

ASTUR GOLD CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

FOR THE THREE MONTHS ENDED
MARCH 31, 2016

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company for the three month period ended March 31, 2016 have been prepared by and are the responsibility of the Company's management. The Company's external auditors have not performed a review of these condensed consolidated interim financial statements.

ASTUR GOLD CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)
AS AT

	Notes	March 31, 2016	December 31, 2015
ASSETS			
Current			
Cash		\$ 52,690	\$ 110,764
Receivables	3	53,961	51,447
Prepaid expenses		4,594	706
		<u>111,245</u>	<u>162,917</u>
Equipment	4	1,240	1,341
Deposits		1,240	1,240
Exploration and evaluation assets	5	-	-
		<u>2,480</u>	<u>2,581</u>
Total assets		\$ 113,725	\$ 165,498
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current			
Accounts payable and accrued liabilities	6	\$ 834,025	\$ 875,285
Interest payable	7	1,177,522	1,063,422
Loan facility	7	<u>9,696,700</u>	<u>10,094,313</u>
Total liabilities		11,708,247	12,033,020
Shareholders' equity (deficiency)			
Share capital	8	12,494,553	12,494,553
Reserves	8	4,059,101	4,059,101
Deficit		<u>(28,148,176)</u>	<u>(28,421,176)</u>
Total shareholders' equity (deficiency)		<u>(11,594,522)</u>	<u>(11,867,522)</u>
Total liabilities and shareholders' equity (deficiency)		\$ 113,725	\$ 165,498

Nature and continuance of operations (Note 1)

These consolidated financial statements were approved for issue by the Board of Directors on May 24, 2016 and are signed on its behalf by:

/s/ Patrick Moore
Patrick Moore
Director

/s/ Douglas Turnbull
Douglas Turnbull
Director

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

ASTUR GOLD CORP.**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	Notes	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
EXPENSES			
Consulting		\$ 2,247	\$ -
Corporate development		2,250	2,250
Depreciation		101	-
Filing fees		2,300	1,300
Foreign exchange (gain) loss		(738,526)	822,895
General and administrative		25,106	52,831
General exploration		-	1,183
Insurance		-	1,938
Management fees	10	15,000	15,000
Professional fees		17,460	79,904
Rent		7,715	11,936
Shareholder communications		1,438	1,843
Share-based compensation	8	-	5,257
Transfer agent		2,410	2,145
Travel and related		8,374	9,955
Website design and maintenance		<u>750</u>	<u>775</u>
Income (loss) before other items		<u>653,375</u>	<u>(1,009,212)</u>
OTHER ITEMS			
Gain on disposal of equipment		-	1,661
Interest and accretion expense	7	(380,442)	(337,933)
Interest income		<u>67</u>	<u>100</u>
		<u>(380,375)</u>	<u>(336,172)</u>
Income (loss) and comprehensive income (loss) for the period		\$ 273,000	\$ (1,345,384)
Basic and diluted income (loss) per common share			
		\$ 0.01	\$ (0.04)
Weighted average number of common shares outstanding			
		36,780,761	36,780,761

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

ASTUR GOLD CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) for the period	\$ 273,000	\$ (1,345,384)
Items not affecting cash:		
Depreciation	101	-
Gain on disposal of equipment	-	(1,661)
Interest expense	380,442	337,933
Share-based compensation	-	5,257
Unrealized foreign exchange loss	(746,771)	823,418
Change in non-cash working capital items		
(Increase) in receivables	(2,514)	(10,680)
(Increase) decrease in prepaid expenses	(3,888)	5,239
(Decrease) increase in accounts payable and accrued liabilities	<u>(41,260)</u>	<u>18,221</u>
Net cash (used in) operating activities	<u>(140,890)</u>	<u>(167,657)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds, from long-term loan facility	82,816	-
Interest paid in cash for loan facility	<u>-</u>	<u>-</u>
Net cash provided by financing activities	<u>82,816</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of equipment	<u>-</u>	<u>12,634</u>
Net cash provided by investing activities	<u>-</u>	<u>12,634</u>
Change in cash during the period	(58,074)	(155,023)
Cash, beginning of period	<u>110,764</u>	<u>203,650</u>
Cash, end of period	<u>\$ 52,690</u>	<u>\$ 48,627</u>

Supplemental disclosure with respect to cash flows (Note 9)

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

ASTUR GOLD CORP.**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	<u>Share Capital</u>				
	Number	Amount	Reserves	Deficit	Total
Balance, December 31, 2015	36,780,761	\$ 12,494,553	\$ 4,059,101	\$ (28,421,176)	\$ (11,867,522)
Loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>273,000</u>	<u>273,000</u>
Balance, March 31, 2016	36,780,761	\$ 12,494,553	\$ 4,059,101	\$ (28,148,176)	\$ (11,594,522)

	<u>Share Capital</u>				
	Number	Amount	Reserves	Deficit	Total
Balance, December 31, 2014	36,780,761	\$ 12,494,553	\$ 4,053,844	\$ (24,596,731)	\$ (8,048,334)
Share-based compensation	-	-	5,257	-	5,257
Loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,345,384)</u>	<u>(1,345,384)</u>
Balance, March 31, 2015	36,780,761	\$ 12,494,553	\$ 4,059,101	\$ (25,942,115)	\$ (9,388,461)

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

ASTUR GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars unless otherwise noted)
(Unaudited – Prepared by Management)
FOR THE THREE MONTHS ENDED MARCH 31, 2016

1. NATURE AND CONTINUANCE OF OPERATIONS

Astur Gold Corp. (the “Company”) was incorporated under the laws of the Province of British Columbia on August 20, 2007, and is classified as a junior mining issuer with the TSX Venture Exchange (“TSX-V”). The Company’s head office address is Suite 300 – 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9. The registered and records office address is 1500 – 1055 West Georgia Street, Vancouver, British Columbia, V6E 0B6.

These unaudited condensed consolidated interim financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company’s operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in these financial statements.

The condensed consolidated interim financial statements for the period ended March 31, 2016 do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements for the three month period ended March 31, 2016 are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”), *Interim Financial Reporting* (“IAS 34”). These unaudited condensed consolidated interim financial statements have been prepared using the same accounting policies and methods of application as the Company’s most recent annual audited consolidated financial statements. These unaudited condensed consolidated interim financial statements do not include all information and disclosures required in audited consolidated financial statements and should be read in conjunction with the Company’s December 31, 2015 audited consolidated financial statements.

The preparation of unaudited condensed consolidated interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates and the exercise of management’s judgment in applying the Company’s accounting policies. There have been no changes to the Company’s critical accounting estimates and judgments during the three months ended March 31, 2016 from those presented in the Company’s December 31, 2015 audited consolidated financial statements.

The Company’s unaudited condensed consolidated interim financial statements for the three month period ended March 31, 2015 have been prepared on a historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. These unaudited condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries, including Exploraciones Mineras del Cantabrico S.L. (“EMC”). EMC is a mining company in Asturias, Spain. All inter-company transactions and accounts have been eliminated upon consolidation.

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3. RECEIVABLES

	March 31, 2016	December 31, 2015
Foreign value-added tax	\$ 47,785	\$ 44,833
GST receivable	2,841	2,849
Other	3,335	3,765
Total	\$ 53,961	\$ 51,447

4. EQUIPMENT

	Office equipment	Furniture and fixtures	Tools and Machinery	Vehicle	Total
Cost					
Balance, December 31, 2014	\$ 13,161	\$ -	\$ -	\$ 11,897	\$ 25,058
Additions	1,359	-	-	-	1,359
Disposals	(13,161)	-	-	(11,897)	(25,058)
Balance, December 31, 2015	\$ 1,359	\$ -	\$ -	\$ -	\$ 1,359
Balance, March 31, 2016	\$ 1,359	\$ -	\$ -	\$ -	\$ 1,359
Accumulated depreciation					
Balance, December 31, 2014	\$ 8,949	\$ -	\$ -	\$ 5,306	\$ 14,255
Additions	18	-	-	-	18
Disposals during the period	(8,949)	-	-	(5,306)	(14,255)
Balance, December 31, 2015	\$ 18	\$ -	\$ -	\$ -	\$ 18
Additions	100	-	-	-	100
Balance, March 31, 2016	\$ 118	\$ -	\$ -	\$ -	\$ 118
Carrying amounts					
As at December 31, 2015	\$ 1,341	\$ -	\$ -	\$ -	\$ 1,341
As at March 31, 2016	\$ 1,241	\$ -	\$ -	\$ -	\$ 1,241

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5. EXPLORATION AND EVALUATION ASSETS

	March 31, 2016	December 31, 2015
Acquisition costs	\$ 5,536,947	\$ 5,536,947
Exploration and evaluation costs	8,872,546	8,872,546
Impairment	<u>(14,409,493)</u>	<u>(14,409,493)</u>
Total exploration and evaluation assets	\$ -	\$ -

Salave Gold Property

In April 2010, the Company completed the acquisition of a 100% interest in the Salave property located in the province of Asturias, Spain. The Salave property is comprised of several mineral concessions and an investigation permit. There is contingent consideration of €20,000,000 due to the vendor for the acquisition of the Salave property if certain permits are received to operate an open pit mine.

The Salave property is also subject to a pre-existing lease termination agreement which calls for five cash payments of US\$5,000,000 each with the first payment due when certain permits to construct and operate an open pit mine are received, the second on commencement of commercial production and the remaining three payments based on certain production levels with the final payment due after 800,000 ounces have been produced. Pursuant to the lease termination amending agreement, at the option of the Company and subject to regulatory approval, any of these payments can be satisfied in whole by the issuance of common shares of the Company.

After 800,000 ounces of gold have been produced, the Salave property is also subject to a 5% net smelter return royalty (“NSR”), half of which can be purchased by the Company for a cash payment of US \$5,000,000.

In 2005, the regional government of Asturias, Spain halted open-pit project development of the Salave property due to the introduction of certain zoning legislation and the rejection of a specific authorization for mining of the property. Immediately thereafter, a legal proceeding was commenced by EMC and the former owners of EMC against the government seeking the reversal of the decision to halt open-pit project development. This legal proceeding was not successful and accordingly the Company’s development plans for the Salave property changed from an open pit to an underground operation. The Company anticipates this development plan will receive all necessary permits. The consequence of this development plan is that the contingent consideration will not be payable.

During the fourth quarter of 2014, the Company received a negative decision on the Amended Environmental Impact Assessment from the Commission for Environmental Affairs of the Principality of Asturias for the Company's current development proposal of the Salave property. As a result of this decision, the Company impaired all of its acquisition costs and exploration and evaluation costs for the year ended December 31, 2014.

In April 2015, the Company filed a lawsuit before the Asturias Court of Justice challenging the decision to reject approval of a proposed underground mine operation for the Salave project. The initial legal action seeks to challenge this ruling. In conjunction with this legal action, the Company filed a statement of claim (the “Claim”) against the Ministry of Economy and Employment of the Principality of Asturias (the “Ministry”) in November 2015. The Claim seeks to recover Euro 8.59 million of expenditures incurred on the Salave property since 2010 when the Company acquired the property. Pending the outcome of this initial lawsuit, the Company will also consider all other possible legal actions available to defend and protect the rights of the Company.

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6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2016	December 31, 2015
Accounts payables	\$ 243,826	\$ 316,874
Accrued liabilities	325,500	300,580
Due to related parties (Note 10)	<u>264,699</u>	<u>257,831</u>
Total	<u>\$ 834,025</u>	<u>\$ 875,285</u>

7. LOAN FACILITY

	March 31, 2016	March 31, 2015
Loan facility borrowings, beginning of period	\$ 10,472,288	\$ 8,496,254
Loan facility borrowings made during the period	82,816	-
Foreign exchange	<u>(586,601)</u>	<u>792,427</u>
Loan facility borrowings, end of period	\$ 9,885,687	\$ 9,288,681
Loan transaction costs, beginning of period	\$ (377,975)	\$ (1,120,892)
Loan transaction costs accreted during the period	<u>188,988</u>	<u>178,561</u>
Loan transaction costs, end of period	\$ (188,987)	\$ (942,331)
Loan facility balance, end of period	<u>\$ 9,696,700</u>	<u>\$ 8,346,350</u>

In June 2013, the Company closed an agreement for a \$10,000,000 loan facility (“Facility”) to be provided by RMB Australia Holdings Limited (“RMB”), the lender. On August 8, 2013, the Facility was amended to convert all amounts owing and future borrowings from Canadian dollars to US dollars. Previously drawn Canadian dollar amounts were converted to their US dollar equivalents. The total value of the loan facility available to the Company was converted to US\$10,000,000. As of March 31, 2016, US\$7,621,377 (December 31, 2015 - US\$7,566,682) had been drawn.

The Facility is for a maximum three year term at LIBOR plus 6% per annum. The Facility is subject to an arrangement fee of 4.5% of the Facility amount, less any work fees paid to the arranger in cash, payable upon execution of the Facility. Both were paid during the year ended December 31, 2013. The Facility permits drawdowns until June 2015 and the principal must be repaid in full by June 2016. The Company has the right to prepay the Facility at any time, subject to certain break fees to compensate for lost interest to RMB. RMB also has the ability to cancel any undrawn amounts at any time with 10 days’ notice. The Facility is secured by a general security agreement, a pledge over the shares of EMC, bank accounts, mining concession and investigation permit as well as a guarantee provided by the Company.

Under the terms of the Facility, on June 5, 2013, the Company issued 5,000,000 warrants entitling RMB to purchase 5,000,000 common shares of the Company for 36 months at an exercise price of \$0.62 until June 5, 2016. RMB also has the right, upon choosing to exercise its warrants, to have the Company apply the warrant proceeds as a prepayment of the Facility and subject to related prepayment terms. The warrants were given a value of \$1,017,659 using the Black-Scholes pricing model and applying the following assumptions:

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7. LOAN FACILITY (cont'd...)

Risk-free interest rate	1.15%
Expected life of warrants	3 years
Expected annualized volatility	95.76%
Expected dividend rate	Nil

For the three months ended March 31, 2016, the Company recorded \$191,454 (three months ended March 31, 2015 - \$147,088) in interest expense from Facility borrowings.

The Facility also charges a 1.5% commitment fee on the undrawn balance of the loan. For the three months ended March 31, 2016, the Company has paid or accrued \$Nil (three months ended March 31, 2015 - \$12,284) in interest expense from the commitment fee. The Company was not charged a commitment fee from April 1, 2015 to March 31, 2016.

Interest, including the commitment fee is paid quarterly. The Company did not make its interest payments from September 2014 to March 31, 2016 and has accrued these amounts as owing.

The negative decision of the Amended Environmental Impact Assessment (Note 6) is a review event whereby RMB can discontinue the Facility and demand repayment. In March 2015, RMB agreed to extend the review event period and provide funding for certain approved activities. Due to the uncertainty involving the extension, the Company has decided to treat the Facility as a current item.

	Three Month Period Ended March 31, 2016	Three Month Period Ended March 31, 2015
Interest expense from borrowings	\$ 191,454	\$ 147,088
Interest expense from commitment fee	-	12,284
Accretion of loan transaction costs	<u>188,988</u>	<u>178,561</u>
Interest expense (total)	\$ 380,442	\$ 337,933

8. SHAREHOLDERS' EQUITY

Authorized:

Unlimited number of common shares without par value.

The Company did not issue any common shares during the three months ended March 31, 2016.

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8. SHAREHOLDERS' EQUITY (cont'd...)

Warrants

A summary of the number of common shares reserved pursuant to the Company's warrants outstanding as at March 31, 2016 is as follows:

	Number	Exercise Price and Weighted Average Exercise Price	Expiry date
Balance, December 31, 2014	6,137,536	\$ 0.67	
Expired March 15, 2015	(778,286)	0.90	March 15, 2015
Expired March 18, 2015	<u>(359,250)</u>	0.90	March 18, 2015
Balance, December 31, 2015	5,000,000	\$ 0.62	June 5, 2016
Balance, March 31, 2016	5,000,000	\$ 0.62	June 5, 2016

The Company did not issue any warrants during the three months ended March 31, 2016.

Stock options

The Company has a stock option plan under which it is authorized to grant options to directors, employees and consultants, to acquire up to 10% of the issued and outstanding common stock. The exercise price of each option is based on the market price of the Company's stock at the date of grant. The options can be granted for a maximum term of 10 years and vest as determined by the board of directors. The Company did not issue any options during the three months ended March 31, 2016.

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2014	3,437,000	0.56
Expired	<u>(102,000)</u>	1.25
Outstanding, December 31, 2015	3,335,000	\$ 0.54
Outstanding, March 31, 2016	3,335,000	\$ 0.54
Stock options exercisable, March 31, 2016	3,335,000	\$ 0.54

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8. SHAREHOLDERS' EQUITY (cont'd...)

Stock options (cont'd...)

As at March 31, 2016, the following incentive stock options are outstanding:

Number of Options	Exercise Price	Expiry Date
2,160,000	0.40	June 2, 2017
20,000	0.40	July 22, 2017
75,000	0.85	December 10, 2017
400,000	0.80	January 24, 2018
430,000	0.80	January 30, 2018
50,000	0.80	February 1, 2018
<u>200,000</u>	0.80	March 19, 2018
<u>3,335,000</u>		

Share-based compensation

During the three month period ended March 31, 2016, the Company recognized \$Nil (three month period ended March 31, 2015 - \$5,257) in share-based compensation. The fair value of share-based compensation is calculated using the Black-Scholes option-pricing model.

9. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	Three Month Period Ended March 31, 2016	Three Month Period Ended March 31, 2015
Cash paid during the year for income taxes	\$ -	\$ -

Exploration and evaluation costs of \$162,659 (2015 – \$188,145) are included in accounts payable and accrued liabilities.

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10. RELATED PARTY TRANSACTIONS

a) Transactions with key management personnel

The following amounts were incurred with respect to the President and Chief Executive Officer and the Chief Financial Officer of the Company:

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Management fees	\$ 15,000	\$ 15,000
Administrative fees	7,500	7,500

b) Transactions with other related parties

The following amounts were incurred with respect to another director:

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Share-based compensation	\$ -	\$ 5,257

There is \$264,699 (December 31, 2015 - \$257,831) in accounts payable and accrued liabilities at March 31, 2016 that is due to directors, officers and companies controlled by directors or officers.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

The inputs used in making fair value measurements are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The carrying value of receivables and accounts payable and accrued liabilities and loan facility approximated their fair value because of the short-term nature of these instruments. Cash is measured at fair value using Level 1 inputs. The carrying value of deposits also approximates its fair value.

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11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Financial instruments measured at fair value on the consolidated statements of financial position are summarized in levels of fair value hierarchy as follows:

Assets	Level 1	Level 2	Level 3	Total
Cash	\$ 52,690	\$ -	\$ -	\$ 52,690

The Company has exposure to the following risks from its use of financial instruments:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's cash is held at large financial institutions and it believes it has no significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations, and anticipating investing and financing activities. As at March 31, 2016, the Company had current assets of \$111,245 to settle current liabilities of \$11,708,247 which either have contractual maturities of less than 30 days and are subject to normal trade terms or are due on demand.

Market risk

Market risk is the risk of loss that may arise from changes in market factors, such as interest rates and foreign exchange rates.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

In June 2013, the Company closed a loan facility agreement with RMB Australia Holdings Ltd. (see Note 7). Borrowings made against this loan facility agreement are subject to interest at LIBOR plus 6% per annum. The LIBOR is derived from a filtered average of several world banks' interbank deposit rates for larger loans with maturities between overnight and one full year and is subject to change and therefore subject to interest rate risk. Based on the Company's loan facility balance at March 31, 2016, a 1% change in LIBOR would result in an \$98,857 change in annual interest expense.

b) Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in Spain by using Euros converted from its Canadian bank accounts. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk. Based on the Company's Euro denominated financial instruments at March 31, 2016, a 10% change in exchange rates between the Canadian dollar and the Euro would result in a \$43,569 change in foreign exchange gain or loss.

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11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

In August 2013, the Company's loan facility agreement with RMB Australia Holdings Ltd. was amended so that all borrowings and repayments will be made in US dollars (see Note 7). Based on the Company's US dollar loan facility balance at March 31, 2016, a 10% change in exchange rates between the Canadian dollar and the US dollar would result in a \$988,569 change in foreign exchange gain or loss.

12. CAPITAL MANAGEMENT

The Company's capital structure consists of shareholders' equity and a loan facility agreement (see Note 7). The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its business and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing, selling assets, and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, high liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the year. The Company will need to raise additional capital by obtaining equity financing, selling assets and incurring debt to develop its business.

13. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition, exploration of exploration and evaluation assets located in Spain. Geographic information is as follows:

	Deposits	Equipment	Exploration and Evaluation Assets	Total
March 31, 2016				
Canada	\$ 1,240	\$ 1,240	\$ -	\$ 2,480
Spain	-	-	-	-
	<u>\$ 1,240</u>	<u>\$ 1,240</u>	<u>\$ -</u>	<u>\$ 2,480</u>
December 31, 2015				
Canada	\$ 1,240	\$ 1,341	\$ -	\$ 2,581
Spain	-	-	-	-
	<u>\$ 1,240</u>	<u>\$ 1,341</u>	<u>\$ -</u>	<u>\$ 2,581</u>