VENDOME RESOURCES CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FEBRUARY 29, 2016 AND FEBRUARY 28, 2015

Wasserman Ramsay

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Vendome Resources Corp.:

We have audited the accompanying consolidated financial statements of Vendome Resources Corp. and its subsidiary, which comprise the consolidated statements of financial position as at February 29, 2016 and February 28, 2015 and the consolidated statements of loss and comprehensive loss, equity 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform 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.

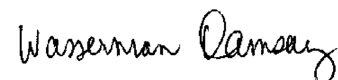
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Vendome Resources Corp. and its subsidiary as at February 29, 2016 and February 28, 2015 and the results of its operations, cash flows and equity for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.



Markham, Ontario
June 28, 2016

Chartered Accountants
Licensed Public Accountants

Consolidated Statements of Financial Position

(In Canadian dollars)

As at	Note	29-Feb-16	28-Feb-15
ASSETS			
CURRENT			
Cash and Cash equivalents		$ 315	$ 7,965
HST receivable		4,848	2,530
		5,163	10,495
EXPLORATION AND EVALUATION ASSETS	6	285,791	285,791
		$ 290,954	$ 296,286
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	8	$ 307,552	$ 136,885
SHAREHOLDERS' EQUITY (DEFICIENCY)			
CAPITAL STOCK			
Issued and Outstanding	7	5,626,403	5,626,403
CONTRIBUTED SURPLUS		570,120	570,120
ACCUMULATED OTHER COMPREHENSIVE INCOME		(5,674)	(5,674)
ACCUMULATED DEFICIT		(6,207,447)	(6,031,448)
		(16,598)	159,401
		$ 290,954	$ 296,286

Nature of Organization and Going Concern – Note 1.
Subsequent Events - Note 15.

Approved on behalf of the Board on June 28, 2016:

/s/ W. John Priestner
Director

/s/ Rodney Ireland
Director

Accompanying notes form an integral part of these financial statements

Consolidated Statements of Loss and Comprehensive Loss
(In Canadian dollars)

	Note	Years Ended 29-Feb-16	28-Feb-15
General and administrative expenditures		$147,851	$144,658
Professional fees		24,892	31,557
Marketing and business development		3,256	22,598
		$175,999	$198,813
LOSS BEFORE UNDERNOTED		($175,999)	($198,813)
Write down of mineral properties	6	-	(2,874,760)
Loss for the year		($175,999)	($3,073,573)
Foreign currency translation difference		-	-
Comprehensive loss for the year		($175,999)	($3,073,573)
Basic and diluted loss per share		$0.00	$0.06
Weighted average number of commom shares outstanding - basic and diluted		53,566,133	52,341,957

Accompanying notes form an integral part of these financial statements

Consolidated Statements of Cash Flows

(In Canadian dollars)

	Note	Years Ended 29-Feb-16	28-Feb-15
Net Loss for the year		($175,999)	($3,073,573)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Adjustments for non-cash items:			
Write down of mining properties	6	-	2,874,760
		($175,999)	($198,813)
Change in non-cash working capital items:			
Decrease (increase) in interest and sundry receivables		(2,318)	13,940
Decrease (increase) in prepaid expenses		-	12,500
Increase (decrease) in accounts payable and accrued liabilities		170,667	54,713
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		($7,650)	($117,660)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issuance of capital stock for cash - private placement		-	49,000
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		$ -	$49,000
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment in exploration property for cash	6	-	(40,636)
CASH FLOWS (USED IN) PROVIDED BY INVESTING ACTIVITIES		-	($40,636)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(7.650)	(109,296)
CASH AND CASH EQUIVALENTS Beginning of Year		7,965	117,261
CASH AND CASH EQUIVALENTS End of Year		$ 315	$ 7,965
SUPPLEMENTAL INFORMATION			
Interest received		-	-
Interest paid		-	-
NON-CASH FINANCING AND INVESTING ACTIVITIES:			
Common shares issued for exploration properties		-	$80,000

Accompanying notes form an integral part of these financial statements

Consolidated Statements of Shareholders' Equity (Deficiency)

(In Canadian dollars)

	Number of Common Shares	Capital Stock: Common Shares	Capital Stock: Warrants	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Shareholders' Equity (Deficiency)
Balance, March 1, 2014	50,586,133	$5,497,403	$33,070	$537,050	($5,674)	($2,957,875)	$3,103,974
Issuance of common shares for cash	980,000	49,000					49,000
Issuance for exploration property	2,000,000	80,000					80,000
Warrants expired			(33,070)	33,070			-
Net loss						(3,073,573)	(3,073,573)
Balance, February 28, 2015	53,566,133	$5,626,403	$ -	$570,120	($5,674)	($6,031,448)	$159,401
Net loss						(175,999)	(175,999)
Balance, February 29, 2016	53,566,133	$5,626,403	$ -	$570,120	($5,674)	($6,207,447)	$(16,598)

Accompanying notes form an integral part of these financial statements

1. Nature of Organization and Going Concern

Description of the Business

Vendome Resources Corp. (the "**Company**") was incorporated on February 27, 2007 pursuant to the Business Company Act (Ontario) and was classified is engaged in the exploration of its properties for base metals and precious metals in Canada and Mexico. All mineral property interests held are currently in the exploration stage.

These consolidated financial statements of the Company were authorized for issue in accordance with a resolution of the directors on June 28, 2016.

The Company's principal assets are mining claims and deferred exploration costs relating to properties which are not in commercial projects. The Company is in the process of exploring its mining claims and has not yet determined whether or not the properties will contain economically recoverable reserves.

These consolidated financial statements have been prepared on a going concern basis that assumes the Company will be able to continue to realize its assets and discharge its liabilities in the normal course of business. As is common with exploration companies, the Company is dependent upon obtaining equity financing to fund future exploration expenditures and cover administrative costs. The following items cast doubt upon the validity of the going concern assumptions: the Company has a working capital deficit of $302,389 (2015 – $126,390) has incurred losses in the current and prior periods, with a current net comprehensive loss of $175,999 (2015 - $3,073,573) and has an accumulated deficit of $6,207,447 (2015 – 6,031,448). In the event that the Company is not able to obtain adequate funding, there is uncertainty as to whether the Company will be able to maintain or complete the exploration of its property interests. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company was unable to continue as a going concern. These adjustments could be material.

2. Basis of Preparation

Statement of Compliance
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and effective as of February 29, 2016. These consolidated financial statements have been prepared on a historical cost basis except for certain financial assets which are recorded at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Basis of Consolidation
The consolidated financial statements of the Company include the accounts of its wholly-owned subsidiary Vendome Minas, S.A. de C.V. ("**VDR Mexico**"). The Consolidated financial statements accounts of VDR Mexico from the date that it commenced its operations, which was January 1, 2011.

Functional and presentation currency
These Consolidated financial statements are presented in Canadian dollars, which is Company's functional currency.

3. Summary of Significant Accounting Policies

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash and cash equivalents with initial maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

(ii) Impairment of financial assets

Financial assets are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events which have had a negative effect on the estimated future cash flows of the asset.

If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the asset discounted at its original effective interest rate. Impairment losses are recorded in earnings. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed up to the original carrying value of the asset. Any reversal is recognized in earnings.

(iii) Exploration and evaluation assets

The Company capitalizes all costs related to investments in mineral property in which it holds a legal interest on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries, and are monitored for indications of impairment. Where there are indications of a potential impairment, an assessment is performed for recoverability. Capitalized costs are charged to the statement of comprehensive loss to the extent that they are not expected to be recovered. Exploration expenditure relates to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to construction in progress within property, plant and equipment. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any impairment provisions are written off.

From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

The Company has determined that all of its mineral property interests are currently exploration stage properties.

(iv) Income taxes and deferred taxes

The income tax expense or benefit for the period consists of two components: current and deferred. Income tax expense or benefit is recognized in the Consolidated Statement of Comprehensive Loss except to the extent it relates to a business combination or items recognized directly in equity.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the balance sheet date in each of the jurisdictions and includes any adjustments for taxes payable or recovery in respect of prior periods.

Deferred tax is recognized 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. To the extent that the Company does not consider it to be probable that taxable profits will be available against which deductible temporary differences can be utilized, it provides a valuation allowance against the excess.

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.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

(v) Warrants

The Company measures the fair value of warrants issued using the Black-Scholes option pricing model. The fair value of each warrant is estimated based on their respective issuance dates taking into account volatility, expected life, the dividend rate, and the risk free interest rate. The fair value of warrants issued to agents in conjunction with an offering is charged to share issue costs with an offsetting amount recorded to Contributed Surplus.

The fair value of warrants exercised is recorded as share capital, and the fair value of any expired warrants is transferred to Contributed Surplus.

(vi) Foreign Currency Translation

Items included in the financial statements of the Company's subsidiary are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the Consolidated Statement of Comprehensive Loss.

Assets and liabilities of the Company's subsidiary are translated at the period end rates of exchange, and the results of its operations are translated at average rates of exchange for the period. The resulting translation adjustments are included in accumulated other comprehensive income in Shareholders' Equity. Additionally, foreign exchange gains and losses related to certain intercompany loans that are permanent in nature are included in accumulated other comprehensive income.

Foreign exchange gains and losses that relate to borrowings, cash and cash equivalents and certain intercompany loans that are not permanent in nature are presented in the income statement within “General and administrative expenditures”.

References to “$” are to Canadian dollars.

(vii) Earnings Per Share

Earnings per share is calculated using the weighted average number of shares outstanding during the period. The treasury stock method of calculating diluted earnings per share is used, which assumes that all outstanding stock options granted with an exercise price below the average market value are exercised during the period. The difference between the number of shares assumed and the number of shares assumed purchased is then included in the denominator of the diluted earnings per share computation.

(viii) Financial Instruments

Financial instruments are classified into one of the following four categories: loans and receivables; fair value through profit or loss; held-to-maturity; and available-for-sale. Financial assets are initially measured at fair value. Subsequent measurement and recognition of the changes in fair value of financial instruments depends upon their initial classifications, as follows:

- Financial assets and financial liabilities at fair value through profit and loss include financial assets and financial liabilities that are held for trading or designated upon initial recognition as at fair value through profit and loss. These financial instruments are measured at fair value with changes in fair values recognized in the condensed consolidated Statement of Comprehensive Loss.

- Financial assets classified as available-for-sale are measured at fair value, with changes in fair values recognized as Other Comprehensive Income ("OCI") in the Statement of Comprehensive Loss, except when there is objective evidence that the asset is impaired, at which point the cumulative loss is recognized within the condensed consolidated Statement of Comprehensive Loss.

- Financial assets classified as held-to-maturity and loans and receivables are measured subsequent to initial recognition at amortized cost using the effective interest method.

- Financial liabilities, other than financial liabilities classified as fair value through profit and loss, are measured in subsequent periods at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate, a short period, to the net carrying amount on initial recognition.

The Company measures its financial assets and financial liabilities initially at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The Company has classified its financial instruments as follows:

Asset/ Liability	Classification	Measurement
Cash and cash equivalents	FVTPL	Fair value
HST receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost

The Company had no held-to-maturity or available-for-sale financial assets as at February 29, 2016 and February 28, 2015.

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset is impaired. Impairments are measured as the excess of the carrying amount over the fair value and are recognized in the income statement.

The fair values of the Company's cash and cash equivalents, amounts receivable and accounts payable approximate their carrying values because of the immediate or short-term to maturity of these financial instruments.

(ix) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(x) Flow-through Shares

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

When flow-through expenditures are renounced, a portion of the deferred income tax assets that were not previously recognized, are recognized as a recovery of deferred income taxes in net income. The Company did not issue any flow-through shares in the years ended February 29, 2016 and February 28, 2015.

(xi) Share-based Payments

Stock options issued by the Company are accounted for in accordance with the fair value based method. The fair value of options issued to directors, officers, employees of and consultants to the Company is charged to earnings over the vesting period of each tranche (graded vesting) with the offsetting amount recorded to Contributed Surplus. Non-market 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 the market vesting conditions are satisfied. The historical forfeiture rate is also factored in to the calculations. When options are exercised, the amount received, together with the amount previously recorded in contributed surplus are added to capital stock.

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 consolidated statement of comprehensive income over the remaining vesting period.

When options are exercised, the amount received, together with the amount previously recorded in Contributed Surplus are added to Capital Stock.

(xii) Impairment of non-financial assets (excluding inventories, investment properties and deferred taxes)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial 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 (i.e. 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 smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ("**CGUs**").

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognized in other comprehensive income.

(xiii) Fair Value Hierarchy

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation technique used to measure fair value as per IFRS 7. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and

the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

(xiv) Segment reporting

In accordance with IFRS 8, Operating Segments, it is mandatory for the Company to present and disclose segmental information based on the internal reports that are regularly reviewed by the Board of Directors in order to assess each segment's performance. In this regard, the Company conducted its business, in the prior year, in two operating units, representing the geographic locations of the operations: Canada and Mexico.

(xv) Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the consolidated financial statements are disclosed in note 4.

(xvi) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The Company had no material provisions at February 29, 2016 and February 28, 2015.

(xvii) Restoration, Rehabilitation and Environmental Obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Corporation has no material restoration, rehabilitation and environmental costs as at February 29, 2016 and February 28, 2015 as the disturbance to date is minimal.

4. Summary of Accounting Estimates and Judgements

The preparation of the financial statements in conformity with IFRS requires management to make estimates and judgements that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including on historical experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and assumptions. The estimates and judgments that, in managements' opinion, have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

(i) Fair Value of Financial Instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

(ii) Impairment of non-financial assets

Exploration and evaluation properties are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration property may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company measures, presents and discloses any resulting impairment loss in accordance with IFRS.

Impairment is assessed by management using key impairment indicators of IFRS 6 - *Exploration for and evaluation of mineral resources*, such assessment is subject to uncertainty.

(iii) Share-based payment transactions

The Company measures the cost of share-based payment transactions with employees by reference to the fair value of the equity instruments. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the share option. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 7.

(iv) Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

(v) Restoration rehabilitation and environmental obligations

Management's assumption of no material restoration, rehabilitation and environmental obligations is based on facts and circumstances that existed during the period. These facts and circumstances may be open to interpretation.

(vi) Carrying value of Exploration and Evaluation Properties

The carrying amount and recoverability of exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after costs are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available

5. Accounting Pronouncements

Accounting standard issued for adoption in future periods

The following standard has been issued but is not yet effective The Company is assessing the impact of this new standard, but does not expect it to have a significant impact on the consolidated financial statements.

- In July 2014, the IASB published IFRS 9 to replace IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). The improvements introduced by IFRS 9 include a logical model for financial asset classification and measurement, a single, forward-looking 'expected loss' impairment model based on expected credit losses, and a substantially-reformed approach to hedge accounting. This standard applies to fiscal years beginning on or after January 1, 2018; early adoption is permitted. The Company has not yet determined the effect of the adoption of this standard on its consolidated financial statements

6. Exploration and evaluation assets

The following is a summary of the Company's investment in exploration properties:

	Ivanhoe Ontario	La Diana Mexico	San Miguel Mexico	San Javier Mexico	Total
Balance, March 1, 2014	$276,990	$1,160,965	$508,620	$1,093,339	$3,039,914
Acquisition costs	6,000	80,000	-	-	86,000
Exploration costs	2,800	22,987	6,650	2,200	34,637
Write off of property		(1,263,952)	(515,269)	(1,095,539)	(2,874,760)
Balance, Feb 28, 2015	$285,790	$ -	$ 1	$ -	$285,791
Acquisition costs	-	-	-	-	-
Exploration costs	-	-	-	-	-
Write off of property	-	-	-	-	-
Balance, Feb 29, 2016	$285,790	$ -	$ 1	$ -	$285,791

(i) Ivanhoe, Ontario

On July 30, 2012 the Company completed the acquisition of a 100% interest in the Ivanhoe Lake property (the "Property") located in the Golden Lake Gold District, Ontario, Canada. The vendors retain a 3% net smelter royalty on the property. The Company was granted the right to purchase 50% of the net smelter royalty at any time for a payment of $3,000,000 to the vendors.

On September 5th, 2014 the Company acquired additional mining claims contiguous to its Ivanhoe Lake Property. The additional claims are located directly adjacent to the western boundary of the original Ivanhoe Lake claims and double the size of the footprint in the region. The claims were acquired from the vendors of our original claims pursuant to an amendment to the existing agreement. Vendome paid $6,000 in cash to the vendors and amended the existing agreement to include the claims under the same terms and conditions as in the original agreement

(ii) La Diana, Mexico

On September 2, 2010 the Company entered in to an agreement in principal to acquire a 50% interest in the La Diana property from Camsim Minas SA DE CV ("Camsim").

The Company was unable to meet the terms specified in the option agreement in the specified time frame and therefore all capitalized costs on the property, totaling $1,263,952 were written off in the prior year.

(iii) San Miguel Property, Mexico

In July 2011, the Company agreed to acquire the San Miguel property ("**San Miguel Property**") from Santa Claws Minas., De C.V. The San Miguel Property is located within the southern portion of the Sierra Madre del Sur precious metal belt in the State of Guerrero, Mexico. The San Miguel Property is approximately 2,000 hectares in size and is surrounded by the 14,722 hectare La Diana Property. The Company paid $25,000 and issued 2,500,000 common shares of the Company to Santa Claws Minas S.A., de C.V. and therefore has acquired the property rights.

During the prior year, with the loss of the La Diana and San Javier properties, and due to the fact that the Company is in arrears on property tax payments on this property, management felt it was prudent to write off these claims in their entirety the Company has written down the value of the Property to the nominal amount of $1 resulting in a write down in the amount of $515,569.

(iv) San Javier Property, Mexico

On December 1, 2011, VDR Mexico has entered into an agreement to acquire from Camsim Minas S.A. de C.V. ("Camsim") an earn-in option for a 50% undivided interest in and to the San Javier Mine property (the "Property") located within the municipality of Malinaltepec, State of Guerrero, Mexico. The Company has paid $75,000 cash and issued 3,000,000 common shares to Camsim. The Company had agreed to incur a minimum of $2,600,000 in work commitment.

The Company was unable to meet the terms specified in the option agreement in the specified time frame and therefore all capitalized costs on the property, totaling $1,095,289 were written off in the prior year.
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7. Shareholders' Equity

(i) Share capital

Authorized and issued
The Company is authorized to issue an unlimited number of common shares. The issued and outstanding common shares are as follows:

	29-Feb-16	28-Feb-15
Shares issued and fully paid:		
Beginning of the year	53,586,133	50,586,133
Share issue	-	980,000
Issued for mining claims	-	2,000,000
Shares issued and fully paid end of year	53,566,133	53,566,133

For each class of share capital:	
The number of shares authorized	Unlimited
The number of shares issued and fully paid	53,566,133
The number of shares issued but not fully paid	Nil
Par value per share, or that the shares have no par value	no par value

The Company closed a non-brokered private placement offering during the prior year pursuant to which an aggregate of 980,000 units ("Unit") were sold at a price of $0.05 per Unit, raising gross proceeds of $49,000. Each Unit consisted of one common share and one common share purchase warrant of the Corporation ("Warrant"). Each Warrant

entitles the holder thereof to purchase one additional Common Share at a price of $0.10 per common share for a period of 18 months from the Closing Date of the private placement, subject to an acceleration clause. Early expiration of the Warrants could occur once the Units are free from statutory resale restrictions (4 months plus one day) and the Company's shares are trading at a volume-weighted price greater than $0.15 for a period of 15 consecutive trading days ("Acceleration Period"). Subsequent to this Acceleration Period, the Company may accelerate the expiry of the Warrants by providing notice to Warrant holders within 10 subsequent trading days outlining the Warrants will expire on the 30th calendar day after such notice is given to Warrant holders. The securities issued under the Offering were subject to a 4 month plus one day holding period which expired on February 7, 2016. No value was attributed to the warrants issued as part of this offering as the calculated value was a nominal amount. No Finder's Fees were paid for this offering.

Insiders of the Company participated in the financing by purchasing an aggregate of 500,000 units representing 51% of the offering.

(ii) Stock Options

The Company's Stock Option Plan ("the "**Plan**") provides for the issuance of a maximum of 10% of the issued and outstanding common shares at an exercise price equal or greater than the market price of the Company's common shares on the date of the grant to directors, officers, employees and consultants to the Company. The option period for options granted under the Plan is for a maximum period of 5 years. Options granted may vest over certain time periods within the option period, which will limit the number of options that may be exercised. Each stock option is exercisable into one common share of the Company at the price specified in the terms of the option.

The stock options activity is summarized below:

	29-Feb-16		28-Feb-15	
	Number of units	Weighted average exercise price	Number of units	Weighted average exercise price
Balance at beginning of period	3,550,000	$0.21	3,950,000	$0.22
Granted during the period	-	-	-	-
Exercised during the period	-	-	-	-
Expired during the period	(2,400,000)	(0.21)	(400,000)	(0.25)
Balance at end of period	1,150,000	$0.23	3,550,000	$0.21

No options were issued in the years ended February 29, 2016 and February 28, 2015.

The following table summarizes the range of exercise prices and weighted average remaining contractual life for share units outstanding at the end of the period:

	29-Feb-16		28-Feb-15	
	The range of exercise prices	**weighted average remaining contractual life**	**The range of exercise prices**	**weighted average remaining contractual life**
Share options outstanding at the end of the period:	$0.20 - $0.25	1.29	$0.175 - $0.25	1.86

(iii) Warrants

The following is a summary of warrants outstanding:

	29-Feb-16		**28-Feb-154**	
	Number of units	**Weighted average exercise price**	**Number of units**	**Weighted average exercise price**
Balance at beginning of period	6,145,166	$0.27	11,247,666	$0.12
Warrants issued	-	-	980,000	0.10
Exercised during the period	-	-	-	-
Expired during the period	(5,165,166)	(0.30)	(6,082,500)	(0.12)
Balance at end of period	980,000	$0.10	6,145,166	$0.27

The options outstanding at February 29, 2016 expired subsequent to year end on April 8, 2016.

The fair value of the warrants was based on the Black-Scholes option-pricing model. The following assumptions were used to value them:

	29-Feb-16	**28-Feb-15**
Weighted average exercise price	N/A	$0.19
Weighted average expected volatility	N/A	29%
Weighted average expected warrant life	N/A	1.5 years
Weighted average expected dividend yield	N/A	0%
Weighted average risk-free interest rate	N/A	1.07%

8. Related Party Transactions

The Company's related parties include its subsidiaries, key management and their close family members, and others as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given of received. Outstanding balances are usually settled in cash.

The Company had the following balances with related parties:

	29-Feb-16		**28-Feb-15**	
	Key Management Personnel	Other	Key Management Personnel	Other
Transactions				
Share based payments	$ -	$ -	$ -	$ -
Management fees	48,000		78,500	-
Consulting fees paid to directors	-	72,500		
Paid for operations of the subsidiary	-	-	-	31,537
Shares issued for mining properties	-	-	-	80,000
Expense reimbursement	17,540	-	6,000	-
	65,540	**72,500**	**$84,500**	**$111,537**

Outstanding balances owing to related parties:				
Amounts Payable to directors/officers	$66,000	$72,621	$44,918	$ -
Non-interest bearing, unsecured, demand loans from shareholders	8,000	5,000	-	-
Amounts payable to Companies with common ownership or directors	44,458	-	-	-
	$118,458	**$77,621**	**$44,918**	**$ -**

Amounts due from and to the related parties, are a result of transactions with entities controlled by shareholders, officers or directors of the Company. These amounts are non-interest bearing, unsecured and not subject to specific terms of repayment unless stated. All amounts are included under accounts payable and accrued liabilities.

Camsim Minas S.A. de C.V., the company which owns the La Diana and San Javier Properties (see Note 6 (ii and iii) is controlled by an individual who is related to a former board member of the Company.

The remuneration of directors and other members of key management personnel were as follows:

	29-Feb-16	**28-Feb-15**
Short-term employee benefits	$48,000	$78,500
Share-based payments	-	-
	$48,000	**$78,500**

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. This amount includes amounts paid to the CEO and former CFO of the Company.

9. Segmented Information

The Company conducts its business in two geographic segments being Canada and Mexico and one business segment being exploration for mineral resource properties. At February 29, 2016 and February 28, 2015, the Company's mineral property interests were situated in Canada and Mexico.

The following table summarizes total assets by geographic location:

	29-Feb-16	**28-Feb-15**
Canada	$290,953	$296,285
Mexico	1	1
Total Assets	**$290,954**	**$296,286**

The following table summarizes net loss by geographic location:

	29-Feb-16	**28-Feb-15**
Canada	$175,999	$198,813
Mexico	-	2,874,760
Total Expenses	**$175,999**	**$3,073,573**

10. Contingency

From time to time, the Company may be exposed to claims and legal actions in the normal course of business, some of which may be initiated by the Company. As of the prior year end, the Company had signed a lease for its premises in Toronto which it had subleased out. In the event the tenant does not pay rent as due the Company would have been liable for the shortfall. The lease expired on June 30, 2015 and as of the date of the preparation of these consolidated financial statements the Company is not aware of any claim made against it under this lease.

11. Income Taxes

The Company's effective income tax rate differs from the amount that would be computed by applying the combined Federal and Provincial statutory tax rate of 25% (2015 – 25%) to the net loss for the year for reasons noted below:

	29-Feb-16	**28-Feb-15**
Income tax recovery based on statutory rate	($44,000)	($768,000)
Actual provision per financial statements	-	-
Non-cash compensation	-	-
Non-deductible items	12,000	719,625
Share issue costs	(3,300)	(3,300)
	($35,300)	($51,675)
Valuation allowance	35,300	51,675
	$ -	$ -

The Company has incurred tax losses of approximately $2,795,000 (2015 - $2,654,000) which may be used to reduce future taxable income. The potential benefit of these losses has not been recognized in these consolidated financial statements and will expire, if unused, in the fiscal years ended February 29 as follows:

	Amount
2028	$43,000
2029	138,000
2030	52,000
2031	253,000
2032	984,000
2033	716,000
2034	258,000
2035	210,000
2036	141,000
	$2,795,000

The components of deferred income tax asset (liability) are as noted below:

	29-Feb-16	29-Feb-15
Non-capital losses and share issue costs	$700,400	$668,400
Mineral properties	700,900	700,900
	1,401,300	1,369,300
Valuation allowance	(1,401,300)	(1,369,300)
Deferred Income Tax	$ -	$ -

In addition to the above tax losses the Company has incurred Canadian Development Expenditures, Canadian Exploration Expenditures and Foreign Exploration and Development Expenditures in the amount of $3,089,000 (2015 - $3,089,000) which may be used to reduce future taxable income. The potential benefit of these expenditures has not been recognized in these financial statements and can be carried-forward without expiry.

12. Capital Management and Liquidity

The Company considers its capital structure to consist of its cash, common shares, stock options and warrants. The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support the acquisition, exploration and development of mineral properties. 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 business.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

The Company and its subsidiary are not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of February 29, 2016, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years.

There were no changes in the Company's approach to capital management during the periods ended February 29, 2016 and February 28, 2015

The Company's capital for the reporting periods is summarized as follows:

	29-Feb-16	28-Feb-15
Cash	$315	$7,965
Common shares	5,626,403	5,626,403
Contributed Surplus	570,120	570,120
Deficit	(6,207,447)	(6,031,448)
	$(10,609)	**$173,040**

13. Financial Instruments

Financial Instruments details can be summarized as follows:

	Level of Fair Value Measurement	Balance as at 29-Feb-16	Balance as at 28-Feb-15
Loans and receivables			
Cash and cash equivalents	Level 1	$315	$7,965
HST receivables	Level 2	4,848	2,530
		$5,163	$10,495
Financial liabilities measured at amortized cost			
Accounts payable and accrued liabilities	Level 1	$307,552	$136,885
		$307,552	$136,885

Fair Value of Non-Derivative Financial Instruments
Fair value is the amount that willing parties would accept to exchange a financial instrument based on the current market for instruments with the same risk, principal and remaining maturity. The fair value of interest bearing financial assets and liabilities is determined by discounting the contractual principal and interest payments at estimated current market interest rates for the instrument. Current market rates are determined by reference to current benchmark rates for a similar term and current credit spreads for debt with similar terms and risk.

The Company values instruments carried at fair value using quoted market prices, where available. Quoted market prices represent a Level 1 valuation. When quoted market prices are not available, the Company maximizes the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3.

Level 3 fair values are based on a number of valuation techniques other than observable market data. There are no level 3 values currently recorded on the balance sheet of the Company.

14. Financial Instruments Risk Management

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, market risk and interest rate risk.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company is not exposed to credit risk due to the nature of the collectible accounts. At February 29, 2016 and February 28, 2015, the Company does not have any allowance for doubtful accounts.

Management actively monitors the Company’s exposure to credit risk under its financial instruments, including with respect to amounts receivable. The Company considers the risk of loss for its amounts receivable to be remote and significantly mitigated due to the financial strength of the party from whom the receivables are due - the Canadian government for harmonized sales tax (“HST”) refunds receivable.

(ii) Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The primary source of liquidity is net operating income, which is used to finance working capital and capital expenditure requirements, and to meet the Company's financial obligations associated with financial liabilities.

Additional sources of liquidity are debt and equity financing, which is used to fund additional operating and other expenses and retire debt obligations at their maturity. The Company's approach to managing liquidity risk is to ensure that it will have sufficient cash to meet liabilities when due. All of the Company's financial liabilities have contractual maturities of less than one year and are subject to normal trade terms. The Company's ability to continue operations and fund its business is dependent on management's ability to secure additional financing. It is anticipated that the Company will continue to rely on equity and debt financing to meet its ongoing working capital requirements. The Company has a significant working capital deficiency at year end and therefore liquidity risk is considered high.

(iii) **Market risk**

Market risk is the risk that changes in market price, such as foreign exchange rates, commodity prices, and interest rates will affect the Company's net income or the value of financial instruments. These risks are generally outside the control of the Company. The objectives of the Company are to mitigate market risk exposure within acceptable limits, while maximizing returns. The Company has no significant exposure to market risk.

(iv) **Interest rate sensitivity**

The Company has no significant exposure at February 29, 2016 and February 28, 2015 to interest rate risk through its financial instruments.

(v) **Foreign Exchange Risk**

The Company is exposed to foreign currency fluctuations as the Company's fully owned subsidiary operates in MXN pesos. The translation effects of changes in exchange rates in the Consolidated Statement of Financial Position were net translation gain of $Nil and net translation loss of $Nil on February 29, 2016 and February 28, 2015 respectively and are recorded within Accumulated Other Comprehensive Income in Shareholders' Equity. The Company's Mexican subsidiary was inactive in the current year.

Foreign Exchange Rate Sensitivity analysis can be presented as follows:

	29-Feb-16	28-Feb-15
Average foreign exchange rate	$0.08	$0.08
Net translation gain recognized in		
Accumulated Other Comprehensive Income in Shareholders' Equity	$ -	$ -

Sensitivity Analysis

	Feb 29, 2016		Feb 28, 2015	
Change in foreign exchange rate	+ 0.5%	- 0.5%	+ 0.5%	- 0.5%
Impact on				
Accumulated Other Comprehensive Income in Shareholders' Equity	$-	$-	$ -	$ -

Management believes that foreign exchange risk is not significant as at February 29, 2016 and February 28, 2015.

15. Subsequent Events

(1) Subsequent to year end the Company signed an agreement to acquire a 100% interest, subject to a 2% Net Smelter Returns Royalty ("NSR"), in 3 mining claims in British Columbia known as the Clinton Manganese Project. Consideration for the acquisition of these claims is $20,000 in cash and 400,000 post consolidation shares of the Company. The Company, prior to closing of this agreement, is to consolidate its shares on the basis of 1 share for each 30 existing shares. (Should the final share consolidation be less than 1 for 30, the number of common shares to be issued to acquire the property will be adjusted accordingly.) Under the terms of the agreement the Company shall be entitled to purchase the 2% NSR from the Vendors for $1 million for each 1% NSR. Closing of the transaction is subject to the Company raising the funds required to acquire the property, consolidation of the Company's share capital and regulatory approval.

(2) Subsequent to year end all of the Company's outstanding warrants expired unexercised (see Note 7(iii)).

(3) Subsequent to year end, pursuant to an unsecured promissory note, the Company received a loan in the amount of $35,000. The loan is to be used by the Company for working capital purposes. The note is guaranteed by the Company's president. The promissory note is non-interest bearing until demand at which time the note will bear interest at 10% per annum compounded monthly.