

NOTICE

**RE: CONDENSED CONSOLIDATED INTERIM FINANCIALS STATEMENTS
(UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED JANUARY 31, 2017**

The third quarter financial statements for the nine months ended January 31, 2017 and 2016 have not been reviewed by the auditors of Candelaria Mining Corp. (formerly Branco Resources Ltd.)

CANDELARIA MINING CORP. (formerly Branco Resources Ltd.)

"Sam Wong"

SAM WONG

Chief Financial Officer



Candelaria Mining Corp.
(formerly Branco Resources Ltd.)

Condensed Consolidated Interim Financial Statements
Nine Months Ended January 31, 2017 and 2016 (unaudited)
(amount expressed in thousands of Canadian dollars, except where indicated)

Candelaria Mining Corp. (formerly Branco Resources Ltd.)
Condensed Consolidated Interim Statements of Financial Position

(unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

	Note	January 31, 2017	April 30, 2016
Assets			
Current assets			
Cash and cash equivalents	4	\$ 1,696	\$ 1,584
Other receivables and prepaid expenses	3	95	12
		1,791	1,596
Equipment	5	57	-
Advances to Minera Apolo S.A de C.V (“Apolo”)	6(a)(iv)	3,726	850
Exploration and evaluation assets	6	24,350	1,055
Total assets		\$ 29,924	\$ 3,501
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	4	\$ 380	\$ 85
Contingent liability	6(b)(v)	782	-
Promissory note	6(b)(iv)	3,258	-
		4,420	85
Convertible debentures	7	3,591	-
Total liabilities		\$ 8,011	\$ 85
Shareholders’ equity			
Share capital	8	20,126	4,827
Reserves		5,654	145
Subscription receivables		(276)	(178)
Deficit		(3,591)	(1,378)
		21,913	3,416
Total liabilities and shareholders’ equity		\$ 29,924	\$ 3,501

Nature of operations and going concern (note 1)

Approved by the Board of Directors

_____”Ramon Perez”_____ Director

_____”Javier Reyes”_____ Director

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

Candelaria Mining Corp. (formerly Branco Resources Ltd.)

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

	Notes	Three months ended January 31,		Nine months ended January 31,	
		2017	2016	2017	2016
General and administration expenses					
Amortization	5	\$ (2)	\$ -	\$ (3)	\$ -
Exploration expense		(195)	(50)	(363)	(146)
General and administration	10	(154)	(38)	(389)	(98)
Management fees	10	(32)	-	(74)	-
Professional fees	10	(253)	(10)	(473)	(20)
Share-based compensation	9	(271)	-	(2,863)	-
		(907)	(98)	(4,165)	(264)
Other (expenses) income, net					
Finance cost		(113)	-	(262)	-
Finance income		-	-	4	-
Gain on settlement of contingent liability	6(b)(v)	-	-	2,426	-
Foreign exchange (loss) gain		165	103	(217)	255
Net gain (loss)		(855)	5	(2,214)	(9)
Other comprehensive income ("OCI")					
Cumulative translation adjustment		52	-	65	-
Total comprehensive loss		(803)	5	(2,149)	(9)
Earnings (loss) per share – basic and diluted		\$ (0.01)	\$ 0.00	\$ (0.03)	\$ (0.00)
Weighted average shares outstanding (000's) – basic and diluted		85,787	2,192	73,430	2,191
Total shares issued and outstanding (000's) (posted consolidated basis)		86,874	2,667	86,874	2,667

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

Candelaria Mining Corp. (formerly Branco Resources Ltd.)
Condensed Consolidated Interim Statement of Changes in Shareholders' Equity
(unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

	Notes	Shares (‘000) Note 2	Share capital	Reserves	Translation Reserves	Equity portion Convertible Debenture	Share subscription	Deficit	Total equity
Balance as at April 30, 2016		31,510	\$ 4,827	\$ 145	\$ -	\$ -	\$ (177)	\$ (1,377)	\$ 3,418
Share issuance – private placement, net		49,742	14,302	2,154	-	-	(99)	-	16,357
Share issuance – option exercised	8(iv), 9	67	17	(7)	-	-	-	-	10
Share issuance – convertible debenture	7 (a)	5,555	1,022	-	-	(80)	-	-	942
Stock based compensation	9	-	-	2,863	-	-	-	-	2,863
Convertible debenture issuance	7	-	-	-	-	472	-	-	472
Cumulative translation		-	-	-	65	-	-	-	65
Finder’s warrants		-	(42)	42	-	-	-	-	-
Net loss for the period		-	-	-	-	-	-	(2,214)	(2,214)
As at January 31, 2017		86,874	\$ 20,126	\$ 5,197	\$ 65	\$ 392	\$ (276)	\$ (3,591)	\$ 21,913

	Notes	Shares (‘000) Note 2	Share capital	Reserves	Translation Reserves	Equity portion Convertible Debenture	Share subscription	Deficit	Total equity
Balance as at April 30, 2015		2,667	\$ 511	\$ 28	-	-	\$ 2,407	\$ (663)	\$ 2,283
Share issuance - private placements		-	-	-	-	-	125	-	125
Share issuance - amendment		-	-	-	-	-	(150)	-	(150)
Net loss for the period		-	-	-	-	-	-	(8)	(8)
As at January 31, 2016		2,667	\$ 511	\$ 28	-	-	\$ 2,382	\$ (671)	\$ 2,250

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

Candelaria Mining Corp. (formerly Branco Resources Ltd.)

Condensed Consolidated Interim Statement of Cash Flow

(Unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

	Note	Three months ended January 31,		Nine months ended January 31,	
		2017	2016	2017	2016
Cash used from operating activities					
Net earnings (loss) for the period		\$ (855)	\$ 5	\$ (2,214)	\$ (9)
Items not affecting cash					
Amortization		2	-	3	-
Finance cost – accreted interest	7	49	-	114	-
Unrealized foreign exchange loss (gain)		(165)	(236)	217	(258)
Gain on settlement of contingent gain	6(b)(v)	-	-	(2,426)	-
Share-based compensation charges		271	-	2,863	-
		(698)	(231)	(1,443)	(267)
Change in non-cash operating working capital					
(Increase) decrease in accounts receivable and prepaid expense		(63)	(105)	(82)	(100)
(Decrease) increase in accounts payable and accruals		134	(7)	288	(13)
		(627)	(343)	(1,237)	(380)
Cash flows used in investing activities					
Loan receivable issuance		-	51	-	-
Expenditure – equipment		-	-	(60)	-
Expenditure in exploration and evaluation assets	6	(132)	-	(13,627)	-
Advances to Apolo	6	(978)	-	(2,876)	-
		(1,110)	51	(16,563)	-
Cash flows used in financing activities					
Proceeds from private placement, net		-	-	15,785	125
Private placement amendment, refund		-	-	-	(150)
Proceeds collected from subscription receivable		309	-	564	-
Proceeds from option exercised		-	-	10	-
Proceeds from convertible debenture	7	-	-	1,625	-
		309	-	17,984	(25)
Increase (decrease) in cash and cash equivalents		(1,428)	(292)	184	(405)
Foreign exchange impact on cash and cash equivalents		49	239	(72)	260
Cash and cash equivalents – beginning of period		3,075	2,214	1,584	2,306
Cash and cash equivalents – end of period		1,696	2,161	1,696	2,161
Cash		\$ 1,660	\$ 21	\$ 1,660	\$ 21
Short term investment		36	2,140	36	2,140
Cash and cash equivalents – end of period		\$ 1,696	\$ 2,161	\$ 1,696	\$ 2,161
Supplemental cash flow information					
Promissory note issue for acquisition of Caballo Blanco	6(b)	-	-	3,250	-
Contingent liability assumed	6(b)(v)	-	-	6,418	-
Convertible debenture – equity portion	7	-	-	473	-
Issued shares from convertible debenture	7(a)	942	-	942	-
Convertible debenture issuance – contingent gain settlement	7(b)	-	-	3,195	-
Warrants issued – private placement		-	-	42	-

Candelaria Mining Corp. (formerly Branco Resources Ltd.)

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended January 31, 2017 and 2016

(Unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

1 Nature of operations

Candelaria Mining Corp., (formerly Branco Resources Ltd.) (the “Company”) is a British Columbia public company listed on the TSX Venture Exchange (“TSXV”) under the trading symbol “CAND.V”. 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 1502 - 1166 Alberni Street, Vancouver, BC V6E 3Z3.

On March 27, 2017, the Company commenced trading on the OTCQX Market under the symbol “CDELF.”

These condensed interim consolidated 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 had a consolidated net loss of \$2,214 for the nine months ended January 31, 2017, and an accumulated deficit of \$3,591 as at January 31, 2017. To date, the Company has not generated operating revenues from its mineral properties. The ability of the Company to operate as a going concern in the near term will depend on its obtaining additional equity financing and/or debt financing to complete the exploration and development of its mineral property interests and to commence profitable operations. These financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern.

2 Basis of presentation

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with 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 an accruals 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.

These condensed interim consolidated 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, 2016. 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, 2016.

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, 2016. The Company is in the process of assessing the impact that the new and amended standards will have on its financial statements.

The condensed interim consolidated financial statements were authorized for issue on March 31, 2017 by the directors of the Company.

Stock consolidation

On November 18, 2016, TSX Venture Exchange has approved a share consolidation of the outstanding share capital of the Company on the basis of every three (3) pre-consolidation common shares into (1) new post-consolidation common share. All share capital related items presented in this condensed interim financial statement are presented in post-consolidation in current fiscal year and comparative period.

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

Candelaria Mining Corp. (formerly Branco Resources Ltd.)

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended January 31, 2017 and 2016

(Unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

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.

Basis of consolidation

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. All amounts are expressed in Canadian dollars, unless otherwise stated. Intercompany transactions and balances between the Company and its subsidiaries are eliminated.

3 Other receivables and prepaid expenses

	January 31, 2017	April 30, 2016
Other receivable	\$ 58	\$ 6
Prepaid expenses	37	6
	\$ 95	\$ 12

4 Financial instruments

Fair values of financial instruments

The fair values of financial instruments are summarized as follows:

	January 31, 2017		April 30, 2016	
	Carrying value \$	Fair value \$	Carrying value \$	Fair value \$
Financial assets				
<i>Loans and receivables</i>				
Cash and cash equivalents ⁽¹⁾	1,696	1,696	1,584	1,584
Other receivables ⁽¹⁾	58	58	6	6
Financial liabilities				
<i>Other financial liabilities</i>				
Accounts payable & accrued liabilities ⁽¹⁾	380	380	83	83
Contingent liability ⁽¹⁾	782	782	-	-
Promissory notes ⁽¹⁾	3,258	3,258	-	-

(1) The carrying value of cash, receivables and accounts payable and accrued liabilities approximates fair value due to the short-term nature of these items.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents, and marketable securities. The Company's cash and cash equivalents are held through large Canadian financial institutions.

Candelaria Mining Corp. (formerly Branco Resources Ltd.)

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended January 31, 2017 and 2016

(Unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as described in Note 11. The accounts payable is due within the current operating period.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Company is exposed from time to time to interest rate risk as a result of holding fixed income cash equivalents and investments, of varying maturities. A 1% change in market interest rates would result in no significant change in value of cash and cash equivalents or fixed income securities. The risk that the Company will realize a loss as a result of a decline in the fair value of these assets is limited as they are generally held to maturity.

Foreign Exchange Risk

Currency risk is the risk of a loss due to the fluctuation of foreign exchange rates and the effects of those fluctuations on the Company's foreign currency denominated monetary assets and liabilities. The Company currently operates in Mexico. Certain costs and expenses are incurred in US dollars and Mexican pesos. The Company attempts to mitigate currency risk through the preparation of short and long term expenditure budgets in the foreign currencies and planning for the conversion of Canadian dollars into foreign currencies whenever exchange rates are favourable.

5 Equipment

	Opening April 30, 2016	Purchase	Amortization	Accumulated Amortization	As at January 31, 2017
Vehicle	\$ -	\$ 46	\$ 2	\$ (2)	\$ 44
Computer	\$ -	\$ 14	\$ 1	\$ (1)	\$ 13
Net book value					\$ 57

6 Exploration and evaluation assets

		Apolo Property, Zacatecas, Mexico	Caballo Blanco Project	Total
April 30, 2015				
Option payments - cash payment (US\$250)	a(i)	\$ 325	\$ -	\$ 325
Option payments - share issuances	a(iii)	730	-	730
April 30, 2016		1,055	-	1,055
Option payment – cash payment (US\$100)	a(ii)	132	-	132
Acquisition cost – Caballo Blanco (see below)		-	23,163	23,163
January 31, 2017		1,187	23,163	24,350

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Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended January 31, 2017 and 2016

(Unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

Acquisition cost – Caballo Blanco

The Company has accounted for the acquisition as an asset purchase and the purchase price allocation is summarized as follows:

Cash payment – US\$10.1 million (b)(i)(ii)(iii)	13,495
Promissory note issuance – US\$2.5 million (b)(iv)	3,250
Total consideration	\$ 16,745

Allocated to:

Exploration and evaluation asset	23,163
Contingent liability assumed – US\$5.0 million (b)(v)	(6,418)
Total consideration	\$ 16,745

a) **Apolo Project**

On February 27, 2015, the Company, entered an 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 “Apolo Property”). Pursuant to the terms and conditions of the Agreement, the Company will earn the 60% interest by:

- i) Paying an aggregate of US\$250 to the shareholders of Apolo on the agreement approval date, March 22, 2016 (paid); and
- ii) a further US\$250 to the shareholders of Apolo (US\$100 paid as at January 31, 2017, US\$150 paid subsequent to January 31, 2017);
- iii) Issuing a total of 6.7 million common shares (first installment 2.0 million common shares issued as at March 17, 2016) of the Company in installments over an 18 month period beginning on the March 22, 2016; and
- iv) Funding exploration expenditures of a minimum of US\$3,500 (as at January 31, 2017, the Company has advanced \$3,726) by advancing funds to Apolo on or before March 22, 2018 (the “Funding Commitment”); and
- v) Lending or arranging for a third party to loan, to Apolo, a minimum of US\$1,000 on or before March 22, 2017 from the closing date (the “Loan”). The Company shall not issue dividends until the financing and the Loan are fully paid. This criteria is met from the issuance of the convertible debenture (see note 7(a)).

As part of the transaction, the Company issued 2,469,333 shares to holders of Apolo notes with a fair value of \$370, and 133,333 shares with a fair value of \$60 on March 17, 2016.

Subject to the terms and conditions set forth in the Agreement, the Company will pay an additional US\$100 to the Apolo shareholders annually if all of the following conditions are satisfied:

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

The Company will grant a 1.5% net smelter royalty (“NSR”) on the Apolo 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.

Candelaria Mining Corp. (formerly Branco Resources Ltd.)

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For the nine months ended January 31, 2017 and 2016

(Unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

b) Mineral interest in Caballo

On May 11, 2016, the Company signed an agreement to acquire the Caballo Blanco Gold Project (“Caballo Blanco”) in Veracruz from Molimentales Del Noroeste, SA de CV, a subsidiary of Timmins Gold Corp. Pursuant to the terms of the agreement, Candelaria will pay Molimentales a total of US\$12.5 million in cash and assume US\$5 million in liabilities in exchange for the project and all related rights and assets.

Pursuant to the terms of the agreement, the Company will acquire the Caballo Blanco project in exchange for cash payments to be paid over a period of twelve months as follows:

- i) US\$1,250 payable on signing of the agreement as a non-refundable deposit (paid as at January 31, 2017).
- ii) US\$2,250 payable no later than 15 business days from the date of the agreement as an additional non-refundable deposit (paid as at January 31, 2017).
- iii) US\$6,500 payment upon closing, which is to occur on or before June 24, 2016 (paid as at January 31, 2017)
- iv) Issuance of a US\$2,500 non-interest bearing secured promissory note due on the earlier occurrence of the Company receiving permits or June 24, 2017; and
- v) The Company agreed to assume a US\$5.0 million contingent payment obligation owing to Goldgroup Mining Inc. On August 18, 2016, the Company has settled a US\$5 million contingent payment to Goldgroup Mining Inc. in exchange for up to US\$3.1 million in payments. Pursuant to the settlement the Company has paid US\$2.5 million (through the issuance of convertible debenture, see note 7(b)) with additional US\$600 to be paid upon SEMARNAT approval). As a result of the settlement, a gain of \$2,426 was recorded.

7 Convertible debentures

	\$1.625 million convertible debenture (a)	US\$2.5 million convertible debenture (b)	Total
Opening – April 30, 2016	\$ -	\$ -	\$ -
Issuance	1,625	3,195	4,820
Equity portion	(130)	(342)	(472)
Equity portion – settlement	80	-	80
Debt settlement – shares	(1,022)	-	(1,022)
Accretion expense	42	71	113
Foreign exchange impact	-	72	72
Ending – January 31, 2017	\$ 595	\$ 2,996	\$ 3,591

- a) On June 7, 2016, pursuant to a private placement the Company raised \$1,625 through the issuance of a convertible note. The note will bear interest at 6% annually, paid monthly and will be convertible into common shares of the Company for a period of 18 months at \$0.18 per share for the first 12 months, and \$0.10 per share for the remainder of the term. The Company may prepay the convertible note at any time during the initial 12-month term by paying the holders all remaining interest to maturity in addition to the principal amount.

Based on the discount factor of 12% over the loan life of 1.5 years, the equity portion was valued at \$130. Accretion for the debenture for nine months ended January 31, 2017 was \$42 (January 31, 2016 - \$Nil) related to this loans. For the nine months ended January 31, 2017, the Company accrued interest payable \$51 (April 30, 2016 - \$nil) for this convertible debenture.

On November 16, 2016, the Convertible note holder have applied to convert \$1 million (out of \$1.625 million) to 5,555,555 common shares of the Company at \$0.18 per share. The equity portion valued at \$80 was transferred to share capital. The carrying value of the convertible debenture \$942 was transferred to share capital.

- b) On August 18, 2016, pursuant to a private placement the Company raised US\$2.5 million (equivalent to \$3,195) through the issuance of a convertible note. The note will bear interest at 6% annually, paid monthly. The holder will have right, as its option, to

Candelaria Mining Corp. (formerly Branco Resources Ltd.)

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended January 31, 2017 and 2016

(Unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

convert all or part of the principal amount as converted to Canadian currency on a 1.3 CAD per 1 USD basis into units for a period of 24 months at \$0.465 per share prior to the maturity date. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share for a period of 18 months at an exercise price of \$0.75 per share.

Based on the discount factor of 12% over the loan life of 2.0 years, the equity portion was valued at \$342. Accretion for the debenture for nine months ended January 31, 2017 was \$71 (January 31, 2016 - \$Nil) related to this loans. For the nine months ended January 31, 2017, the Company accrued interest payable \$90 (April 30, 2016 - \$nil) for this convertible debenture.

Candelaria Mining Corp. (formerly Branco Resources Ltd.)

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended January 31, 2017 and 2016

(Unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

8 Share Capital

- a) The Company's authorized share capital consists of an unlimited number of common shares without par value.
- b) Private placements (on a post-consolidation basis):
- i) On May 4, 2016, the Company closed a private placement of 5,400,000 common shares at a price of \$0.15 per share for total proceeds of \$810.
 - ii) On June 7, 2016, pursuant to a private placement, a total of 26,033,000 common shares were sold at a price of \$0.30 per share for gross proceeds of \$7,810. In connection with the private placement, the Company paid cash for finder's fees of \$270 and filing fees of \$30.
 - iii) On July 15, 2016, pursuant to a private placement, a total of 10,086,666 units were sold at a price of \$0.45 per unit for gross proceeds of \$4,539. Each unit consists of one common shares and one-half of one share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at a price of \$0.75 per share for a period of 18 months from the closing date. The Company issued 183,687 finder's warrants having the same terms as the warrants under the private placement. In connection with the private placement, the Company paid cash for filing fees of \$12. The fair value of these warrants at the date of grant was estimated at \$1,196 using the Black-Scholes option pricing model with the following assumptions: a 1.5 year expected average life; 141% volatility; risk-free interest rate of 0.48%; and a dividend yield of 0%.
 - iv) On July 25, 2016, 66,667 options exercised for a strike price at \$0.15 for total proceeds of \$10.
 - v) On August 18, 2016, pursuant to a private placement, a total of 6,666,667 units were sold at a price of \$0.45 per unit for gross proceeds of \$3,000. Each unit consists of one common shares and one-half of one share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at a price of \$0.75 per share for a period of 18 months from the closing date. In connection with the private placement, the Company paid cash for finder fees of US\$76. The fair value of these warrants at the date of grant was estimated at \$811 using the Black-Scholes option pricing model with the following assumptions: a 1.5 year expected average life; 148% volatility; risk-free interest rate of 0.53%; and a dividend yield of 0%.
 - vi) On September 16, 2016, pursuant to a private placement, a total of 1,555,555 units were sold at a price of \$0.45 per unit for gross proceeds of \$700. Each unit consists of one common shares and one-half of one share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at a price of \$0.75 per share for a period of 18 months from the closing date. The fair value of these warrants at the date of grant was estimated at \$189 using the Black-Scholes option pricing model with the following assumptions: a 1.5 year expected average life; 141% volatility; risk-free interest rate of 0.53%; and a dividend yield of 0%.
 - vii) On November 16, 2016, Convertible note holder have applied to convert \$1 million (out of \$1.625 million) to 5,555,555 common shares of the Company at \$0.18 per share. (note 7(a)).
- c) On November 18, 2016, TSX Venture Exchange has approved a share consolidation of the outstanding share capital of the Company on the basis of every three (3) pre-consolidation common shares into (1) new post-consolidation common share.
- d) Share purchase warrants (on a post-consolidation basis)

	Warrants outstanding ('000)	Weighted average exercise price (CAD\$)
Balance – April 30, 2015 & April 30, 2016	-	
Grant	9,338	\$0.75
Ending – January 31, 2017	9,338	\$0.75

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Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended January 31, 2017 and 2016

(Unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

As at January 31, 2017, the Company has the following share purchase warrant outstanding:

Warrants outstanding ('000)	Exercise price (CAD\$)	Date of Grant	Date of Expiry
2,889	\$ 0.75	14-Jun-2016	14-Dec-2017
2,338	0.75	6-Jul-2016	2-Jan-2018
3,333	0.75	18-Aug-2016	18-Feb-2018
778	0.75	16-Sep-2016	16-March-2018
9,338			

9 Share based compensation

The Company has a share purchase option plan which provides for equity participation in the Company by its directors, officers, employees, consultants and consultant companies through the acquisition of common shares pursuant to the grant of options to purchase shares. The option plan is administered by the Board of Directors. Options may be granted on such terms as the Board may determine within the limitations of the option plan and subject to the rules and policies of applicable regulatory authorities. The maximum aggregate number of shares reserved for issuance for options granted under the option plan is 8,131,814 common shares. The exercise price for options granted may not be less than the market price of the shares on the day immediately preceding the date of the grant of the option.

	January 31, 2017		April 30, 2016	
	Number of shares (000's)	Weighted average exercise price	Number of shares (000's)	Weighted average exercise price
Outstanding – beginning of year	1,315	\$ 0.18	148	\$ 0.30
Grant	4,741	0.78	1,167	0.15
Exercised	(67)	0.15		
Outstanding – end of period	5,989	\$ 0.66	1,315	\$ 0.18

On July 4, 2016, the Company granted to its directors and consultants incentive stock options to acquire a total of 1,133,333 common shares of the Company at a price of \$0.45 per share exercisable up until July 4, 2021. The fair value of these options at the date of grant was estimated at \$389 using the Black-Scholes option pricing model with the following assumptions: a five year expected average life; 105% volatility; risk-free interest rate of 0.55%; and a dividend yield of 0%.

On July 27, 2016, the Company granted to its directors and consultants incentive stock options to acquire a total of 3,383,333 common shares of the Company at a price of \$0.90 per share exercisable up until July 27, 2021. The fair value of these options at the date of grant was estimated at \$2,324 using the Black-Scholes option pricing model with the following assumptions: a five year expected average life; 105% volatility; risk-free interest rate of 0.62%; and a dividend yield of 0%.

On October 31, 2016, the Company granted 100,000 options to one officer at exercise price of \$0.90 per share at expiry date until October 31, 2021. The fair value of these options at the date of grant was estimated at \$76 using the Black-Scholes option pricing model with the following assumptions: a five-year expected average life; 127% volatility; risk-free interest rate of 0.66%; and a dividend yield of 0%.

On November 23, 2016, the Company granted 124,000 stock options to various consultants with an exercise price of \$0.90 and an expiry date until November 23, 2021. The fair value of these options at the date of grant was estimated at \$94 using the Black-Scholes option pricing model with the following assumptions: a five-year expected average life; 126% volatility, risk-free interest rate of 0.66%; and a dividend yield of 0%

The weighted average fair value of the options granted during the nine months ended January 31, 2017 was \$0.66 per option.

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(Unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

The following table discloses the number of options and vested options outstanding as at January 31, 2017:

Number of options ('000s)	Number of options vested ('000s)	Weighted average remaining contractual life (years)	Exercise price	Expiry Date
148	148	0.77	\$0.30	8-Nov-2017
1,017	1,017	4.14	\$0.15	22-Mar-2021
83	83	4.16	\$0.15	31-Mar-2021
1,134	1,058	4.42	\$0.45	4-Jul-2021
3,383	3,238	4.49	\$0.90	27-Jul-2021
100	100	4.75	\$0.90	31-Oct-2021
124	124	4.81	\$0.90	23-Nov-2021
5,989	5,768	4.33	\$0.66	

During the nine months ended January 31, 2017, the Company recognized \$2,877 (January 31, 2016 - \$nil) as share-based compensation expense,

10 Related party transactions

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. Transactions with related parties for goods and services are made on normal commercial terms and are considered to be at arm's length.

The Company incurred the following expenses with related parties during nine months ended January 31, are as follows:

	Three months ended January 31,		Nine months ended January 31,	
	2017	2016	2017	2016
Professional fees	\$ 11	\$ 3	\$ 14	\$ 9
Management fees	32	-	74	-
General and administration	18	23	86	69

Management, professional fees and general and administration expense were paid or accrued to a Company owned by officers of the Company. These expenses were measured at the exchange amounts agreed upon by the parties. As at January 31, 2017 the Company had amounts payable of \$50 (April 30, 2016 - \$30) to these parties. These amounts are unsecured and non-interest bearing, due on demand and included in accounts payable and accrued liabilities.

11 Capital management

The capital of the Company consists of items included in shareholder's equity. The Company's objectives for capital management are to safeguard its ability to support the Company's normal operating requirement on an ongoing basis, continue the development and exploration of its mineral properties and support any expansionary plans.

The capital of the Company consists of items included in shareholders' equity, net of cash and cash equivalents as follows:

	January 31, 2017	April 30, 2016
Total equity for owners	\$ 21,613	\$ 3,418
Less: cash and cash equivalents	(1,696)	(1,854)
	\$ 20,917	\$ 1,564

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(Unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

The Company manages its capital structure and makes adjustments in light of changes in its economic environment and the risk characteristics of the Company's assets. To effectively manage the entity's capital requirements, the Company has in place a planning, budgeting and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. As at January 31, 2017, the Company expects its capital resources will support its normal operating requirements, planned development and exploration of its mineral properties for the next twelve months. There are no externally imposed capital requirements to which the Company has not complied.

12 Segment disclosures

The Company operates in one operating segment (mineral exploration) in two countries. Details of the investments in exploration and evaluation assets are disclosed in Note 6. The Company's assets by country are:

January 31, 2017	Canada	Mexico	Total
Cash and cash equivalent	\$ 1,458	\$ 238	\$ 1,696
Accounts receivable and prepaid expense	53	42	95
	1,511	280	1,791
Equipment	-	57	57
Advance to Apolo	-	3,726	3,726
Exploration and evaluation assets	-	24,350	24,350
Total assets	\$ 1,511	\$ 28,413	\$ 29,924
Segment (loss) income for the three months ended	\$ 1,429	\$ (2,284)	\$ (855)
Segment loss for the nine months ended	\$ (1,728)	\$ (486)	\$ (2,214)
January 31, 2016	Canada	Mexico	Total
Segment loss for the three months ended	\$ (5)	\$ -	\$ (5)
Segment loss for the nine months ended	\$ (9)	\$ -	\$ (9)

April 30, 2016	Canada	Mexico	Total
Cash and cash equivalent	\$ 1,584	\$ -	\$ 1,584
Accounts receivable and prepaid expense	12	-	12
	1,596	-	1,596
Advance to Apolo	850	-	850
Exploration and evaluation assets	1,055	-	1,055
Total assets	\$ 3,501	\$ -	\$ 3,501