



AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2015 and 2014



Tel: 403 266 5608
Fax: 403 233 7833
Toll-free: 888 444 4840
www.bdo.ca

BDO Canada LLP
620, 903 8th Avenue SW
Calgary AB T2P 0P7 Canada

Independent Auditor's Report

To the Shareholders of Tanqueray Exploration Ltd.

We have audited the accompanying financial statements of Tanqueray Exploration Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2015 and 2014, and the statements of changes in deficit, comprehensive income/loss and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tanqueray Exploration Ltd. as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years ended December 31, 2015 and December 31, 2014 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 2 in the financial statements that indicates that the Company has an accumulate deficit of \$18,961,767 and a working capital deficit of \$242,577 at December 31, 2015. This condition, along with other matters as set forth in note 2; indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Chartered Professional Accountants

Calgary, Alberta
May 30, 2016

TANQUERAY EXPLORATION LTD.
STATEMENT OF FINANCIAL POSITION
For the Years ended December 31, 2015 and 2014

ASSETS	2015	2014
Current		
Cash	\$ 878	\$ 3,852
Trade and other receivables	772	2,000
Prepaid expenses and deposits	-	1,054
Available-for-sale investment (Note 5)	11,500	36,250
Total current assets	13,150	43,156
Non-current assets		
Property and equipment (Note 7)	2,202	2,962
TOTAL ASSETS	\$ 15,352	\$ 46,118
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Trade and other payables (Note 12)	\$ 180,970	\$ 180,684
Loan payable (Note 12)	74,757	73,957
Total current liabilities	255,727	254,641
Shareholders' deficiency		
Share capital (Note 8)	17,431,460	17,431,460
Contributed surplus (Note 8)	1,289,932	1,289,932
Accumulated deficit	(18,961,767)	(18,929,915)
Total shareholders' deficiency	(240,375)	(208,523)
TOTAL DEFICIENCY AND LIABILITIES	\$ 15,352	\$ 46,118

Approved on Behalf of the Board:

_____, "Signed", Director

Mark Wayne

_____, "Signed", Director

Linda Falkenberg

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

TANQUERAY EXPLORATION LTD.
STATEMENT OF COMPREHENSIVE INCOME/LOSS
For the Years ended December 31, 2015 and 2014

	2015	2014
EXPENSES		
Depreciation (Note 7)	\$ 760	\$ 1,040
General administrative (Note 9)	31,274	65,173
Reimbursement of expenses	(24,932)	(29,000)
LOSS BEFORE THE FOLLOWING	(7,102)	(37,213)
OTHER INCOME (EXPENSES)		
Gain on sale of available-for-sale securities	-	3,400
Impairment loss on available-for-sale investment (Note 5)	(24,750)	(28,500)
	(24,750)	(25,100)
Net loss for the year	(31,852)	(62,313)
Fair value loss on available-for-sale investment (Note 5)	(24,750)	(13,500)
Total comprehensive loss for the year	\$ (56,602)	\$ (75,813)
Basic and diluted loss per share	\$ (0.007)	\$ (0.009)

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

TANQUERAY EXPLORATION LTD.
STATEMENT OF CASH FLOWS
For the Years ended December 31, 2015 and 2014

	2015	2014
Cash flows from Operating Activities		
Net loss for the year	\$ (31,852)	\$ (62,313)
Items not affecting cash:		
Impairment loss on available-for-sale investment	24,750	28,500
Gain on sale of available-for-sale securities	--	(3,400)
Depreciation (Note 7)	760	1,040
	<u>(6,342)</u>	<u>(36,173)</u>
Changes in non-cash operating working capital items		
Trade and other receivables	1,228	(941)
Prepaid expenses	1,054	920
Trade and other payables	286	88
	<u>(3,774)</u>	<u>(36,106)</u>
Cash flows from Financing Activities		
Proceeds on disposition of available-for-sale securities (Note 5)	--	49,400
Loan from related party (Note 12)	800	(50,000)
	<u>(2,974)</u>	<u>(36,706)</u>
Decrease in cash	<u>(2,974)</u>	<u>(36,706)</u>
Cash at beginning of year	3,852	40,558
Cash at end of year	<u>\$ 878</u>	<u>\$ 3,852</u>

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

TANQUERAY EXPLORATION LTD.
STATEMENT OF CHANGES IN DEFICIT
For the Years ended December 31, 2015 and 2014

	Share Capital	Contributed Surplus	Available -For-Sale Reserve	Accumulated Deficit	Total Deficit
Balance January 1, 2014	\$ 17,431,460	\$ 1,289,932	\$(15,000)	\$(18,867,602)	\$ (161,210)
Net loss	--	--	--	(62,313)	(62,313)
Adjustment in fair value on available-for-sale investment			(13,500)		(13,500)
Impairment loss on available-for-sale investment			28,500		28,500
Balance December 31, 2014	\$ 17,431,460	\$ 1,289,932	\$ --	\$(18,929,915)	\$ (208,523)
Net loss	--	--	--	(31,852)	(31,852)
Adjustment in fair value on available-for-sale investment	--	--	(24,750)	--	(24,750)
Impairment loss on available-for-sale investment	--	--	24,750	--	24,750
Balance December 31, 2015	\$ 17,431,460	\$ 1,289,932	\$ --	\$(18,961,767)	\$ (240,375)

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

1. NATURE OF OPERATIONS

Tanqueray Exploration Ltd. (formerly Tanqueray Resources Ltd.) (the "Company"), was incorporated under the laws of Alberta on November 22, 1983. The Company's principal business activity is participation in various resource exploration projects. The Company is listed on the NEX Exchange, having the symbol TQY-H, as a Tier 2 issuer. The development of resource properties involves significant financial risk. The recoverability of the amounts shown for the mineral properties and the related deferred expenditures is dependent on a number of factors including environmental, legal and political risks, the existence of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, and the ability of the Company to obtain necessary financing or the proceeds of disposition.

The Company is in the exploration stage and the ability of the Company to commence commercial operations is dependent on obtaining the necessary financing to complete the exploration and development of its properties and/or the realization of proceeds from the sale of one or more of its properties.

The address of the Company's corporate office and principal place of business is 6 Strathlea Close SW, Calgary, Alberta, Canada and the mailing address is PO Box 74176, Calgary, Alberta T3H 3B6.

2. BASIS OF PREPARATION

a) Statement of Compliance

The financial statements of the Company for the year ended December 31, 2015, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorized for issue by the Board of Directors on May 30, 2015.

b) Basis of Measurement

The financial statements have been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets.

The financial statements are prepared in Canadian dollars which is also the Company's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial reports are disclosed in Note 4.

c) Going Concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

2. BASIS OF PREPARATION, continued

As of December 31, 2015, the Company's accumulated deficit was \$18,961,767 (2014 - \$18,929,915) and the working capital deficit was (\$242,577) (2014 – (\$211,485)). The Company's continued existence is dependent on the continuing support of its directors, its ability to raise additional funding to meet its current and future obligations and to achieve profitability. Accumulated losses and working capital deficit as described indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern, which would make the use of the going concern assumption invalid. If the going concern assumption were not appropriate for these financial statements, adjustments would be necessary to the carrying values of assets and liabilities, and the reported expenses and the balance sheet classifications used, and these adjustments could be significant.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Cash

Cash includes cash on hand, deposits held at call with financial institutions.

b) Leases

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rental payable under the lease are charged to the statement of comprehensive income/loss on a straight-line basis over the lease term. The aggregate benefit of lease incentives are recognized as income/reduction of the rental expense over the lease term on a straight-line basis.

c) Mineral Exploration and Evaluation Expenditures

Pre-Exploration Costs

Costs incurred prior to acquiring the legal right to explore in a specific area are expensed in the period in which they are incurred.

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs in excess of estimated recoveries are written off to the statement of comprehensive income. The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

d) Property and Equipment

Recognition and Measurement

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent Costs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The costs of the day-to-day servicing of property and equipment are recognized in profit or loss.

Gains and Losses

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

Depreciation

Depreciation is recognized in profit or loss and is provided on a declining balance method at rates designed to amortize cost of the property and equipment over their estimated useful lives. The annual amortization rates are as follows:

Office equipment	20%
Furniture and fixtures	20%
Computer equipment	30%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

e) Impairment of Non-Financial Assets

Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs, for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has no cash-generating unit for which impairment testing is performed.

An impairment loss is charged to profit or loss, except to the extent they reverse gains previously recognized in other comprehensive income.

f) Financial Instruments

i) Financial Assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Loans and Receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. 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 profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Company has classified cash and trade and other receivables as loans and receivables.

Available-for-sale Investments

Non-derivative financial assets not included in the above category are classified as available-for-sale and comprise principally the Company's investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in other comprehensive income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive income, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

Purchases and sales of available-for-sale financial assets are recognized on a trade date basis. On sale or impairment, the cumulative amount recognized in other comprehensive income is reclassified from accumulated other comprehensive income to profit or loss.

Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a 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.

ii) Financial Liabilities

Financial liabilities are classified as other financial liabilities and comprise trade and other payables and loan payable. 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. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carrying 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.

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the period which are unpaid. Trade payable amounts are unsecured and are past due.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

g) 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.

h) Income Taxes

Income tax expense comprises current and deferred tax. Deferred tax is recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized when the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

i) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. 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.

Flow-through Shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and ii) share capital. Upon the expense being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through share proceeds.

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.

Loss per Share

Basic loss per share is computed by dividing the net loss applicable to common shares of the Company by the weighted average number of common shares outstanding on the relevant period.

j) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options measured immediately before and after the modification is also charged to the statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the transaction is measured by reference to the fair value of the equity instruments granted. In some cases estimating this value will require the use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury, and the amount reflected in contributed surplus is credited to share capital along with any consideration.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

k) Standards, Amendments and Interpretations not yet effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2016 or later periods.

The following new standards, amendments and interpretations that have not been early adopted in these annual financial reports will or may have an effect on the Company's future results and financial position.

International Financial Reporting Standard 9, Financial Instruments ("IFRS 9") was issued in November, 2009 and is the first step to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The IASB recently suspended the originally planned effective date of this new standard of January 1, 2015 and at present the effective date has not been determined. The Company is currently assessing the financial impact of this new standard.

IFRS 15 specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. IFRS 15 was issued in May 2014 and applies to an annual reporting period beginning on or after January 1, 2017.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognised in the financial reports within the next fiscal year are discussed below:

i) Exploration and Evaluation Expenditure

Estimates:

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain economically recoverable mineral reserves. The recoverability of carrying values for mineral properties is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to obtain the financing necessary to complete exploration and development and the success of future operations.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS, continued

Judgments:

The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that costs incurred will be recovered through successful exploration and development or sale of the asset under review when assessing impairment. Furthermore, the assessment as to whether economically recoverable reserves exist is itself a judgment process. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of comprehensive loss in the period when the new information becomes available. The carrying value of these assets is detailed in Note 6.

ii) Impairment of Available-for-sale assets

Judgments:

Management monitors the share prices of the shares held in Forum Uranium Corp. ("Forum") and Puma Exploration Inc. ("Puma") on a regular basis for drops in the share price which indicate a permanent decline in the shares value, rather than a regular market fluctuation. Judgment is required to determine if a decrease in value is the result of a normal market fluctuation, or if there are indicators the decline in price is a permanent decrease in value. When indicators exist that the drop in share price is due to a permanent decrease in value, management will recognize an impairment loss on the respective shares during the period in which the decline in value has occurred. Accumulated impairment losses on the Forum and Puma during the year ended December 31, 2015 were \$24,750 (December 31, 2014 – \$28,500). Permanent impairment losses are included in net income.

5. AVAILABLE-FOR-SALE INVESTMENT

Available-for-sale investment consists of an investment of 50,000 (2014 – 50,000) common shares of Forum and 200,000 (2014 – 200,000) shares of Puma (Note 6). The fair value of these listed investments has been determined directly by reference to published price quotations. Management has determined that the accumulated impairment loss at December 31, 2015 was permanent and reclassified all impairment previously recognized in other comprehensive loss of \$24,750 to net loss. Changes in price deemed to be a permanent decline in the shares value will be treated as impairment and included in net income (Note 4). Impairment losses on the Forum and Puma during the year ended December 31, 2015 were \$24,750 (December 31, 2014 – \$28,500). Impairment losses are included in net income.

6. EXPLORATION AND EVALUATION ASSETS

Baker Lake Uranium

On August 14, 2007, a joint venture agreement was entered into with Forum and Northern Superior Resources Inc. ("Superior") to earn a 60% interest in the uranium deposits on the property. A payment of 50,000 shares from each party was received with market values of \$0.51 and \$0.33 per share respectively.

6. EXPLORATION AND EVALUATION ASSETS, continued

On August 13, 2008, Forum amended the agreement whereby Forum would assume Superior's obligations under the joint venture agreement dated August 14, 2007. As a result, Forum can earn a 60% interest in uranium and diamonds only on the Baker Lake project by making \$4,000,000 in expenditures and issuing a total of 375,000 common shares over 5 years. This is an addition of 125,000 common shares of Forum in substitution for Superior's share payment obligations under the joint venture agreement. In August 2008, 75,000 shares were received from Forum with a market value of \$0.10, in December 2009, 75,000 shares were received from Forum with a market value of \$0.15 and in December 2010, 75,000 shares were received from Forum with a market value of \$0.30.

In October 2010 a new agreement was entered into whereby the Company sold to Forum, a 100% interest in claims selected as having uranium exploration potential for the following consideration: (a) a \$20,000 cash payment to Tanqueray; (b) 750,000 common shares of Forum to Tanqueray; (c) a forgiveness of Tanqueray's indebtedness to Forum of \$44,253; (d) Forum acquired Tanqueray's camp to conduct its exploration activities; and (e) Forum will offer Tanqueray the right and option to acquire a 50% interest in any of exploration program on the acquired claims for the purpose of assessing gold as a primary deposit. In 2010, the Company wrote the property down to the recoverable amount, which was equal to the proceeds, prior to recording the sale. The shares and cash were received on February 4, 2011.

In June 2012, Tanqueray transferred its 100% interest in six additional mineral leases that were acquired by the Company in 2003 to Forum. Tanqueray has the right to participate as to a 50% interest in any exploration program on the acquired claims for the purpose of assessing gold as a primary deposit. These claims are considered by Forum to have potential for Uranium development.

Total capitalized costs in the Baker Lake area to date are \$ 5,383,316. The cost was fully impaired in 2010, and no additional costs have been capitalized.

McMullen Area, Alberta

In December 2010, the Company entered into a Finder's Fee and Option Agreement with Trafina Energy Ltd. ("Trafina") whereby Tanqueray received a cash commission of \$165,000 plus the right to elect to participate (as to a 20% working interest) in future slant-type wells to be drilled on two sections of land in northeastern Alberta. The lands are prospective for Wabasca heavy oil, and are on trend with an emerging large scale development by a major integrated entity.

On November 10, 2011, Tanqueray elected to convert its option to participate, as to a 20% working interest in future slant wells, to a 2.5% gross overriding royalty less deductions applicable to production of this type. There are no capitalized costs associated with this property.

On June 13, 2012, Trafina announced that it was unable to develop a satisfactory plan to repay its indebtedness owing under its facility to its lender and, as a result, it was no longer able to maintain forbearance arrangements with its lender. Accordingly, at the request of Trafina's lender, a receiver was appointed by the court to liquidate Trafina's assets. As a result, future development of the McMullen Area was suspended pending the liquidation of Trafina's assets and the wells were shut in July, 2012.

In November 2012, Quattro Exploration and Production Ltd. announced finalization of the purchase of Trafina's assets. On April 30, 2015, Quattro Exploration sold the McMullen property to Cote Resources Ltd.

TANQUERAY EXPLORATION LTD.
NOTES TO THE FINANCIAL STATEMENTS
For the Years ended December 31, 2015 and 2014

6. EXPLORATION AND EVALUATION ASSETS, continued

Little Stull, Manitoba

The Company held a 28.4% interest in the Little Stull gold property together with joint venture partner and operator, Puma Exploration Inc. ("Puma").

On August 14, 2013, the Company sold its 28.4% interest in the property to Puma Exploration Inc., for cash proceeds of \$75,000 and receipt of 400,000 common shares of Puma Exploration Inc. valued at \$0.23 per share based on the market price on the transaction date. Tanqueray has also been granted a 1% Net Smelter Returns (NSR) from the property. Puma has the right to purchase half of the royalty at any time for \$1,000,000 and to purchase the other half of the royalty for an additional \$2,000,000.

Summary of Mineral Property Expenditures

	Baker Lake, Nunavut	McMullan Area, Alberta	Little Stull, Manitoba
Gross expenditures	\$ 5,383,316	\$ --	\$ 423,966
Proceeds from farmout	(22,000)	--	--
Sale of interests	(191,753)	--	--
Impairment	(5,169,563)	--	(423,966)
Balance, December 31, 2015 and 2014	\$ --	\$ --	\$ --

TANQUERAY EXPLORATION LTD.
NOTES TO THE FINANCIAL STATEMENTS
For the Years ended December 31, 2015 and 2014

7. PROPERTY AND EQUIPMENT

	Equipment	Furniture And Fixtures	Computer Equipment	Total
Balance December 31, 2015 and 2014	\$ 13,031	\$ 7,111	\$ 33,897	\$ 54,039
<u>Depreciation</u>				
Balance January 1, 2014	\$ 11,573	\$ 6,963	\$ 31,501	\$ 50,037
Depreciation for the year	292	29	719	1040
Balance December 31, 2014	\$ 11,865	\$ 6,992	\$ 32,220	\$ 51,077
Depreciation for the year	233	23	504	760
Balance, December 31, 2015	\$ 12,098	\$ 7,015	\$ 32,724	\$ 51,837
<u>Carrying Costs</u>				
December 31, 2014	\$ 1,166	\$ 119	\$ 1,677	\$ 2,962
December 31, 2015	\$ 933	\$ 96	\$ 1,173	\$ 2,202

8. SHARE CAPITAL AND RESERVES

a) Common Shares

The Company is authorized to issue an unlimited number of common shares, issuable in series.

The holders of common shares are entitled to receive dividends which may be declared from time to time, and are entitled to one vote per share at meetings of the Company.

Changes in share capital	Number	Amount
Balance December 31, 2015 and 2014	8,251,948	\$ 17,431,460

TANQUERAY EXPLORATION LTD.
NOTES TO THE FINANCIAL STATEMENTS
For the Years ended December 31, 2015 and 2014

8. SHARE CAPITAL AND RESERVES, continued

b) Contributed Surplus

There were no changes in contributed surplus

	Amount
Balance December 31, 2015 and December 31, 2014	<u>\$ 1,289,932</u>

c) Option Plan Details

The Company has an incentive Stock Option Plan ("the Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company. The terms of the plan provide that the Directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant at terms of up to five years. The maximum number of options outstanding under the Plan shall not result, at any time, in more than 10% of the issued and outstanding Common Shares.

Stock Options

No options were outstanding as at December 31, 2015 and 2014.

d) Nature and Purpose of Equity and Reserves

"The reserves recorded in the equity on the Company's balance sheet include "Contributed surplus", "Available-for-sale reserve" and "Accumulated deficit."

"Contributed surplus" is used to recognize the value of stock options granted.

"Available-for-sale reserve" is used to recognize the change in fair value of the listed available-for-sale investment in the year.

"Accumulated deficit" is used to record the Company's change in deficit from earnings from period to period.

9. GENERAL AND ADMINISTRATIVE EXPENSES

	December 31 2015	December 31 2014
Consulting fees (Note 12)	\$ --	\$ 5,600
Interest and bank charges	240	338
Licences and fees	14,877	14,397
Office	334	13,684
Professional fees	12,757	27,856
Rent	1,037	1,265
Telephone	2,029	2,033
	<u>\$ 31,274</u>	<u>\$ 65,173</u>

TANQUERAY EXPLORATION LTD.
NOTES TO THE FINANCIAL STATEMENTS
For the Years ended December 31, 2015 and 2014

10. INCOME TAXES

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate for the full financial year applied to the pre-tax income. The Canadian statutory tax rate is 27.00% (2014 – 25.00%)

The difference between tax expense for the period and the expected income taxes based on the statutory tax rate are as follows:

	December 31, 2015	December 31, 2014
Net income/(loss) before income taxes	\$ (31,852)	\$ (62,313)
Tax rates	26.00%	25.00%
 Tax expense (recovery) based on the statutory rate of 25.00%	 \$ (8,282)	 \$ (15,578)
Non-deductible expenses	3,217	5,044
Effect of provincial reassessment to non-capital loss carry forwards	-	256,446
Change in tax rates	(143,311)	-
Expiry of non-capital losses	40,664	-
Change in unrecognized deferred tax assets	107,712	(245,912)
Income tax provision	\$ -	\$ -

The Canadian statutory tax rate changed from 25% to 26% due to a change in provincial legislation. The Alberta tax rate increased from 10% to 12% effective July 1, 2015.

A deferred tax asset has not been recognized for the following:

	December 31, 2015	December 31, 2014
Mining properties and equipment	\$ 1,147,993	\$ 1,111,041
Marketable securities	21,853	17,141
Eligible capital	3,378	3,339
Non-capital loss carry forwards	855,127	796,730
Net capital loss carry forwards	103,570	95,897
	\$ 2,131,860	\$ 2,024,148

TANQUERAY EXPLORATION LTD.
NOTES TO THE FINANCIAL STATEMENTS
For the Years ended December 31, 2015 and 2014

10. INCOME TAXES, continued

As at December 31, 2015, the Company has estimated non-capital losses for Canadian income tax purposes that may be carried forward to reduce taxable income derived in future years. A summary of these tax losses is provided below.

The losses expire as follows:

2015	\$	198,388
2026		250,240
2027		208,280
2028		204,571
2029		324,496
2030		561,478
2031		544,494
2032		366,310
2033		259,851
2034		189,927
2035		142,657
	\$	<u>3,250,692</u>

The Company has capital losses of \$767,184 that may be carried forward indefinitely to reduce capital gains derived in future years.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- a) Credit Risk
- b) Liquidity Risk
- c) Market Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

TANQUERAY EXPLORATION LTD.
NOTES TO THE FINANCIAL STATEMENTS
For the Years ended December 31, 2015 and 2014

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT, continued

The overall objective of the Board is to set policies that seek to reduce risks so far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, accounts receivable, and available-for-sale investment. Cash and cash equivalents are held with a reputable Canadian chartered bank, from which management believes the risk of loss to be minimal.

Financial instruments exposed to credit risk include accounts receivable which consist of income tax credits receivable from Government authorities in Canada as well as amounts representing lease rent receivable. Management believes the exposure from the credit risk concentration with respect to accounts receivable is minimal.

Credit risk

Year ended	December 31, 2015	December 31, 2014
Cash	\$ 878	\$ 3,852
Trade and other receivables	772	2,000
Available-for-sale investment	11,500	36,250
	<u>\$ 13,150</u>	<u>\$ 42,102</u>

The Company's trade and other receivables are aged as follows:

Year ended	December 31, 2015	December 31, 2015
Current (less than 90 days)	\$ 772	\$ 2,000
Past due (more than 90 days)	--	--
	<u>\$ 772</u>	<u>\$ 2,000</u>

b) Liquidity Risk

At December 31, 2015, the Company had cash of \$878 (December 31, 2014 – 3,852) to settle current liabilities of \$255,727 (December 31, 2014 - \$254,641). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. Refer to Note 2 disclosures about the Company's ability to continue as a going concern.

TANQUERAY EXPLORATION LTD.
NOTES TO THE FINANCIAL STATEMENTS
For the Years ended December 31, 2015 and 2014

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT, continued

Liquidity risk

Year Ended	December 31, 2015	December 31, 2014
Trade and other payables	\$ 180,970	\$ 180,684
Loan payable	74,757	73,957
	<u>\$ 255,727</u>	<u>\$ 254,641</u>

The Company's trade and other payables are aged as follows:

Year Ended	December 31, 2015	December 31, 2014
Current (less than 31 days)	\$ 13,244	\$ 13,857
31 - 60 days	1,350	1,374
61 - 90 days	640	740
91+ days	165,736	164,713
	<u>\$ 180,970</u>	<u>\$ 180,684</u>

c) Market Risk

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

i) Interest Rate Risk

The Company has cash balances. The Company's current policy is to invest excess cash in investment- grade short-term GICs issued by banks with which it keeps its bank accounts. At December 31, 2015, the Company did not have any cash invested in short-term GICs (2014 - \$nil).

ii) Commodity and Equity Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, particularly as they relate to base and precious metals, individual equity movements, and the stock market in general to determine the appropriate course of action to be taken by the Company.

iii) Fair Value

The Company has, for accounting purposes, designated its marketable securities as available-for-sale, which is measured at fair value. Cash and cash equivalents and accounts receivable are classified for accounting purposes as loans and receivables, which are measured at amortized cost. Trade and other payables and loan payable are classified for accounting purposes as other financial liabilities which are measured at amortized cost.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT, continued

The Company categorizes its financial instruments carried at fair value into one of three different levels depending on the observability of the inputs employed in the measurement. At December 31, 2015, the Company valued available-for-sale assets using Level 1 input.

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Sensitivity Analysis

At December 31, 2015 the Company has 50,000 common shares of Forum Uranium Corp. recorded at a fair value of \$3,500 and 200,000 common shares of Puma Exploration Inc. recorded at a fair value of \$8,000 for a total of \$11,500. A \$0.01 change in the market price of the shares could result in a \$2,500 increase and decrease on the statement of comprehensive income.

12. RELATED PARTY TRANSACTIONS

The following is a summary of the Company's related party transactions during the year ended December 31, 2015.

a) Consulting Fees

During the year ended December 31, 2015 the Company accrued \$Nil (December 31, 2014 - \$5,600) in consulting fees to companies owned by directors of the Company. At December 31, 2015, \$163,884 (December 31, 2014 - \$164,141) is owing to directors, former directors and other parties related to the Company and is included in trade and other payables. These amounts are unsecured and interest-free.

In addition to the above amounts, a director advanced a loan of \$73,957 to the Company. During the year, \$800 was advanced, leaving an outstanding loan of \$74,757. This loan is unsecured, bears no interest and is due on demand.

b) Key Management Compensation

No compensation, other than the consulting fees above, was paid to key management or directors.

TANQUERAY EXPLORATION LTD.
NOTES TO THE FINANCIAL STATEMENTS
For the Years ended December 31, 2015 and 2014

13. EARNINGS PER SHARE

Basic loss per share is calculated using the weighted average number of shares outstanding on a post consolidation basis, during the year. Because the share price during the year was less than the exercise prices, the options and warrants are anti-dilutive and are not included in the calculation. Loss per share is calculated as follows:

	Net Loss for the Year	Weighted Average Common Shares	Net and Comprehensive Loss per Share
December 31, 2015 – Basic and diluted	\$ (31,852)	8,251,948	\$ (0.004)
December 31, 2014 – Basic and diluted	\$ (62,313)	8,251,948	\$ (0.009)

14. CAPITAL MANAGEMENT

The capital structure of the Company consists of equity attributable to common shareholders and includes share capital, contributed surplus and accumulated deficit.

The Company manages its capital to maximize its ability to be able to continue as a going concern and have sufficient capital to advance its mineral properties to the feasibility stage.

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support the acquisition, exploration and development of mineral properties and to maintain the Company in good standing with the various regulatory authorities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the Company. The Company has no debt and is not subject to externally imposed capital requirements.

The properties in which the Company currently has an interest are in the exploration stage; therefore the Company does not generate revenue from its properties. The Company's historical sources of capital have consisted of the sale of equity securities, asset and mineral property disposals and camp rental. In order for the Company to carry out planned exploration and development and pay for administrative costs, the Company will spend its working capital and raise additional amounts externally, as needed. The Company will continue to dispose of assets and exploration properties as well as assess potential property acquisitions if beneficial to the overall objectives of the Company.

15. SEGMENTAL REPORTING

The Corporation is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities in Canada.