NOTICE

RE: CONDENSED CONSOLIDATED INTERIM FINANCIALS STATEMENTS (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED OCTOBER 31, 2016

The second quarter financial statements for the six months ended October 31, 2016 and 2015 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
Six Months Ended October 31, 2016 and 2015 (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	October 31, 2016	April 30, 2016
Assets			
Current assets			
Cash and cash equivalents	4	$ 3,075	$ 1,584
Other receivables and prepaid expenses	3	32	12
		3,107	1,596
Equipment	5	59	-
Advances to Minera Apolo S.A de C.V (“Apolo”)	6(a)(iv)	2,749	850
Exploration and evaluation assets	6	24,218	1,055
Total assets		$ 30,133	$ 3,501
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	4	$ 241	$ 83
Contingent liability	6(b)(v)	804	-
Promissory note	6(b)(iv)	3,351	-
		4,396	83
Convertible debentures	7	4,551	-
Total liabilities		$ 8,947	$ 83
Shareholders’ equity			
Share capital	8	19,114	4,827
Reserves		5,393	145
Subscription receivables		(585)	(177)
Deficit		(2,736)	(1,377)
		21,186	3,418
Total liabilities and shareholders’ equity		$ 30,133	$ 3,501

Nature of operations and going concern (note 1)
Subsequent events (note 13)

Approved by the Board of Directors

___________”Ramon Perez”_____________ Director _________”Javier Reyes”__________ Director

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)

		Three months ended October 31,		Six months ended October 31,	
	Notes	**2016**	**2015**	**2016**	**2015**
General and administration expenses					
Amortization	5	$ (1)	$ -	$ (1)	$ -
Generative exploration		(84)	(43)	(168)	(96)
General and administration	10	(190)	(36)	(235)	(60)
Management fees	10	(26)	-	(42)	-
Professional fees	10	(187)	(5)	(220)	(10)
Share-based compensation	9	(224)	-	(2,592)	-
		(712)	(84)	(3,258)	(166)
Other (expenses) income, net					
Finance cost		(141)	-	(149)	-
Finance income		4	-	4	-
Gain on settlement of contingent liability	6(b)(v)	2,426	-	2,426	-
Foreign exchange (loss) gain		(324)	21	(382)	152
Net loss		1,253	(63)	(1,359)	(14)
Other comprehensive income ("OCI")					
Cumulative translation adjustment		13	-	13	-
Total comprehensive loss		1,266	(63)	(1,346)	(14)
Earnings (loss) per share – basic and diluted		$ 0.01	$ (0.01)	$ (0.01)	$ (0.00)
Weighted average shares outstanding –		237,809	6,572	201,757	6,572
Total shares issued and outstanding (000's)		243,954	8,002	243,954	8,002

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)	Share capital	Reserves	Translation Reserves	Equity portion Convertible Debenture	Share subscription	Deficit	Total equity
Balance as at April 30, 2016		**94,528**	**4,827**	**145**	**-**	**-**	**(177)**	**(1,377)**	**3,418**
Share issuance – private placement, net		149,226	14,270	2,178	-	-	(398)	-	16,050
Share issuance – option exercised	9	200	17	(7)	-	-	(10)	-	-
Stock based compensation	9	-	-	2,592	-	-	-	-	2,592
Convertible debenture issuance	7	-	-	-	-	472	-	-	472
Cumulative translation		-	-		13	-	-	-	13
Net loss for the period		-	-	-	-	-	-	(1,359)	(1,359)
As at October 31, 2016		**243,954**	**$ 19,114**	**$ 4,908**	**$ 13**	**$ 472**	**$ (585)**	**$ (2,736)**	**$ 21,186**

	Notes	Shares ('000)	Share capital	Reserves	Translation Reserves	Equity portion Convertible Debenture	Share subscription	Deficit	Total equity
Balance as at April 30, 2015		**8,002**	**$ 511**	**$ 28**	**-**	**-**	**$ 2,407**	**$ (663)**	**$ 2,283**
Share issuance - private placements		-	-	-	-	-	125	-	125
Share issuance - amendment		-	-	-	-	-	(150)	-	(150)
Net loss for the period		-	-	-	-	-	-	(14)	(14)
As at October 31, 2015		**8,002**	**$ 511**	**$ 28**	**-**	**-**	**$ 2,382**	**$ (677)**	**$ 2,244**

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)

		Three months ended October 31,		Six months ended October 31,	
	Note	2016	2015	2016	2015
Cash used from operating activities					
Net earnings (loss) for the period		$ 1,253	$ (63)	$ (1,359)	$ (14)
Items not affecting cash					
Amortization		1	-	1	-
Finance cost – accreted interest	7	65	-	65	-
Unrealized foreign exchange loss (gain)		326	111	382	(22)
Gain on settlement of contingent gain	6(b)(v)	(2,426)	-	(2,426)	-
Share-based compensation charges		224	-	2,592	-
		(557)	48	(745)	(36)
Change in non-cash operating working capital					
(Increase) decrease in accounts receivable and prepaid expense		(13)	(6)	(19)	5
(Decrease) increase in accounts payable and accruals		181	(1)	154	(6)
		(389)	41	(610)	(37)
Cash flows used in investing activities					
Loan receivable issuance		-	(51)	-	(51)
Expenditure – equipment		(60)		(60)	
Expenditure in exploration and evaluation assets	6	-	-	(13,495)	-
Advances to Apolo	6	(1,127)	-	(1,898)	-
		(1,187)	(51)	(15,453)	(51)
Cash flows used in financing activities					
Proceeds from private placement, net		3,000	-	15,795	125
Private placement amendment, refund		-	-	-	(150)
Proceeds collected from subscription receivables		85	-	255	-
Proceeds from convertible debenture	7	-	-	1,625	-
		3,085	-	17,675	(25)
Increase (decrease) in cash and cash equivalents		1,509	(10)	1,612	(113)
Foreign exchange impact on cash and cash equivalents		(74)	(112)	(121)	21
Cash and cash equivalents – beginning of period		1,640	2,336	1,584	2,306
Cash and cash equivalents – end of period		3,075	2,214	3,075	2,214
Cash		$ 3,050	$ 92	$ 3,050	$ 92
Short term investment		25	2,122	25	2,122
Cash and cash equivalents – end of period		$ 3,075	$ 2,214	$ 3,075	$ 2,214
Supplemental cash flow information					
Promissory note issue for acquisition of Caballo Blanco	6(b)	-	-	3,250	-
Contingent liability assumed	6(b)(v)	6,418	-	6,418	-
Convertible debenture – equity portion	7	473	-	473	-
Convertible debenture issuance – contingent gain settlement	7(b)	3,195	-	3,195	-
Warrants issued – private placement		43	-	43	-

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.

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 $1,359 for the six months ended October 31, 2016, and an accumulated deficit of $2,736 as at October 31, 2016. 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 December 30, 2016 by the directors of the Company.

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.

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

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

	October 31, 2016	April 30, 2016
Other receivable	$ 17	$ 6
Prepaid expenses	15	6
	$ 32	$ 12

4 Financial instruments

Fair values of financial instruments

The fair values of financial instruments are summarized as follows:

	October 31, 2016		April 30, 2016	
	Carrying value $	Fair value $	Carrying value $	Fair value $
Financial assets				
Loans and receivables				
Cash and cash equivalents(1)	3,075	3,075	1,584	1,584
Other receivables(1)	17	17	6	6
Financial liabilities				
Other financial liabilities				
Accounts payable & accrued liabilities (1)	241	241	83	83
Contingent liability(1)	804	804	-	-
Promissory notes (1)	3,351	3,351	-	-

(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.

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.

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

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	As at October 31, 2016
Vehicle	$ -	$ 60	$ -	$ 60
Accumulated amortization	$ -	$ -	$ 1	$ 1
Net book value				$ 59

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**
Acquisition cost – Caballo Blanco (see below)		-	23,163	23,163
October 31, 2016		**1,055**	**23,163**	**24,218**

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

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

Allocated to:

Exploration and evaluation asset		23,163
Contingent liability assumed – US$5.0 million (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 (unpaid as at October 31, 2016);
iii) Issuing a total of 20.0 million common shares (6.0 million common shares issued as at October 31, 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 October 31, 2016, the Company has advanced $2,749) by advancing funds to Apolo on or before March 22, 2017 (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)).

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.

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 October 31, 2016).
ii) US$2,250 payable no later than 15 business days from the ate of the agreement as an additional non-refundable deposit (paid as at October 31, 2016).
iii) US$6,500 payment upon closing, which is to occur on or before June 24, 2016 (paid as at October 31, 2016)

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

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)
Accretion expense	32	33	65
Foreign exchange impact	-	138	138
Ending – October 31, 2016	**1,527**	**3,024**	**4,551**

a) On June 7, 2016, pursuant to a private placement the Company raised $1,625 through the isusance 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 $0.06 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 six months ended October 31, 2016 was $32 (October 31, 2015 - $Nil) related to this loans. For the six months ended October 31, 2016, the Company accrued interest payable $39 (April 30, 2016 - $nil) for this convertible debenture.

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 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 $0.155 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 $0.25 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 six months ended October 31, 2016 was $33 (October 31, 2015 - $Nil) related to this loans. For the six months ended October 31, 2016, the Company accrued interest payable $32 (April 30, 2016 - $nil) for this convertible debenture.

(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

i) On May 4, 2016, the Company closed a private placement of 16,200,000 common shares at a price of $0.05 per share for total proceeds of $810.

ii) On June 7, 2016 pursuant to a private placement, a total of 78,099,000 common shares were sold at a price of $0.10 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 30,259,999 units were sold at a price of $0.15 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 $0.25 per share for a period of 18 months from the closing date. The Company issued 551,060 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 $536 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, 200,000 options exercised for a strike price at $0.05 for total proceeds of $10.

v) On August 18, 2016 pursuant to a private placement, a total of 20,000,000 units were sold at a price of $0.15 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 $0.25 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 $810 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 4,666,666 units were sold at a price of $0.15 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 $0.25 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%.

c) Share purchase warrants

	Warrants outstanding ('000)	Weighted average exercise price (CAD$)
Balance – April 30, 2015 & April 30, 2016	-	
Grant	28,014	$0.25
Ending – October 31, 2016	**28,014**	$0.25

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

As at October 31, 2016, the Company has the following share purchase warrant outstanding:

Warrants outstanding ('000)	Exercise price (CAD$)	Date of Grant	Date of Expiry
8,667	$ 0.25	14-Jun-2016	14-Dec-2017
7,014	0.25	6-Jul-2016	2-Jan-2018
10,000	0.25	18-Aug-2016	18-Feb-2018
2,333	0.25	16-Sep-2016	16-March-2018
28,014			

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 24,395,441 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.

	October 31, 2016		**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	3,944	$ 0.06	444	$ 0.10
Grant	13,850	0.26	3,500	0.05
Exercised	(200)	0.05		
Outstanding – end of period	17,594	$ 0.22	3,944	$ 0.06

On July 4, 2016, the Company granted to its directors and consultants incentive stock options to acquire a total of 3,400,000 common shares of the Company at a price of $0.15 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 10,150,000 common shares of the Company at a price of $0.30 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 300,000 options to one officer at exercise price of $0.30 per share at expiry date until October 31, 2021. The fair value of these options at the date of grant was estimated at $297 using the Black-Scholes option pricing model with the following assumptions: a five year expected average life; 294% 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 three months ended October 31, 2016 was $0.20 per option.

The following table discloses the number of options and vested options outstanding as at October 31, 2016:

Number of options (‘000s)	Number of options vested (‘000s)	Weighted average remaining contractual life (years)	Exercise price	Expiry Date
444	444	1.02	$0.10	8-Nov-2017
3,050	2,650	4.39	$0.05	22-Mar-2021
250	250	4.42	$0.05	31-Mar-2021
3,400	2,725	4.67	$0.15	4-Jul-2021
10,150	8,838	4.74	$0.30	27-Jul-2021
300	300	5.00	$0.30	31-Oct-2021
17,594	**15,207**	**4.57**	**$0.22**	

During the six months ended October 31, 2016, the Company recognized $2,592 (2015 - $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 six months ended October 31, are as follows:

	Three months ended October 31,		Six months ended October 31,	
	2016	**2015**	**2016**	**2015**
Professional fees	$ 4	$ 6	$ 4	$ 6
Management fees	26	-	42	-
General and administration	36	22	58	45

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 October 31, 2016 the Company had amounts payable of $11 (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:

	October 31, 2016	April 30, 2016
Total equity for owners	$ 21,186	$ 3,418
Less: cash and cash equivalents	(3,075)	(1,854)
	$ 18,111	$ 1,564

(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 October 31, 2016, 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:

October 31, 2016	**Canada**	**Mexico**	**Total**
Cash and cash equivalent	$ 2,755	$ 320	$ 3,075
Accounts receivable and prepaid expense	30	2	32
	2,785	322	3,107
Equipment	-	59	59
Advance to Apolo	-	2,749	2,749
Exploration and evaluation assets	-	24,218	24,218
Total assets	$ 2,785	$ 27,348	$ 30,133
Segment (loss) income for the three months ended	$ (552)	$ 1,805	$ 1,253
Segment loss for the six months ended	$ (3,157)	$ 1,798	$ (1,359)
October 31, 2015	**Canada**	**Mexico**	**Total**
Segment loss for the three months ended	$ (63)	$ -	$ (63)
Segment loss for the six months ended	$ (14)	$ -	$ (14)

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

13 Subsequent events

a) On November 16, 2016, the Convertible note holder converted $1,000 (out of $1,625) to 16,666,666 common shares of the Company at $0.06 per share (note 7(a)).

b) 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.