

---

O C E  N U S  
R E S O U R C E S      C O R P O R A T I O N

Interim Unaudited Condensed  
Consolidated Financial Statements

**June 30, 2015**

August 31, 2015

## **Management's Report**

The accompanying interim unaudited condensed consolidated financial statements of **Oceanus Resources Corporation** (the "Company") are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). The financial statements include certain amounts and assumptions that are based on management's best estimates and have been derived with careful judgment.

In fulfilling its responsibilities, management has developed and maintains a system of internal accounting controls. These controls are designed to provide reasonable assurance that the financial records are reliable for preparation of the consolidated financial statements. The Audit Committee of the Board of Directors reviewed and approved the Company's interim financial statements and recommended their approval by the Board of Directors.

These financial statements have not been reviewed by the external auditors of the Company.

(signed) "*Glenn Jessome*"  
President and Chief Executive Officer  
Halifax, Nova Scotia

(signed) "*Glenn Holmes*"  
Chief Financial Officer  
Halifax, Nova Scotia

Unaudited Consolidated Statements of Financial Position  
 As at June 30, 2015 and March 31, 2015

	June 30, 2015 \$	March 31, 2015 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,257,144	228,837
Sales tax recoverable	504,535	500,915
Prepaid expenses	2,125	14,659
	<u>1,763,804</u>	<u>744,411</u>
<b>Resource properties</b> (note 5)	<u>7,433,404</u>	<u>7,343,814</u>
	<u>9,197,208</u>	<u>8,088,225</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 6)	<u>513,899</u>	<u>402,877</u>
<b>Equity</b> (note 10)	<u>8,683,309</u>	<u>7,685,348</u>
	<u>9,197,208</u>	<u>8,088,225</u>

**Nature of operations and going concern** (note 1)

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

**Approved on behalf of the Board of Directors**

(signed) "Richard B. Gordon", Director

(signed) "Glenn A. Holmes", Director

**Consolidated Statements of Changes in Equity**  
**For the periods ended June 30, 2015 and 2014**

	Share capital \$	Contributed surplus and other \$	Warrants \$	Deficit \$	Total \$
<b>Balance – March 31, 2014</b>	8,302,967	597,577	4,000	(3,265,277)	5,639,267
Net loss and comprehensive loss for the year	–	–	–	(462,413)	(462,413)
Share issued in connection with settlement of debt obligations	238,300	–	–	–	238,300
Stock-based compensation	–	279,000	–	–	279,000
<b>Balance – June 30, 2014</b>	8,541,267	876,577	4,000	(3,727,690)	5,694,154
Net loss and comprehensive loss for the year	–	–	–	(910,161)	(910,161)
Shares issued for cash, net of issue costs	2,634,455	–	–	–	2,634,455
Shares issued for cash, exercise of options	28,600	(13,600)	–	–	15,000
Shares issued for cash, exercise of warrants	1,260	–	(360)	–	900
Expiration of warrants, net of tax	–	3,640	(3,640)	–	–
Warrants issued as finders' fees	(10,000)	–	10,000	–	–
Stock-based compensation	–	251,000	–	–	251,000
<b>Balance – March 31, 2015</b>	11,195,582	1,117,617	10,000	(4,637,851)	7,685,348
Net loss and comprehensive loss for the year	–	–	–	(221,886)	(221,886)
Shares issued for cash, net of issue costs	1,159,847	–	–	–	1,159,847
Warrants issued as finders' fees	(2,000)	–	2,000	–	–
Stock-based compensation	–	60,000	–	–	60,000
<b>Balance – June 30, 2015</b>	12,353,429	1,177,617	12,000	(4,859,737)	8,683,309

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

**Unaudited Consolidated Statements of Loss and Comprehensive Loss  
For the periods ended June 30, 2015 and 2014**

	<b>Three months ended June 30, 2015 \$</b>	<b>Three months ended June 30, 2014 \$</b>
<b>Operating expenses</b>		
Professional fees	21,093	100,876
Consulting fees	102,000	-
Dues and fees	2,516	8,738
Foreign exchange (gain) loss	19,792	(14,481)
Insurance	12,925	10,725
Office	4,989	7,432
Shareholder communication	3,032	11,743
Travel	4,658	8,819
Stock-based compensation	52,000	189,000
Wages and benefits	-	141,113
	<u>(223,005)</u>	<u>(463,965)</u>
<b>Other income</b>		
Interest income	1,119	1,552
	<u>(221,886)</u>	<u>(462,413)</u>
<b>Net loss and comprehensive loss for the period</b>		
	<u>(0.004)</u>	<u>(0.01)</u>
<b>Loss per share – basic and diluted</b>		
	52,688,996	43,362,146
<b>Weighted average outstanding common shares – basic and diluted</b>		

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

Unaudited Consolidated Statements of Cash Flows  
 For the periods ended June 30, 2015 and 2014

	Three months ended June 30, 2016 \$	Three months ended June 30, 2015 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net loss for the years	(221,886)	(462,413)
Charges to income not affecting cash		
Stock-based compensation	52,000	189,000
	<u>(169,886)</u>	<u>(273,413)</u>
Net changes in non-cash working capital balances related to operations		
Decrease (increase) in sales tax recoverable	(3,620)	(119,615)
Decrease (increase) in deferred share issue costs	-	(50,000)
Decrease (increase) in prepaid expenses	12,534	(21,524)
Increase in accounts payable and accrued liabilities	77,594	30,875
	<u>(83,378)</u>	<u>(433,677)</u>
<b>Investing activities</b>		
Purchase of and expenditures on resource properties	<u>(48,162)</u>	<u>(662,391)</u>
<b>Financing activities</b>		
Proceeds from issuance of common shares	1,220,000	240,000
Share issue costs paid	<u>(60,153)</u>	<u>(1,700)</u>
	<u>1,159,847</u>	<u>238,300</u>
<b>Net change in cash and cash equivalents for the years</b>	1,028,307	(857,768)
<b>Cash and cash equivalents – Beginning of years</b>	<u>228,837</u>	<u>1,178,522</u>
<b>Cash and cash equivalents – End of years</b>	<u>1,257,144</u>	<u>320,754</u>
<b>Cash and cash equivalents is comprised of:</b>		
Cash	1,230,944	170,754
Short-term investments	<u>26,200</u>	<u>150,000</u>
	<u>1,257,144</u>	<u>320,754</u>

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

## Notes to the Unaudited Interim Consolidated Financial Statements For the periods ended June 30, 2015 and 2014

---

### 1 Nature of operations and going concern

#### Nature of operations

Oceanus Resources Corporation (the "Company") was incorporated under the Canada Business Corporations Act on June 14, 2010 and its common shares are listed on the TSX Venture Exchange (the "Exchange") under the trading symbol OCN. The Company's registered office is located at Suite 2108, 1969 Upper Water Street, Halifax, Nova Scotia. The Company has one reportable and one geographic segment, is a mineral exploration company engaged in locating and acquiring high quality projects and exploring for gold and base metals and has not yet determined whether its exploration property interests contain mineral reserves that are economically recoverable.

#### Going concern

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes the realization of assets and settlement of liabilities in the normal course of business as they come due. For the three month period ended June 30, 2015, the Company incurred a loss of \$221,886. The Company has no income or cash flow from operations. In addition to its working capital requirements, the Company must secure sufficient funding to maintain legal title to its resource properties, to fund its exploration and development activities and to fund its general and administrative costs. Such circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. Nevertheless, there is no assurance that these initiatives will be successful or sufficient.

The Company's ability to continue as a going concern is dependent upon its ability to fund its working capital and exploration requirements and eventually to generate positive cash flows, either from operations or sale of properties. These consolidated financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate and these adjustments could be material.

### 2 Basis of presentation

#### a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of financial statements as set out in the Chartered Professional Accountants of Canada Handbook – Accounting – Part 1 ("CPA Canada Handbook").

These financial statements are in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information normally included in annual financial statements prepared in accordance with IFRS, as issued by the IASB, have been omitted or condensed. The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements have been set out in note 2 of the Company's financial statements for the year ended March 31, 2015. These financial statements should be read in conjunction with the Company financial statements for the year ended March 31, 2015.

Notes to the Unaudited Interim Consolidated Financial Statements  
For the periods ended June 30, 2015 and 2014

---

**2 Basis of presentation (continued)**

**a) Statement of compliance (continued)**

These financial statements include all adjustments, composed of normal recurring adjustments, considered necessary by management to fairly state the Company's results of operations, financial position and cash flows. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year.

The Board of Directors approved the consolidated financial statements for issue on August 28, 2015.

**b) Basis of measurement**

These consolidated financial statements have been prepared under a historical cost basis.

**a) Use of estimates and judgments**

The preparation of the consolidated financial statements requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the reporting period. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results may differ from these estimates. The more significant areas requiring the use of management estimates and assumptions are discussed below.

*Recoverability of resource properties*

At the end of each reporting period, the Company assesses each of its mineral resource properties to determine whether any indication of impairment exists. Judgment is required in determining whether indicators of impairment exist, including factors such as the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of resource properties are budgeted and results of exploration and evaluation activities on the exploration and evaluation assets.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. The impairment analysis requires the use of estimates and assumptions, such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value of mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account.

Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. If the Company does not have sufficient information about a particular mineral resource property to meaningfully estimate future cash

Notes to the Unaudited Interim Consolidated Financial Statements  
For the periods ended June 30, 2015 and 2014

---

**2 Basis of presentation** (continued)

**c) Use of estimates and judgments** (continued)

flows, the fair value is estimated by management through the use of, where available, comparison to similar market assets and, where available, industry benchmarks. Actual results may differ materially from these estimates.

*Recoverability of sales tax recoverable*

Management's assumptions regarding the recoverability of Value Added Tax ("VAT") receivable in Mexico, at the end of each reporting period, is made using all relevant facts available, including past collectability, the development of VAT policies and the general economic environment of the country to determine if a write-down of the VAT is required. As the amount receivable depends on performance by the government in Mexico, the timing and amount of the VAT ultimately collectible could be materially different from the amount recorded in the consolidated financial statements.

*Share-based payments*

The Company issued equity-settled share-based payments to certain employees and third parties outside the Company. Equity-settled share-based payments are measured at fair value, excluding the effect of non-market based vesting conditions, at the date of grant. Fair value is measured using the Black-Scholes pricing model and requires the exercise of judgment in relation to variables such as expected volatilities and dividend yields which are based on information available at the time the fair value is measured.

**3 Significant accounting policies**

These financial statements have been prepared using the same accounting policies and methods of computation as the annual financial statements of the Company for the year ended March 31, 2015. Refer to note 3 – Significant Accounting Policies, of the Company's annual consolidated financial statements for the year ended March 31, 2015 for information on accounting policies, as well as, new accounting standards not yet effective.

**4 Capital management**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Company considers capital to be total equity, which at June 30, 2015 totaled \$8,683,309 (March 31, 2015 - \$7,685,348). 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 is not subject to externally imposed capital requirements.

Notes to the Unaudited Interim Consolidated Financial Statements  
 For the periods ended June 30, 2015 and 2014

**5 Resource properties**

	<b>Total \$</b>
<b>Balance at March 31, 2014</b>	4,389,630
Exploration costs incurred	880,885
Acquisition costs incurred	4,531
	<hr/>
<b>Balance at June 30, 2015</b>	5,275,046
Exploration costs incurred	1,774,517
Acquisition costs incurred	294,251
	<hr/>
<b>Balance at March 31, 2015</b>	7,343,814
Exploration costs incurred	85,664
Acquisition costs incurred	3,926
	<hr/>
<b>Balance at June 30, 2015</b>	<u>7,433,404</u>

On March 13, 2013, the Company completed the acquisition of all of the issued and outstanding securities of Lunar Gold Holdings Incorporated (“LGH”), a Canadian company, by way of security exchange. LGH and LGH’s wholly owned Canadian subsidiary, LGHI Holdings Incorporated (“LGHI”), together own 100% of Minera Pueblo de Oro S.A. de C.V., a Mexican company, (“MPO”). MPO is a party to three option agreements under which it can earn a 100% interest in a total of 12 mining concession titles, collectively known as the La Lajita Property covering approximately 3,200 hectares in Durango State, Mexico.

Ten of the mining concessions are subject to an option agreement dated October 4, 2012, as amended August 26, 2013, that provides for annual cash option payments aggregating US\$2,000,000. The remaining cash options payments are as follows:

- On or before October 4, 2015 US\$300,000
- On or before October 4, 2016 US\$300,000
- On or before October 4, 2017 US\$500,000
- On or before October 4, 2018 US\$500,000

The option agreement also provides for minimum optional exploration expenditures of US\$150,000 in each of the first four years of the agreement. To the extent that MPO incurs exploration expenditures greater than US\$150,000 in a given year, the excess amount may be carried forward and applied against the required expenditure amount of the following year.

One of the mining concessions is subject to an option agreement dated October 4, 2012, as amended May 9, 2013 and December 19, 2013, that provides in the event MPO establishes mineral production on this mining concession it is obligated to pay the Optionors a 2% net smelter return if gold is valued at or less than \$1,000 per ounce or a 2.5% net smelter return if gold is valued at greater than \$1,000 per ounce at the time of production. MPO has the option to purchase 50% of the net smelter return for a cash payment of US\$200,000.

One of the mining concessions is subject to an option agreement dated October 15, 2012, that is for a term of 10 years and provides for monthly cash option payments of Mexican Pesos 15,000. In the event MPO establishes mineral production on this mining concession, the monthly cash option payment increases to Mexican Pesos 20,000.

Notes to the Unaudited Interim Consolidated Financial Statements  
 For the periods ended June 30, 2015 and 2014

**6 Accounts payable and accrued liabilities**

	June 30, 2015 \$	March 31, 2015 \$
Accounts payable	321,987	258,965
Accrued liabilities	191,912	143,912
	513,899	402,877

As at June 30, 2015, \$198,000 (March 31, 2015 - \$135,000) of accounts payable and accrued liabilities is due to the Chief Executive Officer, Chief Financial Officer and other non-executive directors.

**7 Related party transactions**

All transactions with related parties are in the normal course of business.

Legal services were provided during the three month period ended June 30, 2015 by a firm of which an officer of the Company is the sole lawyer practitioner. The cost of these legal services during the period was \$55,030 (2014 - \$142,780). The Company recorded \$9,250 (2014 - \$92,780) to professional fees expense and \$45,780 (2014 - \$50,000) to share issue costs.

Geological and administrative consulting services were provided during the three month period ended June 30, 2015 by a corporation owned by a non-executive director of the Company. The cost of these consulting services during the period was \$22,500 (2014 - \$58,000). The Company recorded \$18,000 (2014 - \$58,000) to resource properties and \$4,500 (2015 - \$nil) to professional fees.

The Company incurred office rent expenses of \$nil during the three month period ended June 30, 2015 (2014 - \$900) relating to the rental of an office from a corporation owned by a non-executive director of the Company.

During the three month period ended June 30, 2015, the Company settled \$nil (2014 - \$140,000) of accounts payable that were due to the officers and companies owned by non-executive directors through the issuance of share capital.

Notes to the Unaudited Interim Consolidated Financial Statements  
 For the periods ended June 30, 2015 and 2014

**8 Income taxes**

a) Losses

The Company has non-capital tax losses, which include certain deductions for share issue costs, of approximately \$3,538,000 available for carry-forward to reduce future years' taxable income. These non-capital tax losses expire as follows:

	\$
Year ending March 31, 2031	88,000
2032	648,000
2033	764,000
2034	879,000
2035	1,159,000

b) At March 31, 2016, the Company's effective income tax rate differs from the amount that would be computed from applying the federal and provincial statutory rate of 31% to the pre-tax net loss for the period. The reasons for the difference are as follows:

	<b>March 31, 2015</b>
	\$
Loss before income taxes	<u>1,372,574</u>
Income tax recovery based on statutory rates	425,000
Non-deductible stock option expense	(128,000)
Unutilized losses	<u>(297,000)</u>
Recovery of income taxes	<u>—</u>

c) The following reflects deferred tax assets at March 31, 2016/2015:

	<b>March 31, 2015</b>
	\$
<b>Deferred tax assets</b>	
Non-capital losses	1,097,000
Deductible share issuance costs	129,000
Tax value in excess of accounting value of resource properties	<u>47,000</u>
	1,273,000
Portion of deferred tax assets unrecognized	<u>(1,273,000)</u>
	<u>—</u>

Notes to the Unaudited Interim Consolidated Financial Statements  
 For the periods ended June 30, 2015 and 2014

**9 Compensation of key management**

Key management includes the Company's Directors, President and Chief Executive Officer and Chief Financial Officer. Compensation awarded to key management is summarized as follows:

	<b>3 months June 30, 2015 \$</b>	<b>3 months June 30, 2014 \$</b>
Cash and accrued compensation and other benefits	115,500	154,538
Stock-based compensation	40,000	211,000
	<u>155,500</u>	<u>365,538</u>

Cash compensation and other benefits are included in wages and benefits on the statement of loss.

**10 Shareholders' equity**

**i) Capital stock**

**Authorized**

Unlimited number of common shares, without nominal or par value

	<b>Number of shares</b>	<b>Amount \$</b>
<b>Balance – March 31, 2014</b>	43,146,362	8,302,967
Shares issued in settlement of liabilities, net of issue costs	727,271	238,300
<b>Balance – June 30, 2014</b>	43,873,633	8,541,267
Shares issued for cash, net of issue costs	8,000,000	2,634,455
Shares issued for cash, exercise of options	75,000	28,600
Shares issued for cash, exercise of warrants	3,000	1,260
Warrants issued as finders fees	–	(10,000)
<b>Balance – March 31, 2015</b>	51,951,633	11,195,582
Shares issued for cash, net of issue costs	6,100,000	1,159,847
Warrants issued as finders fees	–	(2,000)
<b>Balance – June 30, 2015</b>	<u>58,051,633</u>	<u>12,353,429</u>

As at June 30, 2015 there are nil (June 30, 2014 – 1,050,000) shares subject to an escrow agreement.

**a) Private placements**

During the three month period ended June 30, 2015, the Company issued 6,250,000 units at \$0.20 per unit for gross proceeds of \$1.25 million. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one common share of the Company for \$0.30 for a period of 18 months from the closing date of the offering. The closing date of the private placement was June 19, 2015 and as at June 30, 2015 the transfer of subscription proceeds aggregating \$30,000 from subscribers' registered brokerage accounts remained outstanding. The 150,000 common shares and 75,000 warrants relating to these

Notes to the Unaudited Interim Consolidated Financial Statements  
 For the periods ended June 30, 2015 and 2014

**10 Shareholders' equity (continued)**

**i) Capital stock (continued)**

subscriptions were held in trust as at June 30, 2015 and for accounting purposes were excluded from the issued number of common shares and warrants. The capital stock value of the common shares issued as at June 30, 2015 is net of share issue costs of \$60,153.

Subsequent to June 30, 2015, the Company received outstanding subscription proceeds of \$30,000 and 150,000 common shares and 75,000 warrants were released from trust.

**b) Shares for debt**

During the three month period ended June 30, 2014, the Company issued 727,271 common shares to settle accounts payable aggregating \$240,000 and incurred issuance costs of \$1,700. This is a non-cash transaction and accordingly has been excluded from the statement of cash flows.

**ii) Stock options and other**

The Company has a common share purchase option plan (the "Plan") for directors, officers, employees and consultants. The total number of options issued and outstanding at any time cannot exceed 10% of the issued and outstanding common shares of the Company unless shareholder and regulatory approvals are obtained. Options granted under the Plan have a ten-year term. Options are granted at a price no lower than the market price of the common shares less any discounts allowed by the Exchange at the time of the grant. In determining the stock-based compensation expense, the fair value of options issued is estimated using the Black-Scholes option pricing model. Expected volatility is based on actual volatility of similar companies.

The following weighted average assumptions were used in the Black-Scholes option pricing model for the interim periods ended June 30, 2015 and June 30, 2014:

	<b>2015</b>	<b>2014</b>
Risk-free interest rate	1.5%	1.5%
Expected volatility	100%	150%
Expected dividend yield	—	—
Expected life	5 years	5 years

Notes to the Unaudited Interim Consolidated Financial Statements  
 For the periods ended June 30, 2015 and 2014

**10 Shareholders' equity** (continued)

**ii) Stock options and other** (continued)

The following table summarizes the changes in the Company's stock options and agent options during the interim periods ended June 30, 2015 and 2014:

	Weighted average exercise price \$	Number of Options	Weighted average remaining life (years)	Expiry date
<b>Balance – March 31, 2014</b>	0.18	3,485,000		
Granted during the period	0.43	700,000	8.9	May 30, 2024
Granted during the period	0.44	50,000	4.0	June 9, 2019
<b>Balance – June 30, 2014</b>	0.23	4,235,000		
Granted during the period	0.40	650,000	9.4	November 3, 2024
Exercised during the period	0.20	<u>(75,000)</u>		
<b>Balance – March 31, 2015</b>	0.25	4,810,000		
Granted during the period	0.21	<u>385,000</u>	9.9	June 1, 2025
<b>Balance – June 30, 2015</b>	0.23	<u>5,195,000</u>	7.8	

As at June 30, 2015, 625,163 options remained available for future grants under the Plan. Options vested and exercisable at June 30, 2015 totaled 5,195,000 with an average exercise price of \$0.23 per share. The weighted average grant-date fair value per option was \$0.24 for the stock options. For the three month period ended June 30, 2015, the Company capitalized \$8,000 (June 30, 2014 - \$90,000) in non-cash share-based compensation expense to resource properties with the balance of \$52,000 (June 30, 2014 - \$189,000) charged to operations.

**iii) Contributed surplus and other**

	\$
<b>Balance – March 31, 2014</b>	597,577
Stock-based compensation	<u>279,000</u>
<b>Balance – June 30, 2014</b>	876,577
Expiration of warrants	3,640
Exercise of options	(13,600)
Stock-based compensation	<u>251,000</u>
<b>Balance – March 31, 2015</b>	1,117,617
Stock-based compensation	<u>60,000</u>
<b>Balance – June 30, 2015</b>	<u>1,177,617</u>

Notes to the Unaudited Interim Consolidated Financial Statements  
 For the periods ended June 30, 2015 and 2014

**10 Shareholders' equity** (continued)

**iv) Warrants**

The following table summarizes the changes in the Company's warrants for the interim periods ended June 30, 2015 and 2014:

	<b>Expiry date</b>	<b>Exercise price</b> \$	<b>Number</b>	<b>Ascribed value</b> \$
<b>Balance – March 31, 2014 and June 30, 2014</b>		0.30	33,370	4,000
Exercised during the period		0.30	(3,000)	(360)
Expired during the period		0.30	(30,370)	(3,640)
Finder's warrants issued pursuant to July 2014 private placement financing	July 25, 2015	0.40	42,861	10,000
<b>Balance – March 31, 2015</b>		0.40	42,861	10,000
Warrants issued pursuant to June 2015 private placement financing	December 19, 2016	0.30	3,050,000	–
Finder's warrants issued pursuant to June 2015 private placement financing	June 19, 2016	0.30	30,000	2,000
<b>Balance – June 30, 2015</b>			<u>3,122,861</u>	<u>2,000</u>

The fair value of finder's warrants recognized has been estimated at the grant date using the Black-Scholes option pricing model. The weighted average assumptions used in the pricing model for warrants issued for the interim periods ended June 30, 2015 and June 30, 2014 are as follows:

	<b>June 30, 2015</b>	<b>June 30, 2014</b>
Risk-free interest rate	1.5%	1.5%
Expected volatility	100%	150%
Expected dividend yield	\$nil	\$nil
Expected life	1 year	1 year

The fair value of warrants issued pursuant to the June 2015 private placement financing has been estimated at the issue date using the residual method of valuation. Given the market price of the Company's common shares on the date of closing of the private placement was in excess of the \$0.20 unit price, the residual value assigned to the warrants is \$nil.

Notes to the Unaudited Interim Consolidated Financial Statements  
 For the periods ended June 30, 2015 and 2014

**11 Financial instruments and other**

**Credit risk**

The Company manages credit risk by holding its cash with high quality financial institutions in Canada, where management believes the risk of loss to be low. The Company also has \$397,537 of Mexican VAT receivable at June 30, 2015 (June 30, 2014 - \$273,673). While collection has been delayed, management does not anticipate issues with eventually collecting these amounts.

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Company does not have sufficient working capital to carry out all budgeted programs in fiscal 2016 and must obtain financing during fiscal 2016 to avoid disruption in planned expenditures (see notes 1 and 12).

**Market Risk**

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

a) Interest rate risk

The Company has no interest-bearing debt and is not exposed to any significant interest rate risk.

b) Foreign currency risk

The Company operates in Mexico, giving rise to foreign currency risk. To limit the Company's exposure to this risk, cash is primarily held with high quality financial institutions in Canada. In the future, based on the timing of the Company's exploration programs, foreign currencies may be purchased in advance of expenditures to lock in exchange rates in line with the Company's budgets, otherwise the Company does not use any form of hedging against fluctuations in foreign exchange.

As at June 30, 2015, the Company held the following financial instruments and Mexican VAT recoverable in foreign currencies:

	US\$	Pesos
Cash	1,644	38,336
Accounts payable and accrued liabilities	132,263	473,754
Sales tax recoverable	—	5,002,351

c) Price risk

The Company is not exposed to any direct price risk other than that associated with commodities and how fluctuations impact companies in the mineral exploration and mining industries as the Company has no significant revenues.

