Consolidated financial statements of

Samco Gold Limited

December 31, 2014 and 2013

Samco Gold Limited
December 31, 2014 and 2013

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Samco Gold Limited

We have audited the accompanying consolidated financial statements of Samco Gold Limited (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Samco Gold Limited as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to note 2 in the consolidated financial statements which indicates that the Company incurred a loss of $2,584,074 for the year ended December 31, 2014 and has an accumulated deficit of $23,730,774 as of that date. The Company is at the exploration stage of its gold and silver properties and has not determined whether these exploration properties contain mineral reserves that are economically recoverable. These conditions, 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.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants

April 30, 2015
Toronto, Canada

Samco Gold Limited

Consolidated statements of loss and comprehensive loss
Years ended December 31, 2014 and 2013

(In United States dollars, except where otherwise stated)

	2014	2013
	$	$
Interest income	**1,185**	4,910
Administrative expenses (Note 5)	**(2,556,675)**	(2,459,508)
Finance and interest charges	**(11,751)**	(18,334)
Foreign exchange gain/(loss)	**25,440**	(4,740)
Share-based payment expense (Note 10(c))	**(26,063)**	(208,809)
Loss before tax	**(2,567,864)**	(2,686,481)
Current tax expense	**(516)**	(106,606)
Deferred tax	**(15,694)**	83,004
Income tax (Note 7)	**(16,210)**	(23,602)
Loss and comprehensive loss	**(2,584,074)**	(2,710,083)
Loss per share, basic (Note 10(d))	**(0.04)**	(0.04)
Loss per share, diluted (Note 10(d))	**(0.04)**	(0.04)
Weighted average number of shares outstanding, basic	**65,076,075**	65,076,075
Weighted average number of shares outstanding, diluted	**65,224,568**	69,979,637

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

Samco Gold Limited

Consolidated statements of financial position
as at December 31, 2014 and 2013

(In United States dollars, except where otherwise stated)

	2014	2013
	$	$
Assets		
Non-current assets		
Plant and equipment (Note 8)	**225,120**	267,522
Mineral rights and exploration assets (Note 9)	**24,181,587**	23,158,942
Prepaid assets	**963,900**	-
Receivables	**53,373**	49,850
Total non-current assets	**25,423,980**	23,476,314
Current assets		
Cash	**1,048,065**	5,773,339
Prepaid assets	**150,434**	1,310,830
Receivables (Note 6)	**1,400,000**	-
Total current assets	**2,598,499**	7,084,169
Total assets	**28,022,479**	30,560,483
Equity and liabilities		
Capital and reserves		
Share capital (Note 10(a))	**45,423,567**	45,423,567
Warrants (Notes 10(b))	**900,802**	900,802
Share-based payment reserve (Note 10(b) and 10(c))	**4,969,520**	4,943,457
Deficit	**(23,730,774)**	(21,146,700)
Total equity	**27,563,115**	30,121,126
Non-current liabilities		
Deferred tax liability (Note 7)	**18,526**	2,832
Total non-current liabilities	**18,526**	2,832
Current liabilities		
Accounts payable and accrued liabilities	**440,838**	436,525
Total current liabilities	**440,838**	436,525
Total liabilities	**459,364**	439,357
Total equity and liabilities	**28,022,479**	30,560,483

Approved by the Board April 30, 2015

"Charles Koppel"
___________________________________ Director

"John Hick"
___________________________________ Director

Samco Gold Limited
Consolidated statements of changes in equity
Years ended December 31, 2014 and 2013
(In United States dollars, except where otherwise stated)

	Share capital	Warrants	Share-based payment reserve	Deficit	Total
	$	$	$	$	$
Opening balance as at January 1, 2013	45,423,567	900,802	4,734,648	(18,436,617)	32,622,400
Loss for the year attributable to shareholders	-	-	-	(2,710,083)	(2,710,083)
Share-based payment expense (Notes 10(b) and 10(c))	-	-	208,809	-	208,809
Balance as at December 31, 2013	45,423,567	900,802	4,943,457	(21,146,700)	30,121,126
Opening balance as at January 1, 2014	**45,423,567**	**900,802**	**4,943,457**	**(21,146,700)**	**30,121,126**
Loss for the year attributable to shareholders	**-**	**-**	**-**	**(2,584,074)**	**(2,584,074)**
Share-based payment expense (Notes 10(b) and 10(c))	**-**	**-**	**26,063**	**-**	**26,063**
Balance as at December 31, 2014	**45,423,567**	**900,802**	**4,969,520**	**(23,730,774)**	**27,563,115**

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

Samco Gold Limited

Consolidated statements of cash flows
Years ended December 31, 2014 and 2013

(In United States dollars, except where otherwise stated)

	2014	2013
	$	$
Operating activities		
Loss for the year	**(2,584,074)**	(2,710,083)
Interest income	**(1,185)**	(4,910)
Foreign exchange (gain)/loss	**(25,440)**	4,740
Share-based payment expense (Note 10(c))	**26,063**	208,809
Depreciation (Note 8)	**28,195**	25,168
Disposals of plant and equipment (Note 8)	**70,076**	-
Deferred tax (Note 7)	**15,694**	(83,004)
	(2,470,671)	(2,559,280)
Movements in working capital		
(Increase) in receivables	**(3,523)**	-
Decrease/(increase) in prepaid assets	**196,496**	(9,049)
Increase in accounts payable and accrued liabilities	**4,313**	2,615
Decrease in amounts due to related parties	**-**	(37,500)
Net cash used in operating activities	**(2,273,385)**	(2,603,214)
Investing activities		
Investment in mineral property rights and exploration costs (Note 9)	**(972,611)**	(2,382,301)
Interest income	**1,185**	4,910
(Increase) in receivable (Note 6)	**(1,400,000)**	-
Purchase of plant and equipment (Note 8)	**(105,903)**	(10,160)
Net cash used in investing activities	**(2,477,329)**	(2,387,551)
Effect of foreign exchange rate changes on cash	**25,440**	(4,740)
Decrease in cash	**(4,725,274)**	(4,995,505)
Cash at the beginning of the year	**5,773,339**	10,768,844
Cash at the end of the year	**1,048,065**	5,773,339

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

1. General information

Samco Gold Limited (the “Company”) was incorporated in the British Virgin Islands on June 16, 2009. The registered office address is Geneva Place, 2nd floor, 333 Waterfront Drive, Road Town, Tortola, British Virgin Islands.

The Company is a mineral exploration company that acquires, explores and develops mineral properties in South America. The Company’s material properties are the El Dorado-Monserrat property and adjacent Judite property, and the Corina property, all located in the Province of Santa Cruz, Argentina. All of the Company’s properties are at an early stage of exploration.

On March 25, 2011, the Board of Directors approved and authorized the change of the Company’s name from Samco (Argentina) Limited to Samco Gold Limited. These consolidated financial statements have been prepared using the Samco Gold Limited corporate name.

These consolidated financial statements include the Company’s three wholly-owned subsidiaries, Samco Gold S.A. and 5R S.A., both companies incorporated in Argentina, and Samco Gold Services (UK) Ltd., a company incorporated in the United Kingdom.

The Company’s common shares are traded on the TSX Venture Exchange and all filings are publicly available on SEDAR at www.sedar.com.

2. Significant accounting policies

Statement of compliance

The Company’s consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements of the Company for the years ended December 31, 2014, and 2013 have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 30, 2015.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The Company is primarily engaged in the exploration of mainly gold and silver on properties in Argentina. The Company has not determined whether the exploration properties contain mineral reserves that are economically recoverable. The recoverability of the amount shown for mineral rights for exploration is dependent upon the discovery of economically recoverable reserves of gold and silver on the exploration properties and on attaining future profitable production from such properties.

Going concern

The Company had a loss and comprehensive loss of $2,584,074 for the year (2013: $2,710,083). As the Company has not yet achieved profitable operations, the Company has, since its inception, accumulated a deficit to December 31, 2014, of $23,730,774 and expects to incur further losses in the development of its business. As at December 31, 2014, the Company had $1,048,065 in cash and cash equivalents. The Company does not currently have revenue-generating properties.

The Company’s ability to continue operations in the normal course of business is dependent on several factors, including its ability to secure additional funding, along with other matters relevant to exploration companies, such as the failure to obtain the necessary permits which could result in the delay or indefinite postponement of further exploration and development of its Argentinean mineral properties. Such matters indicate the existence of material uncertainties about the Company’s ability to continue as a going concern. There is no assurance that the financing required and/or the necessary permits will be obtained on favorable terms, or at all. Management is exploring all available options to secure additional funding, including equity and loan financing. In addition, the recoverability of the amount shown for

2. Significant accounting policies (continued)

Going concern (continued)

mineral rights and exploration assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain financing to continue to perform exploration activity or complete the development of the properties where necessary, or alternatively, upon the Company's ability to recover its incurred costs through a disposition of its interests, all of which are uncertain.

In the event the Company is unable to identify recoverable resources, receive the necessary permitting, or arrange appropriate financing, the carrying value of the Company's assets could be subject to material adjustment. Furthermore, these conditions may cast significant doubt upon the validity of the going concern assumption.

These consolidated financial statements do not include any additional adjustments to the recoverability and classification of certain recorded asset amounts, classification of certain liabilities and changes to the statement of loss and comprehensive loss that might be necessary if the Company was unable to continue as a going concern.

Basis of consolidation

Subsidiaries are entities controlled by the Company. Control is achieved where the Company is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiary. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of loss and comprehensive loss from the effective date of acquisition and up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial records of the subsidiary to bring their accounting policies in line with those used by the Company. All intercompany transactions, balances, income and expenses are eliminated upon consolidation. Where the Company's interest in a subsidiary is less than 100%, the Company recognizes non-controlling interests. Refer to Note 1 for a description of the subsidiaries of the Company.

Foreign currencies

The individual financial records of each group entity are kept in the currency of the primary economic environment in which the entity operates (its functional currency). The functional currency, as determined by management, of Samco Gold Limited, Samco Gold Services (UK) Ltd., Samco Gold S.A. and 5R S.A. is the United States dollar. For presentational purposes, the consolidated financial statements are expressed in United States dollars.

For the purpose of presenting consolidated financial statements, transactions in currencies other than the entity's or foreign operations' functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences, if any, are recognized in the statement of loss and comprehensive loss in the year in which they arise.

Cash and equivalents

Cash and equivalents are comprised of cash at banks and on hand, and call and time deposits, which are readily convertible into a known amount of cash.

2. Significant accounting policies (continued)

Mineral rights and exploration costs

The Company's accounting policy is to capitalize costs to mineral rights for exploration relating to the acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, technical feasibility studies for extracting primarily gold and silver and other costs directly attributable to exploration projects. Mineral rights for exploration are carried at cost less accumulated impairment losses. Each accounting period the Company assesses the facts and circumstances and determines if there is an indication that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. One or more of the following facts and circumstances would give rise to the Company testing and evaluating exploration and evaluation assets for impairment:

a) the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed.

b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.

c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.

d) sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

If there is an indication of impairment, the Company determines the recoverable amount of the asset and compares this to the carrying amount as at the reporting date. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized in the consolidated statement of loss and comprehensive loss. The recoverable amount is determined by comparing the higher of the value in use (being the net present value of expected pre-tax future cash flows of the relevant asset) and fair value less costs to sell the asset(s). Where neither exists, fair value is based on the best information available to estimate the amount the Company could obtain from the sale of the asset(s) in an arm's length transaction with reference to a market comparable.

The Company has assessed the recoverability of all its exploration and evaluation cash generating units and has determined that there are no indicators of impairment of its exploration and evaluation assets at December 31, 2014, and 2013.

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The useful lives of each category of plant and equipment are as follows:

Fixtures and fittings	ten years
Computer and office equipment	three years
Vehicles	five years
Machinery	ten years
Leasehold improvements	three years

2. *Significant accounting policies (continued)*

Financial assets

All financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following categories: financial assets ‘at fair value through profit or loss’ (“FVTPL”), ‘held-to-maturity investments’, ‘available-for-sale’ financial assets and ‘loans and receivables’. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Refer to Note 13 for analysis of categories of financial assets. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

Impairment of assets

Impairment of exploration and evaluation assets is assessed in accordance with the criteria noted above under “Mineral rights and exploration costs.” For all other tangible and intangible assets, the Company reviews the carrying amounts of its tangible and intangible assets at the end of each reporting period to determine whether there is any indication that those assets have suffered an impairment loss. Where such indication of impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. The recoverable amount is determined by comparing the higher of the value in use (being the net present value of expected pre-tax future cash flows of the relevant asset) and fair value less costs to sell the asset(s). The best evidence of fair value is a quoted price in an active market or a binding sale agreement for the same or similar asset(s). Where neither exists, fair value is based on the best information available to estimate the amount the Company could obtain from the sale of the asset(s) in an arm’s length transaction. This is often accomplished by using a discounted cash flow technique.

The Company has assessed the assets of all its cash generating units and has determined that there is no impairment at December 31, 2014, and 2013.

Share-based payment transactions

The Company has historically been involved in equity settled transactions to acquire assets and/or as repayment of outstanding liabilities. The Company measures the equity transactions at the fair value of the goods or services received. If the goods or services received cannot be measured reliably, the transaction is measured at the fair value of the equity instrument issued.

Financial liabilities

Financial liabilities are classified as either financial liabilities ‘at FVTPL’ or ‘other financial liabilities’. Refer to Note 13 for analysis of categories of financial liabilities.

Other financial liabilities

Other financial liabilities including borrowings are initially measured at fair value, net of transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

De-recognition of financial liabilities

The Company de-recognizes financial liabilities when the obligations are discharged, cancelled or expire.

2. Significant accounting policies (continued)

Deferred tax

Deferred tax is recognized on loss carry-forwards and tax credits, and on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax for the period

Deferred taxes are recognized as an expense or income in the statement of loss and comprehensive loss, except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside profit or loss. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Earnings per share

Basic earnings per share is computed by dividing net income or loss attributable to the equity holders of the Company by the weighted average number of common shares outstanding during the year.

The dilutive effect on earnings/(loss) per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the year. However, the calculation of dilutive earnings/(loss) per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

Potentially dilutive common shares, relating to options and warrants outstanding as at December 31, 2014 and 2013, were not included in the computation of loss per share because their effect was anti-dilutive.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Refer to Note 10 for details regarding the determination of the fair value of equity-settled share-based payment transactions.

Equity-settled share-based payment transactions related to services provided are measured at the fair value of the services received. If the services cannot be measured reasonably, the transaction is measured at the fair value of the equity instrument issued.

2. Significant accounting policies (continued)

Segment reporting

An operating segment is a component of the Company that can be identified based on the operational activities and the reporting structure. The accounting policies of the reportable segments are the same as the Company's accounting policies.

Newly applied accounting standards

The following new and revised standards and interpretations were adopted as of January 1, 2014:

IAS 32, "Financial Instruments: Presentation" (amendment);

IAS 36, "Impairment of Assets" (amendment);

IAS 39, "Financial Instruments: Recognition" (amendment); and

IFRIC 21, "Levies" (new).

Share-Based Payment

IFRS 2, *Share-Based Payment* ("IFRS 2") was amended by the IASB on December 12, 2013. The amendments clarify the definition of vesting conditions. The amendments change the definitions of "vesting condition" and "market condition" in the Standard, and add definitions for "performance condition" and "service condition". They also clarify that any failure to complete a specified service period, even due to the termination of an employee's employment or a voluntary departure, would result in a failure to satisfy a service condition. This would result in the reversal, in the current period, of compensation expense previously recorded reflecting the fact that the employee failed to complete a specified service condition. These amendments are effective for transactions with a grant date on or after July 1, 2014. The Company adopted the amendments effective July 1, 2014. The adoption of these amendments did not have an impact on the Company's consolidated financial statements.

The adoption of these new and revised standards and interpretations did not have a significant impact on the Company's consolidated financial statements.

Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Company:

Revenue

IFRS 15, revenue from contracts and customers ("IFRS 15") was issued by the IASB on May 28, 2014, and will replace *IAS 18, revenue, IAS 11, construction contracts,* and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual periods beginning on or after January 1, 2017. The Company is currently evaluating the impact of IFRS 15 on its consolidated financial statements.

Amendments to IAS 16, property, plant and equipment, and IAS 38, intangible assets

On May 12, 2014, the IASB issued amendments to *IAS 16, property, plant and equipment*, and *IAS 38, intangible assets*. In issuing the amendments, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of a tangible asset is not appropriate because revenue generated by an activity that includes the use of a tangible asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption for an intangible asset, however, can be rebutted in certain limited circumstances. The standard is to be applied prospectively for fiscal years

2. Significant accounting policies (continued)

Amendments to IAS 16, property, plant and equipment, and IAS 38, intangible assets (continued)

beginning on or after January 1, 2016 with early application permitted. The Company is currently evaluating the impact of amendments to IAS 16 and IAS 38 on its consolidated financial statements.

Financial Instruments

IFRS 9, financial instruments ("IFRS 9") was issued by the IASB on October 28, 2010, and will replace *IAS 39, financial Instruments: recognition and measurement ("IAS 39").* IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing 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. Two measurement categories continue to exist to account for financial liabilities in IFRS 9: fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held-for-trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is applied to financial liabilities and non-derivative host contracts not within the scope of this standard. The effective date for this standard is for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities, and IAS 28 Investments in Associates and Joint Ventures

Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities, and IAS 28 Investments in Associates and Joint Ventures were published by the IASB in December 2014. The amendments define the application of the consolidation exception for investment entities. They are effective for annual periods beginning on or after January 1, 2016. The Company is evaluating the impact of this standard but does not expect the standard to have a material impact on its consolidated financial statements.

Amendment to IAS 1, Presentation of Financial Statements

An amendment to IAS 1, Presentation of Financial Statements was issued by the IASB in December 2014. The amendment clarifies principles for the presentation and materiality consideration for the financial statements and notes to improve understandability and comparability. The amendment to IAS 1 is effective for annual periods beginning on or after January 1, 2016. The Company is evaluating the impact of this standard but does not expect the standard to have a material impact on its consolidated financial statements.

3. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 2 above, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future estimates.

Critical accounting judgments

Functional currency

Management applied judgment in determining the functional currency of Samco Gold Limited, Samco Gold S.A., 5R S.A. and Samco Gold Services (UK) Ltd. as United States dollars. Functional currency was determined based on the currency that mainly influences labour, material and other costs.

3. Critical accounting judgments and key sources of estimation uncertainty (continued)

Deferred tax

Management has applied judgment in the identification and estimation of deferred tax liabilities related to costs incurred by the Company. This is determined by evaluating the facts and circumstances that caused the liability to arise, and determining the probable penalty of the eventual tax liabilities that could be assessed by taxation authorities.

Mining exploration costs and impairment

The Company also applied judgment in the determination of the types of costs that are capitalized as mineral rights for exploration as described in the accounting policy in Note 2. The alternative to this accounting policy would be to expense all costs related to property rights and exploration costs. During the year ended December 31, 2014, any costs that were not clearly considered qualifying expenditures were expensed. Exploration and development costs are capitalized until the properties to which they relate are placed into production, are sold, or are allowed to lapse. Management is required to use judgment to review the carrying values of the mining properties on a quarterly basis to determine whether any impairment exists based on assumptions of current and future events or circumstances. Estimates and assumptions may change if new information becomes available. If after the expenditures are capitalized and information becomes available suggesting that the recovery of the carrying values is unlikely, the amount capitalized is written-off to the statement of loss and comprehensive loss during the period that the new information becomes available.

Going concern

As described in significant accounting policies, basis of presentation within Note 2, management uses its judgment in determining whether the Company is able to continue as a going concern. Considerations take into account all available information about the future viability of the mineral exploration program, the availability of capital financing, current working capital funds, and future commitments and obligations.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount, which is the amount agreed to by the parties.

Critical accounting estimates

Share options and share-based payments

The Company measures the fair value of the share options granted to officers, directors, employees and agents using the Black-Scholes option pricing model, which incorporates the assumptions regarding the expected life of the share option, volatility, dividend yield, and risk-free rates. The Company is required to calculate the fair value of these share options at the date of issuance.

(In United States dollars, except where otherwise stated)

4. Segment information

Operating segments were identified based on internal reporting reviews that are performed by the chief executive officer of the Company. Two segments were identified based on the operational activities and the reporting structure. The accounting policies of the reportable segments are the same as the Company's accounting policies. The Company operates a corporate business segment as well as a segment for managing exploration rights in Argentina. Assets, liabilities and loss/(income) within each segment are as follows:

		As at December 31, 2014	
	Corporate	**Argentina**	**Total**
	$	$	$
Non-current assets	**736,266**	**24,687,714**	**25,423,980**
Current assets	**2,486,119**	**112,380**	**2,598,499**
Non-current liabilities	**18,526**	**-**	**18,526**
Current liabilities	**149,006**	**291,832**	**440,838**

		As at December 31, 2013	
	Corporate	Argentina	Total
	$	$	$
Non-current assets	644,509	22,831,805	23,476,314
Current assets	5,464,176	1,619,993	7,084,169
Non-current liabilities	2,832	-	2,832
Current liabilities	91,928	344,597	436,525

		Year ended December 31, 2014	
	Corporate	**Argentina**	**Total**
	$	**$**	**$**
Interest income	**1,185**	**-**	**1,185**
Depreciation expense	**18,631**	**9,564**	**28,195**
Finance and interest charges	**8,205**	**3,546**	**11,751**
Share-based payment expense	**26,063**	**-**	**26,063**
Income tax expense	**-**	**516**	**516**
Deferred tax expense	**15,694**	**-**	**15,694**
Loss/(income)	**7,022,703**	**(4,438,629)**	**2,584,074**
Expenditures on plant and equipment	**105,091**	**812**	**105,903**
Mineral rights and exploration expenditure	**17,109**	**1,005,536**	**1,022,645**

		Year ended December 31, 2013	
	Corporate	Argentina	Total
	$	$	$
Interest income	4,910	-	4,910
Depreciation expense	14,481	10,687	25,168
Finance and interest charges	8,612	9,722	18,334
Share-based payment expense	208,809	-	208,809
Income tax (recovery)/expense	18,503	88,103	106,606
Deferred tax recovery	-	(83,004)	(83,004)
Loss	1,438,148	1,271,935	2,710,083
Expenditures on plant and equipment	465	9,695	10,160
Mineral rights and exploration expenditure	137,608	2,327,312	2,464,920

(In United States dollars, except where otherwise stated)

5. Administrative expenses

	December 31, 2014	December 31, 2013
	$	$
Administration costs	**330,415**	330,810
Travel and subsistence	**244,647**	388,289
Application fees	**29,340**	36,830
Management and professional fees	**1,063,534**	801,529
Salary	**860,544**	876,882
Depreciation (Note 8)	**28,195**	25,168
	2,556,675	2,459,508

6. Related party transactions

The Company's related parties include key management. Key management includes the directors (executive and non-executive) and officers of the Company. Remuneration of key management was as follows:

	December 31, 2014	December 31, 2013
	$	$
Short-term employee benefits	**670,834**	804,167
Share-based payments	**26,063**	208,809
Termination benefits	**-**	25,000
	696,897	1,037,976

Mr. Fornazzari, who is the Company's corporate secretary, is also a partner in Gowling, Lafleur, Henderson LLP, which provided legal services of $247,697 (2013 - $114,664) to the Company during the year.

Mr. Richardson, the former chief executive officer, resigned on August 13, 2013.

No bonuses were awarded for the year ended December 31, 2014 (2013 - $Nil), and the Company does not participate in a pension plan.

On December 6, 2013, the Company entered into a lease for its new London office premises with JayTree Limited, a company wholly-owned by the Company's chairman and chief executive officer, Mr. Koppel.

On January 10, 2014, the Company announced that it had entered into a participation and option agreement with a director of the Company, Mr. R. Auriemma, under which the Company could acquire the sole and exclusive right to participate in any benefits arising from enforcement of an Argentinean court judgment relating to the breach of an agreement between Mr. R. Auriemma and Northern Orion Resources Inc. (since acquired by Yamana Gold Inc. and renamed 0805346 B.C. Ltd.).

6. Related party transactions (continued)

On February 14, 2014, the Company closed the participation and option agreement and an option payment of $1,400,000 was made to Mr. R. Auriemma. The Company has recorded the $1,400,000 as a current asset in the statement of financial position as the Company believes that it will recover the value of the asset within twelve months. Mr. R. Auriemma has the right to terminate the participation and option agreement commencing on the 365th day following the Argentinean court appointed arbitrator's assessment of the monetary value of court awarded damages or, if later, the date on which any available appeals therefrom are exhausted. The Company may terminate the participation and option agreement at any time.

In the year ended December 31, 2014, Samco Gold Limited waived $4,750,080 (2013: $Nil) in loans to Samco Gold S.A. and related interest of $220,520 (2013: $Nil).

On December 12, 2014, the Company entered into a share purchase agreement with Mantaro Resources Limited, a company in which the Company's chairman and chief executive officer, Mr. Koppel, has a majority interest, for the acquisition of all the issued and outstanding shares of Samco Minerals S.A. and Cia Dorita MA S.A.C., Mantaro's wholly-owned Peruvian subsidiaries which hold certain exploration and mining concessions over the Dino polymetallic property located in Peru. Subject to meeting certain conditions, closing of the acquisition has been extended to April 30, 2015. In accordance with the share purchase agreement, a total of $56,343 was transferred to Mantaro Resources Limited as at December 31, 2014 (2013: $Nil).

The related party transactions are conducted in the normal course of business operations and were measured at the exchange amount, which is the amount agreed to by the related parties.

(In United States dollars, except where otherwise stated)

7. Income taxes

The standard rate of corporate tax applicable to the parent company, which is incorporated in the British Virgin Islands, is Nil. The income taxes recognized in the consolidated financial statements of the Company are derived from Samco Gold S.A. and 5R S.A. that operate in Argentina, and Samco Gold Services (UK) Ltd. that operates in the United Kingdom.

Income tax expense differs from the amount that would result from applying the statutory tax rate of 35% (2013: 35%) and 20% (2013: 23%) to income before income taxes in Argentina and the UK, respectively.

As a result of the intercompany loan waiver (see note 6 above) Samco Gold S.A. had a net gain before tax as at December 31, 2014.

These differences result from the following items for the years ended December 31, 2014 and 2013:

	2014	2013
	$	$
Net loss before income tax	**2,567,864**	2,686,481
Income tax (expense)/recovery at Argentina rates	**(1,553,520)**	445,177
Income tax (expense)/recovery at UK rates	**(5,341)**	(16,099)
Differences arising from:		
Permanent differences (exchange rate changes)	**2,806**	956,669
Alternative minimum tax	**(516)**	(88,103)
Change in previously unrecognised net deductible temporary differences	**1,550,715**	(1,401,846)
Disallowable expenses	**(5,926)**	(4,597)
Capital allowances	**11,267**	93
Small entity tax rate benefit	**-**	2,100
Deferred tax	**(15,694)**	83,004
Total income tax expense	**(16,209)**	(23,602)

The following table summarizes the movement in the deferred tax liability for the year ended December 31, 2014 and 2013:

	$
Deferred tax liability as at December 31, 2013	2,832
Deferred tax expense	15,694
Deferred tax liability as at December 31, 2014	18,526

The deferred tax liability relates to the temporary differences on the property and equipment in the United Kingdom.

Tax loss carry forward as at December 31, 2014 and 2013, is as follows:

	2014	2013
	$	$
Tax loss carried forward at the beginning of the year	**1,754,150**	726,584
Exchange rate changes	**551,869**	(374,280)
Tax loss carry forward (utilized)/incurred during the year	**(1,550,715)**	1,401,846
Tax loss carry forward at the end of the year	**755,304**	1,754,150
Valuation allowance	**(755,304)**	(1,754,150)
Net	**-**	-

The benefit of the total tax loss carry forward described above has not been recognized in these consolidated financial statements. Management does not consider the utilization of deferred tax assets to be likely in the short term. Accordingly, deferred income tax assets are appropriately valued at a $Nil

(In United States dollars, except where otherwise stated)

7. *Income taxes (continued)*

balance as at December 31, 2014, and December 31, 2013. Tax losses carried forward expire five years from the year the loss arose, consequently the above losses will expire between two and five years.

The Company has recognized a deferred tax liability of $18,526 as at December 31, 2014 (December 31, 2013 - $2,832). The Company and its subsidiaries are also subject to routine proceedings and tax audits. The Company does not believe that the outcome of any of these matters, individually or in aggregate, would have a material adverse effect on its consolidated earnings, cash flow or financial position.

8. Plant and equipment

	Fixtures and fittings	Computer and office equipment	Vehicles	Machinery	Leashold improvements	Total
	$	$	$	$	$	$
Cost						
As at December 31, 2012	117,771	67,360	144,579	48,744	90,785	469,239
Additions	3,978	710	-	3,077	2,395	10,160
As at December 31, 2013	121,749	68,070	144,579	51,821	93,180	479,399
Additions	**86,407**	**19,496**	**-**	**-**	**-**	**105,903**
Disposals	**(7,695)**	**(16,593)**	**(108,127)**	**-**	**-**	**(132,415)**
As at December 31, 2014	**200,461**	**70,973**	**36,452**	**51,821**	**93,180**	**452,887**
Accumulated depreciation						
As at December 31, 2012	(11,785)	(24,247)	(33,819)	(5,458)	(28,781)	(104,090)
Depreciation	(11,880)	(22,968)	(28,915)	(5,115)	(38,909)	(107,787)
As at December 31, 2013	(23,665)	(47,215)	(62,734)	(10,573)	(67,690)	(211,877)
Depreciation	**(19,232)**	**(19,371)**	**(8,954)**	**(5,182)**	**(25,490)**	**(78,229)**
Disposals	**1,596**	**13,356**	**47,387**	**-**	**-**	**62,339**
As at December 31, 2014	**(41,301)**	**(53,230)**	**(24,301)**	**(15,755)**	**(93,180)**	**(227,767)**
Carrying amount						
As at December 31, 2012	105,986	43,113	110,760	43,286	62,004	365,149
As at December 31, 2013	98,084	20,855	81,845	41,248	25,490	267,522
As at December 31, 2014	**159,160**	**17,743**	**12,151**	**36,066**	**-**	**225,120**

Of the total depreciation for the year ended December 31, 2014, $50,034 (2013: $82,619) is capitalized to mineral rights and exploration costs as this is directly attributable to the mining operations, and $28,195 (2013: $25,168) is expensed.

(In United States dollars, except where otherwise stated)

9. Mineral rights and exploration assets

Mineral rights and exploration costs movement:

	El Dorado Monserrat	Corina	Other exploration properties	Total
	$	$	$	$
Balance as at December 31, 2012	17,540,333	3,044,729	108,960	20,694,022
Exploration costs incurred				
Drilling	-	317,940	-	317,940
Field costs	687,643	217,965	2,995	908,603
Surface rights	112,884	27,413	-	140,297
Professional fees	88,795	40,812	11,473	141,080
Geophysics	13,848	72,417	1,154	87,419
Lab costs	69,172	142,386	718	212,276
Geology	470,891	174,568	11,846	657,305
	1,443,233	993,501	28,186	2,464,920
Balance as at December 31, 2013	18,983,566	4,038,230	137,146	23,158,942
Exploration costs incurred				
Drilling	**-**	**-**	**-**	**-**
Field costs	**182,078**	**10,443**	**14,079**	**206,600**
Surface rights	**94,916**	**755**	**1,340**	**97,011**
Professional fees	**29,447**	**6,473**	**-**	**35,920**
Geophysics	**5,874**	**-**	**-**	**5,874**
Lab costs	**18,111**	**222**	**438**	**18,771**
Geology	**451,455**	**113,667**	**93,347**	**658,469**
	781,881	**131,560**	**109,204**	**1,022,645**
Balance as at December 31, 2014	**19,765,447**	**4,169,790**	**246,350**	**24,181,587**

The Company currently maintains mineral property rights for mainly gold and silver exploration in Argentina's Santa Cruz Province. There is no foreseeable time limit over which the Company can explore the properties.

On May 29, 2014, the Company announced that a binding letter of intent had been signed with Pan American Silver Corp. ("PAS") to grant PAS the exclusive option to acquire a 60% interest in the El Dorado Monserrat project in Santa Cruz Province, Argentina ("EDM"). As a precondition to PAS exercising its option PAS is to conduct further work, including drilling at EDM equivalent to at least $2,000,000, followed by the preparation of a technical report. Upon exercising the option, PAS is to make a one-time payment to the Company of $5,000,000. The letter of intent was due to terminate if a definitive agreement between the parties' Argentinean subsidiaries had not been entered into by October 1, 2014. On September 30, 2014, November 3, 2014, December 1, 2014, and February 2, 2015, the Company announced extensions of the binding letter of intent's termination. On February 9, 2015, the Company announced that the definitive option agreement had been executed.

(In United States dollars, except where otherwise stated)

10. Share capital, warrants and share options

a) Share capital

	Year ended December 31, 2014		Year ended December 31, 2013	
Common shares	**Shares**	**Amount**	Shares	Amount
		$		$
Balance at beginning of the year	**65,076,075**	**45,423,567**	65,076,075	45,423,567
Balance at end of the year	**65,076,075**	**45,423,567**	65,076,075	45,423,567

b) Warrants and share options

Warrants

The warrants that expired during the year ended December 31, 2013, had a fair value of $900,802 on the date they were granted.

Share options

The Company has in place a stock option plan (the “Option Plan”), which, under the policies of the TSX Venture Exchange, requires re-approval at each annual meeting of shareholders of the Company.

The Option Plan is a “rolling” stock option plan, pursuant to which the number of common shares that may be issued upon exercise of options may not exceed 10% of the issued and outstanding common shares on a non-diluted basis at any time and such aggregate number of common shares automatically increases or decreases as the number of issued and outstanding common shares of the Company changes.

The Option Plan was established to promote the profitability and growth of the Company, facilitating the efforts of the Company to obtain and retain key individuals by encouraging their ownership of the Company’s shares so that they benefit from increases in the value of the Company’s shares. If the Option Plan is not approved by the shareholders at the annual meeting, the Company will not be able to grant any further options under the Option Plan and the Company will have to consider other methods of compensation, such as increased cash compensation.

The following table summarizes information about share options outstanding as at December 31, 2014:

Number outstanding	Number vested and exercisable	Exercise price	Expiry date	Weighted average remaining contractual life
		(CDN $)		(years)
4,650,000	4,650,000	1.10	July 6, 2016	1.52
100,000	100,000	1.10	August 22, 2016	1.64
100,000	100,000	1.10	August 22, 2016	1.64
200,000	50,000	1.10	August 22, 2016	1.64
500,000	500,000	1.10	March 27, 2017	2.24
200,000	200,000	0.35	October 4, 2017	2.76
200,000	-	0.17	June 3, 2019	4.42
325,000	-	0.22	July 13, 2019	4.53
6,275,000	5,600,000			1.87

(In United States dollars, except where otherwise stated)

10. Share capital, warrants and share options (continued)

b) Warrants and share options *(continued)*

Share options (continued)

	Note	Number	Weighted average exercise price
			(CDN $)
Balance as at December 31, 2012		6,250,000	1.07
Cancelled	(i)	(500,000)	1.10
Balance as at December 31, 2013		**5,750,000**	**1.07**
Granted	(ii)	525,000	0.20
Balance as at December 31, 2014		**6,275,000**	**1.00**

(i) During the year ended December 31, 2013, 500,000 share options, which had vested, were cancelled as a result of employee departures.

(ii) On June 3, 2014, 200,000 share options were granted at CDN $0.17. These options will vest if the individual is still employed eighteen months from the grant date.

On July 13, 2014, 325,000 share options were granted at CDN $0.22. These options will vest if the employees are still employed eighteen months from the grant date.

The following table summarizes the range of inputs used by the Company in calculating the share-based payment expense using the Black-Scholes option-pricing model:

Issue/modification date	October 4, 2012	October 4, 2012	June 3, 2014	July 13, 2014
Expected dividend yield	-	-	-	-
Expected volatility	88%	96%	95%	96%
Risk free rate	1.23%	1.33%	1.61%	1.39%
Expected life (years)	4	5	5	4
Fair value per option (CDN $)	0.07	0.14	0.10	0.15

c) Share-based payment reserve

During the year ended December 31, 2014, the Company expensed $26,063 (2013: $208,809) in relation to the fair value of these options.

d) Loss per share

The calculation of basic loss per share is based on the net loss of $2,584,074 for the year ended December 31, 2014 (2013: $2,710,083) and on the total weighted average number of common shares of 65,076,075 outstanding during the year ended December 31, 2014 and 2013.

(In United States dollars, except where otherwise stated)

10. Share capital, warrants and share options (continued)

Effect on diluted earnings per share

200,000 of the share options have a dilutive effect on the diluted earnings per share as they are fully vested and in the money as at December 31, 2014, and therefore they were included in the diluted loss per share calculation for the period on a weighted average basis. The remaining share options have an anti-dilutive effect on the diluted loss per share disclosed in the consolidated statement of loss and comprehensive loss or had not vested as at December 31, 2014 and therefore were not included in the diluted earnings per share calculation for the period.

11. Operating commitments

Commitments in force were as follows:

	As at December 31, 2014	As at December 31, 2013
	$	$
In respect of:		
Surface rights	**43,000**	69,000
Field facilities	**-**	24,000
Total	**43,000**	93,000

There are two separate contracts for surface rights covering the EL Dorado and Monserrat properties. The costs are spread evenly over the terms of the contracts.

12. Operating lease commitments

The Company leases offices in the UK and in Argentina. The term of the office lease in Argentina is for three years and expires on July 31, 2017. The term of the office lease in the UK is for four years and five months and expires on May 5, 2018.

The future minimum lease payments under the non-cancellable portion of the operating leases are as follows:

	As at December 31, 2014	As at December 31, 2013
	$	$
No later than 1 year	**158,113**	143,468
Later than 1 year and no later than 5 years	**343,379**	468,328
Later than 5 years	**-**	-
Total	**501,492**	611,796

13. Financial instruments and risk management

a) Capital risk management

The Company's objectives in managing its capital are to ensure the Company's ability to continue as a going concern, to meet its capital expenditures for its continued exploration programs in Argentina, and to maintain a flexible capital structure of equity and debt financing to optimize the costs of capital with minimal risks. The Company considers the items included in shareholders' equity to be capital. The Board of Directors monitors the Company's capital position on a regular basis.

The Company is sensitive to both changes in foreign exchange rates and commodity prices.

13. Financial instruments and risk management (continued)

b) Liquidity risk management

The following table has been prepared based on the undiscounted cash flow of financial liabilities based on the earliest date on which the Company could be required to pay. The Company is not currently reliant on external funding to meet its operating liabilities.

					As at December 31, 2014
	< 1 month	**1-3 months**	**3 months to 1 year**	**> 1 year**	**Total**
	$	**$**	**$**	**$**	**$**
Accounts payable and accrued liabilities	**-**	**440,838**	**-**	**-**	**440,838**
	-	**440,838**	**-**	**-**	**440,838**

					As at December 31, 2013
	< 1 month	1-3 months	3 months to 1 year	> 1 year	Total
	$	$	$	$	$
Accounts payable and accrued liabilities	-	436,525	-	-	436,525
	-	436,525	-	-	436,525

c) Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies, and consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed by maintaining low levels of foreign currencies and related obligations that are perceived to be volatile. The carrying amount of the Company's foreign currency denominated assets and monetary liabilities at the end of the reporting period, in United States dollars is:

	As at December 31, 2014		As at December 31, 2013	
	Assets	**Liabilities**	Assets	Liabilities
	$	**$**	$	$
Argentine pesos	**58,056**	**291,832**	418,174	344,597
United Kingdom sterling	**253,831**	**35,033**	290,578	26,485
Canadian dollars	**120,876**	**132,499**	75,038	-
	432,763	**459,364**	783,790	371,082

Based on the December 31, 2014, balances and applying a movement in the exchange rate of 5%, had the United States dollar strengthened (weakened) against the Argentine peso, the Company's equity would have been $11,689 higher (lower). Had the United States dollar strengthened (weakened) against the United Kingdom sterling, the Company's equity would have been $10,940 lower (higher). Had the United States dollar strengthened (weakened) against the Canadian dollar, the Company's equity would have been $581 higher (lower).The Company's cash is predominantly held in United States dollars other than as needed in the ordinary course of business.

(In United States dollars, except where otherwise stated)

13. Financial instruments and risk management (continued)

d) Title risk

Title to mineral properties and exploration rights involves certain inherent risks due to the potential for problems arising from the ambiguous conveyance history characteristic of many mining properties and from political risk associated with the countries in which the Company carries out its exploration activities. The Company has taken all reasonable steps to ensure it has proper title to its properties. However, no guarantees can be provided that there are no unregistered agreements, claims or defects, which may result in the Company's title to its properties being challenged. Furthermore, the Company requires a number of different permits and licenses in order to carry on its business and there can be no assurance that they will be renewed upon expiry.

e) Credit risk management

The Company's main credit risk arises from its cash deposit with banks, of which there is $1,048,065 deposited as at December 31, 2014 (December 31, 2013: $5,773,339). The Company limits its counterparty credit risk on its deposits by dealing only with financial institutions with high credit ratings.

f) Fair value hierarchy

The Company applies a three-tier hierarchy to classify the determination of fair value measurements for disclosure purposes. Inputs refer broadly to the data and assumptions that market participants would use in pricing the investment. Observable inputs are inputs that are based on market data from independent sources. Unobservable inputs are inputs that reflect the Company's own assumptions about the assumptions market participants would use in pricing an investment based on the best information available in the circumstances. The three-tier hierarchy of inputs is as follows:

Level 1 - quoted prices in active markets for identical investments.

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the investment, either directly (as prices) or indirectly (derived from prices).

Level 3 - inputs for the investment that are not based on observable market data (unobservable inputs).

The Company currently has cash at Level 1.

Categories of financial instruments:

Carrying amount	Classification	**As at December 31, 2014**	As at December 31, 2013
		$	$
Financial assets			
Cash	loans and receivables	**1,048,065**	5,773,339
Receivables	loans and receivables	**1,453,373**	49,850
Financial liabilities			
Accounts payable and accrued liabilities	Other liability	**440,838**	436,525

Cash in the statement of financial position comprise cash at banks and on hand. As at December 31, 2014, and December 31, 2013, there are no cash equivalents. The carrying value of cash and receivable approximates there fair values. The accounts payable and accrued liabilities and due to related parties have remaining terms of less than one year. Therefore, their carrying values approximate their fair values.