

BRANCO RESOURCES LTD.

(A Capital Pool Company)

CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine months ended January 31, 2016

(Expressed in Canadian Dollars)

(Unaudited)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements.

BRANCO RESOURCES LTD.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

| | January 31, 2016 | April 30, 2015 |
|-------------------------------------|---------------------|---------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents (Note 4) | \$ 2,160,871 | \$ 2,306,361 |
| GST receivable | 4,483 | 2,762 |
| Prepaid expenses | 19,298 | 21,570 |
| Loan receivable (Note 9) | 100,052 | - |
| TOTAL ASSETS | \$ 2,284,704 | \$ 2,330,693 |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable | \$ 34,319 | \$ 30,927 |
| Accrued liabilities | - | 15,726 |
| TOTAL LIABILITIES | 34,319 | 46,653 |
| EQUITY | | |
| Share capital (Note 5) | 511,068 | 511,068 |
| Stock option reserve | 28,462 | 28,462 |
| Share subscriptions (Note 5) | 2,382,188 | 2,407,188 |
| Deficit | (671,333) | (662,678) |
| TOTAL EQUITY | 2,250,385 | 2,284,040 |
| TOTAL LIABILITIES AND EQUITY | \$ 2,284,704 | \$ 2,330,693 |

Nature of operations and going concern (Note 1)

These financial statements were approved on behalf of the Board of Directors on March 21, 2016.

"Sokhie Puar"
Director

"Clive Brookes"
Director

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

BRANCO RESOURCES LTD.
CONDENSED INTERIM STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE
INCOME (LOSS)
(Expressed in Canadian Dollars)
(Unaudited)

| | Three months ended January 31 | | Nine months ended January 31 | |
|---|----------------------------------|--------------------|---------------------------------|--------------------|
| | 2016 | 2015 | 2016 | 2015 |
| Expenses | | | | |
| Filing and listing fees | \$ 10,797 | \$ 4,391 | \$ 21,147 | \$ 12,783 |
| Office and administration (Note 6) | 26,345 | 9,251 | 76,979 | 26,235 |
| Professional fees (Note 6) | 10,239 | 30,401 | 19,806 | 85,173 |
| Project evaluation | 29,877 | 14,718 | 76,665 | 47,905 |
| Property investigation (Note 6) | 20,343 | 23,679 | 69,124 | 66,353 |
| Loss before other expense | (97,601) | (82,440) | (263,721) | (238,449) |
| Other income | | | | |
| Gain on foreign exchange | 102,553 | 15,160 | 255,066 | 21,325 |
| Income (Loss) and comprehensive income (loss) for the period | \$ 4,952 | \$ (67,280) | \$ (8,655) | \$(217,124) |
| Income (Loss) per share - basic and diluted | \$ (0.00) | \$ (0.01) | \$ (0.00) | \$ (0.04) |
| Weighted average number of shares outstanding | 6,572,000 | 6,572,000 | 6,572,000 | 5,644,536 |

The accompanying notes are an integral part of these financial statements

BRANCO RESOURCES LTD.
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)
(Unaudited)

| | Share Capital | | Stock option reserve | Share Subscriptions | Deficit | Total |
|---|------------------|-------------------|-------------------------|------------------------|---------------------|---------------------|
| | Number | Amount | | | | |
| Balance, April 30, 2014 | 4,440,000 | \$ 282,968 | \$ 37,198 | \$ - | \$ (273,867) | \$ 46,299 |
| Common shares issued on June 10, 2014 | 3,062,000 | 153,100 | - | - | - | 153,100 |
| Common shares issued on July 29, 2014 | 1,500,000 | 75,000 | - | - | - | 75,000 |
| Escrow shares cancelled on January 27, 2015 | (1,000,000) | - | - | - | - | - |
| Expired agent's warrants | - | - | (8,736) | - | 8,736 | - |
| Cash received for share subscription | - | - | - | 304,063 | - | 304,063 |
| Loss and comprehensive loss | - | - | - | - | (217,124) | (217,124) |
| Balance, January 31, 2015 | 8,002,000 | \$ 511,068 | \$ 28,462 | \$ 304,063 | \$ (482,255) | 361,338 |
| Balance, April 30, 2015 | 8,002,000 | \$ 511,068 | \$ 28,462 | \$ 2,407,188 | \$ (662,678) | \$ 2,284,040 |
| Cash received for share subscription | - | - | - | 125,000 | - | 125,000 |
| Cash refunded for subscription amended | - | - | - | (150,000) | - | (150,000) |
| Loss and comprehensive loss | - | - | - | - | (8,655) | (8,655) |
| Balance, January 31, 2016 | 8,002,000 | \$ 511,068 | \$ 28,462 | \$ 2,382,188 | \$ (671,333) | \$ 2,250,385 |

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

BRANCO RESOURCES LTD.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

| | Nine months ended January 31 | |
|--|-------------------------------------|-------------------|
| | 2016 | 2015 |
| Operating activities | | |
| Income (Loss) for the period | \$ (8,655) | \$ (217,124) |
| Deduct non-operating cash flow item: | | |
| Foreign exchange gain | (258,453) | - |
| Changes in non-cash working capital items: | | |
| GST receivable | (1,721) | (735) |
| Prepaid expenses | 2,272 | (3,932) |
| Loan receivable | (100,052) | - |
| Accounts payable and accrued liabilities | (13,075) | 19,890 |
| Due to related parties | - | (1,331) |
| Cash flows used in operating activities | (379,684) | (203,232) |
| Financing activities | | |
| Proceeds from issuance of shares | 125,000 | 223,750 |
| Proceeds from shares subscription | - | 304,063 |
| Refund for subscription amended | (150,000) | - |
| Cash flows from financing activities | (25,000) | 527,813 |
| Foreign exchange on cash | 259,194 | - |
| Increase in cash | (145,490) | 324,581 |
| Cash, beginning of period | 2,306,361 | 54,145 |
| Cash, end of period | \$ 2,160,871 | \$ 378,726 |

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

BRANCO RESOURCES LTD.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
For the nine months ended January 31, 2016
(Expressed in Canadian Dollars)
(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Branco Resources Ltd. (the “Company”) was incorporated under the Business Corporations Act of British Columbia on January 23, 2012. The Company registered and records office is located at Suite 1200, 750 West Pender Street, Vancouver, BC, Canada, V6C 2T8. The address of the Company’s head office is Suite 4005, 1011 West Cordova Street, Vancouver, BC, Canada, V6C 0B2. The Company completed its Initial Public Offering (“IPO”) on November 8, 2012 and is classified as a Capital Pool Company (“CPC”) as defined in the TSX Venture Exchange (the “TSX-V” or “Exchange”) Policy 2.4 and trades on NEX, a separate board of the TSX-V. The Company’s principal business as intended includes the acquisition of mineral exploration and evaluation assets.

On February 27, 2015, the Company, entered into an agreement to acquire a 60% interest in Apolo, S.A. de C.V. (“Apolo”). Apolo is a privately owned exploration company with certain mining concessions located in the State of Zacatecas, Mexico (the “Property”) (Note 9). As at January 31, 2016, the transaction has not yet closed.

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has no source of operating revenues and its capacity to operate as a going concern in the near term will depend on its ability to continue raising equity financing and to complete a Qualifying Transaction (“QT”). In order to complete QT and to fund the cash commitments under the agreement dated February 27, 2015, the Company will require additional capital in the upcoming year. These financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These material uncertainties raise substantial doubt regarding the Company’s ability to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim 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 interim financial statements including IAS34 “Interim Financial Reporting”. The financial statements have been prepared on accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The financial statements are presented in Canadian dollars.

Certain of the previous period figures have been reclassified to conform with the current year’s presentation.

The condensed interim financial statements were authorized for issue on March 21, 2016 by the directors of the Company.

BRANCO RESOURCES LTD.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
For the nine months ended January 31, 2016
(Expressed in Canadian Dollars)
(Unaudited)

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgements

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Such estimates primarily relate to share-based transaction valuations, fair values of financial instruments and the recoverability of deferred income tax assets. Actual results could differ from those estimates.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in Note 1 relating to going concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements have been prepared following the same basis of preparation and accounting policies and methods of computation as the audited financial statements of the Company for the year ended April 30, 2015. The disclosures provided below are incremental to those included with the annual financial statements and certain disclosures, which are normally required to be included in the notes to the annual financial statements, have been condensed or omitted.

These condensed interim financial statements should be read in conjunction with the annual financial statements and notes thereto in the Company's annual filings for the year ended April 30, 2015.

Accounting standards, interpretations and amendments to existing standards that are not yet effective are outlined in Note 3 to the annual consolidated financial statements for the year ended April 30, 2015. The Company is in the process of assessing the impact that the new and amended standards will have on its financial statements.

4. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents consist of the following:

| Cash and cash equivalents | January 31, 2016 | April 30, 2015 |
|----------------------------------|-------------------------|-----------------------|
| Bank accounts | \$ 20,501 | \$ 2,306,361 |
| Temporary investments | 2,140,370 | – |
| | \$ 2,160,871 | \$ 2,306,361 |

BRANCO RESOURCES LTD.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
For the nine months ended January 31, 2016
(Expressed in Canadian Dollars)
(Unaudited)

5. SHARE CAPITAL

(a) Authorized: Unlimited number of common shares without par value.

(b) Issued and outstanding

During the nine months ended January 31, 2016, the Company received \$125,000 pursuant to share subscription agreements at \$0.05 per share. The Company also return \$150,000 to an investor for share subscription amendment.

(c) Escrow shares

Under the escrow agreement, 10% of the escrowed common shares will be released from escrow on the date of the issuance of the final TSX-V bulletin upon completion of the QT, and an additional 15% will be released every six months following a period of eighteen months.

As at January 31, 2016, 1,430,000 shares were held in escrow.

6. RELATED PARTY TRANSACTIONS

During the nine months ended January 31, 2016, the Company incurred accounting fees of \$9,000 (2015 - \$5,000) and office and administration of \$69,337 (2015 - \$22,500) and property investigation costs of \$nil (2015 - \$4,000) to companies controlled by the directors of the Company.

Amounts due to related parties are unsecured, are non-interest bearing and have no specified terms of repayment.

7. CAPITAL MANAGEMENT

The Company's primary source of funds comes from the issuance of share capital. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flows from current operations, and is not subject to any externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid. There have been no changes to the Company's approach to capital management during the period.

BRANCO RESOURCES LTD.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
For the nine months ended January 31, 2016
(Expressed in Canadian Dollars)
(Unaudited)

8. FINANCIAL INSTRUMENTS RISK MANAGEMENT

(a) Fair value

The classification of the Company's financial instruments requires that they are measured at amortized cost. Their carrying value approximates fair value due to the short-term maturity of these financial instruments.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk for the Company is associated with its cash and cash equivalents.

The Company is not exposed to significant credit risk as its cash and cash equivalents is placed with a major Canadian financial institution.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal terms of trade.

(d) Foreign currency risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flow will fluctuate as a result of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar. The Company does not hedge anticipated foreign currency changes. As at January 31, 2016, the Company held cash and cash equivalents in US dollars of \$1,219,080 (CDN\$1,703,055) (April 30, 2015 - \$1,416,483 (CDN\$1,702,655)). A 10% change in foreign exchange rates would impact net loss by approximately \$169,000 (April 30, 2015 - \$170,000).

9. ACQUISITION

On February 27, 2015, the Company, entered into a stock purchase and sale agreement (the "Agreement") with the shareholders of Apolo to acquire 60% of Apolo's issued and outstanding common shares.

Apolo is a privately owned exploration company with certain mining concessions located in the State of Zacatecas, Mexico (the "Property"). Pursuant to the terms and conditions of the Agreement, the Company will earn the 60% interest by:

BRANCO RESOURCES LTD.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
For the nine months ended January 31, 2016
(Expressed in Canadian Dollars)
(Unaudited)

9. ACQUISITION (continued)

- Paying an aggregate of USD\$250,000 to the shareholders of Apolo on the Closing Date and a further USD\$250,000 to the shareholders of Apolo on or before 8 months from the Closing Date;
- Issuing a total of 20,000,000 common shares of the Company in installments over an 18 month period beginning on the Closing Date;
- Funding exploration expenditures of a minimum of USD\$3,500,000 by advancing funds to Apolo on or before 12 months from the Closing Date (the “Funding Commitment”); and
- Lending to Apolo, or arranging for a third party to loan to Apolo, a minimum of USD\$1,000,000 on or before 12 months from the Closing Date (the “Loan”).
- The Company shall not issue dividends until the financing and the loan are fully paid.

On closing, subject to the terms and conditions set forth in the Agreement, the Company will pay an additional USD\$100,000 to the Apolo shareholders annually as long as all of the following conditions are satisfied:

- Apolo reaches a production of 250 tons per day on the Property;
- any portion of the Funding Commitment remains outstanding and payable;
- any portion of the Loan remains outstanding and payable;
- the price of gold is over USD\$1,100 per ounce; and
- the price of silver is over USD\$17 per ounce.

The Company will grant a 1.5% net smelter royalty (“NSR”) on the Property to the shareholders of Apolo. The Company will have a right of first refusal on the NSR and on the remaining 40% interest in Apolo held by the Apolo shareholders.

Concurrent with the transaction with the Apolo shareholders, the Company will conduct a private placement of up to 85,000,000 common shares at a price of no less than \$0.05 per share. A finder’s fee of up to 8% in either cash or shares or a combination of cash and shares may payable on all or a portion of the financing.

The transaction with the shareholders of Apolo was conditionally accepted by the Exchange. The transaction is subject to Shareholder approval and TSX-V final acceptance and has not yet closed.

BRANCO RESOURCES LTD.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
For the nine months ended January 31, 2016
(Expressed in Canadian Dollars)
(Unaudited)

9. ACQUISITION (continued)

Loan agreement

Upon approval of the Exchange, the Company enter into a loan agreement with Apolo as follow:

| Amount | Maturity |
|---------------|--------------------|
| US\$ 20,000 | September 18, 2016 |
| US\$ 18,000 | October 30, 2016 |
| CA\$ 50,000 | October 30, 2016 |

The loan subject to 10% interest per annum, payable on the maturity date.

If the closing of the transaction occurs before the payment date, then the principal amount will be due on demand by the Company and no accrued interest will be owned by Apolo.