped property.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to mine development assets, which is a component of property, plant and equipment.

The Company considers a project to be in commercial production following a reasonable period of testing of the production processes, and when the mine and processing plant are in the location and condition necessary to operate at their anticipated full capacity.

Subsequent recovery of the carrying value of exploration and evaluation assets depends on successful development or sale of the undeveloped project. If a project does not prove viable, all capitalized costs associated with the project, net of any impairment provisions, are written off.

Retirement Benefit Obligation

The Company has a legislated obligation to provide a retirement payment to employees in the Philippines equal to 22.5 days pay for every year of credited service, at attainment of a retirement age of 60. The Company completes an actuarial valuation of the present value of the obligation annually. The last actuarial valuation of the present value of the obligation was carried out at June 30, 2015, based on obligations at December 31, 2014. The present value of the obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. The current and past service costs for the year ended December 31, 2015, totaled $119,655 (year ended December 31, 2014 - $209,198).

Provision for Reclamation Liability

The Company is subject to laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation.

Future obligations to retire an asset, including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations, are initially recognized and recorded as a liability based on estimated future cash flows discounted at a credit-adjusted risk-free rate.

The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Principles of consolidation

The condensed consolidated interim financial statements include the accounts of the Company (the ultimate parent company), its wholly-owned subsidiaries, Exploradora La Esperanza S.A. (a Colombian company); Sabena Limited and its subsidiaries (Australian companies); Tribal Holdings Inc., Batoto Holdings Inc., and Philco Holdings Inc. (Canadian companies), and Tribal Processing Corporation ("Tribal Processing") (Philippine company); and the accounts of its partially-owned (40%) Philippine affiliates, Batoto Resources Corporation ("BRC") and TMC Tribal Mining Corporation ("TMC"), referred to throughout the condensed consolidated interim financial statements as the “Philippine companies”. The Company owns 40% of each of the Philippine companies, which have been consolidated as they meet the criteria under IFRS 10: Condensed Consolidated Interim Financial Statements. The Company’s ownership percentage in the Philippine companies is a result of Philippine laws restricting foreign ownership, but the Company is acting as operator of the Philippine companies. The remaining 60% ownership of each of the Philippine companies is owned by the two respective presidents of those companies. Each president has signed an option agreement allowing the Company to acquire control in certain circumstances. All significant intercompany balances and transactions have been eliminated on consolidation.

The Company has a 20% interest in Agusan and is able to exert significant influence over Agusan as a result. Agusan is considered to be an associate as at December 31, 2015 and 2014, and for the years then ended.

Non-controlling interest in the net assets of consolidated partially-owned Philippine companies are identified separately from the Company’s equity. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest’s share of changes in equity since the date of acquisition.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods using the graded vesting method. 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. Non-vesting conditions are considered in making the assumption about the number of awards that are expected to vest. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the recorded value in share-based payments reserve is transferred to share capital. Upon expiry, forfeiture or cancellation, the recorded value is transferred to deficit.

8. Risks and Uncertainties

Mining and exploration involves a high degree of risk, and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has significant cash requirements to conduct its planned explorations, meet its administrative overhead and maintain its resource interests.

The Company’s ability to continue as a going concern is dependent on its ability to bring the Tribal Processing T’Boli gold processing plant to full production, and secure additional financing to fund the remaining development of the T’Boli mine and gold processing plant and planned exploration and development, and fund its ongoing administrative expenditures. While it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

The recoverability of the Company’s investment in, and expenditures on, resource properties is dependent on several factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of resource interests.

The Company is in compliance with all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations, and actions, could cause additional expense, capital expenditures, restrictions, and delays in the activities of the Company, the extent of which cannot be predicted. The Company, as noted in item 5 above has made significant changes to address the underperformance of the milling and mining operations at T'Boli and with the cooperation of two new cornerstone investors it is implementing a plan that is expected will result in the T'Boli project recommencing operations in the second half of 2015. At BRC, we will continue the exploration and development of the projects in the Comval in eastern Mindanao at levels to ensure compliance with Philippine requirements to keep the permits in good standing. The Company must obtain approvals and or comply with regulatory and environmental regulations and there is no assurance that such approvals can be obtained on a timely basis. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

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

9. Shareholder information

Common Shares

The Company has authorized an unlimited number of common shares without par value, and, at December 31, 2015, had 146,593,212 outstanding, and, at the time of this report, has 157,348,212 (December 31, 2014 - 19,811,182) common shares issued and outstanding.

On December 1, 2014, the Company completed a consolidation of the issued and outstanding common shares in the capital of the Company on an 8 old for 1 new basis.

At December 31, 2015, 146,443,212 (2014 - 19,811,182) common shares were issued and outstanding.

On December 21, 2015 the Company issued 1,088,250 shares, after receiving shareholder approval, to settle past retirement obligations of $435,300 to former officers and directors (Note 14).

On November 30, 2015 the Company reached agreement with creditors to converted $956,000 in debt and issued 19,120,000 Units. Each Unit consists of one common share of the Company and one common share purchase warrant, with each warrant exercisable into one common share of the Company for a period of one year from closing at an exercise price of $0.10.

On October 23, 2015 the Company closed the final tranche of a non-broker private placement and issued 43,920,000 Units at a price of $0.05 per Unit to a single cornerstone investor for gross proceeds of $2,196,000. On closing the cornerstone investor owned 30.9% of Cadan. Each Unit consists of one common share of the Company and one common share purchase warrant, with each warrant exercisable into one common share of the Company for a period of one year from closing at an exercise price of $0.10.

On October 7, 2015 the Company closed the second tranche of a non-brokered private placement and issued 13,200,000 Units at a price of $0.05 per Unit for gross proceeds of $660,000. In addition the Company issued 1,267,000 units valued at $63,350 for finders fees. Each Unit consists of one common share of the Company and one common share purchase warrant, with each warrant exercisable into one common share of the Company for a period of one year from closing at an exercise price of $0.10.

On July 24, 2015 the Company reached an agreement with the convertible noteholders (note 10 d) and who converted $1,505,588 being a portion of the balance owed including accrued interest being into 30,111,760 units. Each Unit consists of one common share of the Company and one common share purchase warrant, with each warrant exercisable into one common share of the Company for a period of one year from closing at an exercise price of $0.10.

On July 24, 2015, the Company reached agreement with creditors to converted $130,000 in debt and issued 2,600,000 Units. Each Unit consists of one common share of the Company and one common share purchase warrant, with each warrant exercisable into one common share of the Company for a period of one year from closing at an exercise price of $0.10.

On July 17, 2015, the Company closed the first tranche of a non-brokered private placement and issued 15,325,020 Units at a price of $0.05 per Unit for gross proceeds of $766,251. Each Unit consists of one common share of the Company and one common share purchase warrant, with each warrant exercisable into one common share of the Company for a period of one year from closing at an exercise price of $0.10.

On August 14, 2014, the Company issued 1,098,063 common shares to retire outstanding debts of $439,226.

On February 11, 2014, the Company issued 500,000 shares for total proceeds of $200,000 pursuant to a private placement of shares offered at $0.40 per share.

Stock Options

The Company has a stock option plan whereby the Board of Directors is authorized to grant options to a rolling ceiling of 10% of the issued and outstanding common shares of the Company. Options to purchase common shares have been granted to directors, employees and consultants at exercise prices determined by reference to the market value on the date of the grant. The terms of the option and the option price are fixed by the directors at the time of grant subject to restrictions imposed by the TSX-V. Stock options awarded have a maximum term of ten years. The vesting terms of the options are determined by the directors, however, options granted to investor relations consultants are subject to a minimum twelve-month vesting schedule, whereby no more than 25% vest in any three-month period. Stock options held by officers, directors, employees or consultants of the Company expire one year following their departure from the Company.

During the year ended December 31, 2015, the Company issued 12,000,000 five year options to purchase common shares of the Company at $0.05 per share (2014 - Nil). During the year ended December 31, 2015, 616,000 options expired unexercised (2014 – 284,375). Included in the expired options were options held by former officers, directors, or consultants of the Company which expired one year following their departure from the Company. The expired options had exercise prices from $1.20 to $7.60. As at December 31, 2015, 12,386,738 options were outstanding with exercise prices between $0.05 and $4.00 (December 31, 2014, 1,002,738 options were outstanding with exercise prices between $1.20 and $7.60).

Warrants

At December 31 2015, there were 149,541,184 (December 31, 2014 – 8,285,599) warrants to purchase common shares outstanding, with exercise prices between $0.10 and $10 per share, that expire between July 2016 and July 2017. During the year ended December 31, 2015, 8,285,560 warrants expired unexercised (year ended December 31, 2014, no warrants were issued and 4,335,604 warrants expired unexercised).

CONTINGENT LIABILITY

Three former officers and directors of the Company agreed to resign during the year ended December 31, 2014, and the Company agreed to pay them in total a one-time fee of $585,000 in lieu of any termination payment obligations of the Company under their consulting contracts, with such fees to be paid once certain conditions are met. During the year ended December 31, 2014, $90,000 was paid in cash, and the three former officers and directors agreed to convert the remaining $495,000 owed to shares of the Company at $0.40 per share for a total of 1,462,500 shares. The Company issued 374,250 shares during the year ended December 31, 2014, but was required to have shareholder approval to issue the remaining 1,088,250 shares. The Company received approval at the December 21, 2015 annual General Meeting of shareholder and issued the shares

EVENTS AFTER THE REPORTING DATE

On March 24, 2016, paid $41,972.30 to convertible note holders whose notes matured on December 1, 2015, being the accrued interest owing at December 1, 2015 (note 10 d).

On January 11, 2016, the Company announced a US$6.4 million 3 year debt facility. The facility annual interest rate is 12% and the funds are to be made available in 4 stages over 12 months (note 16). On February 20, 2016, the agreement was finalized and as of April 29, 2016, the Company had received US$1.2 million.