SAN MARCO RESOURCES

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2016

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated 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.

SAN MARCO RESOURCES INC.
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Unaudited - Prepared by Management
Expressed in Canadian Dollars

		August 31, 2016		November 30, 2015		December 1, 2014
				Restated – Note 3		Restated – Note 3
ASSETS						
Current assets						
Cash	**$**	449,054	$	126,291	$	34,435
Marketable securities (Note 5)		2,756		5,833		15,998
Receivables		11,992		11,324		26,271
Prepaid expenses		3,549		3,173		2,451
		467,351		146,621		79,155
Non-current assets						
Reclamation deposit		2,000		2,000		2,000
Equipment		2,242		2,101		10,380
Exploration advances		2,297		2,650		3,365
Mineral properties (Note 6)		45,554		24,654		157,577
Total assets	**$**	519,444	$	178,026	$	252,477
LIABILITIES AND EQUITY						
Current liabilities						
Accounts payable and accrued liabilities (Note 7)	**$**	24,626	$	45,964	$	75,902
Loans from directors		-		-		45,179
		24,626		45,964		121,081
Non-current liabilities						
Deferred tax liability		-		-		12,000
Total liabilities		24,626		45,964		133,081
Shareholders' equity						
Share capital (Note 8)		10,624,827		9,732,162		9,141,643
Equity reserves (Note 8)		1,640,585		1,558,673		1,424,771
Deficit		(11,770,594)		(11,158,773)		(10,447,018)
		494,818		132,062		119,396
	$	519,444	$	178,026	$	252,477

Nature of operations and going concern (Note 1)
Subsequent event (Note 11)

APPROVED AND AUTHORIZED BY THE DIRECTORS ON OCTOBER 28, 2016:

" C. PRENTER ", Director

" R. STUART ANGUS ", Director

SAN MARCO RESOURCES INC.

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Unaudited - Prepared by Management

Expressed in Canadian Dollars

	Three months ended August 31, 2016	Three months ended August 31, 2015	Nine months ended August 31, 2016	Nine months ended August 31, 2015
		Restated – Note 3		Restated – Note 3
EXPENSES				
Accounting and audit fees (Note 7)	$ 18,501	$ 19,905	$ 47,217	$ 55,481
Depreciation	1,769	1,576	2,283	6,812
Exploration and evaluation expenses (Note 6)	157,412	72,134	315,176	249,920
Foreign exchange	3,926	4,683	5,895	9,295
Gain on disposal of equipment	-	-	-	(879)
Insurance	2,025	2,750	6,558	9,943
Interest income	(439)	(249)	(766)	(62)
Investor relations	3,549	2,265	3,689	20,590
Legal and professional fees (Note 7)	18,397	6,399	34,883	34,898
Management fees (Note 7)	4,900	3,750	38,400	12,623
Office and administration expenses	7,832	7,204	15,760	25,891
Other income	-	-	-	(8,714)
Share-based payments (Note 8c)	116,304	3,683	117,263	7,169
Transfer agent and filing fees	2,550	796	18,335	26,372
Travel	686	760	4,051	4,847
Unrealized loss on marketable securities (Note 5)	224	3,867	3,077	11,139
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	$ (337,636)	$ (129,523)	$ (611,821)	$ (465,325)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.02)
Weighted average number of common shares outstanding – basic and diluted	38,678,886	25,499,712	32,820,026	22,653,931

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

SAN MARCO RESOURCES INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited - Prepared by Management
Expressed in Canadian Dollars

	Nine months ended August 31, 2016	2015
		Restated – Note 3
OPERATING ACTIVITIES		
Loss and comprehensive loss for the period	$ (611,821)	$ (465,325)
Items not affecting cash:		
Depreciation	2,283	6,812
Interest Expense	-	814
Share-based payments	117,263	7,169
Unrealized loss on marketable securities	3,077	11,139
Non-cash generative exploration expense	90,000	-
Foreign Exchange	353	758
Gain on disposal of equipment	-	(879)
Changes in non-cash working capital items:		
Receivables	(668)	5,059
Prepaid expenses	(376)	(6,088)
Accounts payable and accrued liabilities	(21,338)	(52,576)
Finance expense paid	-	(993)
Net cash used in operating activities	(421,227)	(494,110)
INVESTING ACTIVITIES		
Mineral properties	(20,900)	(36,814)
Purchase of equipment	(2,424)	-
Proceeds on disposal of equipment	-	1,633
Net cash used in investing activities	(23,324)	(35,181)
FINANCING ACTIVITIES		
Proceeds from issuance of shares	439,550	648,375
Share issuance costs	(14,586)	(38,517)
Proceeds from exercise of warrants	342,350	-
Repayment of loans from directors	-	(45,000)
Net cash provided by financing activities	767,314	564,858
INCREASE IN CASH	322,763	35,567
CASH, BEGINNING OF THE PERIOD	126,291	34,435
CASH, END OF THE PERIOD	$ 449,054	$ 70,002

Supplemental disclosures with respect to cash flows (Note 9)

SAN MARCO RESOURCES INC.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Unaudited - Prepared by Management

Expressed in Canadian Dollars

	Share Capital Common Shares Number	Share Capital Common Shares $	Equity Reserves $	Deficit $	Total Shareholders' Equity $
				Restated – Note 3	
Balance at November 30, 2014	12,283,712	9,141,643	1,424,771	(10,447,018)	119,396
Private placement	12,967,500	648,375	-	-	648,375
Issuance costs – units, warrants, and cash	248,500	(92,034)	53,517	-	(38,517)
Share-based payments	-	-	7,169	-	7,169
Loss and comprehensive loss for the period	-	-	-	(465,325)	(465,325)
Balance at August 31, 2015	25,499,712	9,697,984	1,485,457	(10,912,343)	271,098
Warrant exercise	2,353,000	117,650	-	-	117,650
Issuance costs – Cash	-	(11,556)	-	-	(11,556)
Issuance costs – Warrants	-	(71,916)	71,916	-	-
Share-based payments	-	-	1,300	-	1,300
Loss and comprehensive loss for the period	-	-	-	(246,430)	(246,430)
Balance at November 30, 2015	27,852,712	9,732,162	1,558,673	(11,158,773)	132,062
Private placement	8,791,000	439,550	-	-	439,550
Fair value of finders' fee - Shares	391,370	23,482	-	-	23,482
Issuance costs - Cash	-	(14,586)	-	-	(14,586)
Issuance costs – Shares	-	(23,482)	-	-	(23,482)
Warrant exercise	4,235,000	342,350	-	-	342,350
Fair value of warrants exercised	-	35,351	(35,351)	-	-
Shares issued for property investigation rights	1,000,000	90,000	-	-	90,000
Share-based payments	-	-	117,263	-	117,263
Loss and comprehensive loss for the period	-	-	-	(611,821)	(611,821)
Balance at August 31, 2016	42,270,082	10,624,827	1,640,585	(11,770,594)	494,818

1. NATURE OF OPERATIONS AND GOING CONCERN

San Marco Resources Inc. ("the Company") was incorporated on September 27, 2005 under the *Business Corporations Act* of British Columbia. The Company's mailing address is Suite 302 – 8047 199 Street, Langley, BC, V2Y 0E2. The registered and records office address is Suite 704 – 595 Howe Street, Vancouver, BC, V6C 2T5.

The Company is engaged in the acquisition, exploration and development of precious metal properties in Mexico.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain resources that are economically recoverable. The realization of amounts shown for mineral properties and related deferred costs is dependent upon the discovery and exploitation of economically recoverable resources, the ability of the Company to obtain necessary financing to complete development, and attaining future profitable production or proceeds from the disposition of such properties.

These consolidated financial statements have been prepared by management on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. At August 31, 2016, the Company had not yet achieved profitable operations and has an accumulated deficit of $11,770,594 since its inception. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. These uncertainties may cast significant doubt on the entity's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION

The interim condensed consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended November 30, 2015, which have been prepared in accordance with IFRS as issued by IASB. The accounting policies adopted are consistent with those of the previous financial year, except for the impact of the change in accounting policy as described in note 3 below.

3. EFFECT OF CHANGE IN ACCOUNTING POLICY

Effective December 1, 2015, as permitted under IFRS 6, Exploration for and Evaluation of Mineral Resources, the Company voluntarily changed its accounting policy for its exploration and evaluation ("E&E") expenditures, to expense exploration and evaluation costs in the Comprehensive Statement of Loss in the period in which they were incurred whereas previously all of the E&E expenditures had been capitalized on the Statement of Financial Position.

The Company has determined that this change in accounting policy enhances the reliability of the financial statements because of the difficulty associated with demonstrating that these costs meet the definition of an asset. The Company also has determined that reflecting its E&E expenditures as line items in the Statement of Comprehensive Loss and Statement of Cash Flows better reflects the economic substance of its operating activities during the fiscal periods presented. This change in accounting policy has been applied retrospectively. The Company's accounting policies for the significant components of its exploration and evaluation expenditures are noted below.

Exploration and evaluation expenditures

Costs directly related to the acquisition of mineral properties are capitalized. Option payments are considered acquisition costs if the Company has the intention of exercising the underlying option.

Exploration, evaluation and property maintenance costs incurred on sites without an existing mine and on areas outside the boundary of a known mineral deposit which contains proven and probable reserves are expensed as incurred up to the date of establishing that property costs are economically recoverable and that the project is technically feasible.

If no economically viable ore body is discovered, previously capitalized acquisition costs are expensed in the period that the property is determined to be uneconomical or abandoned.

Expressed in Canadian Dollars

Consolidated Statement of Financial Position as at December 1, 2014

	As previously reported $	Effect of change in accounting policy $	As restated under new policy $
Non-current assets			
Mineral properties (i)	707,820	(550,243)	157,577
Total assets	802,720	(550,243)	252,477
Non-current liabilities			
Deferred tax liability (ii)	39,000	(27,000)	12,000
Total liabilities	160,081	(27,000)	133,081
Shareholders' equity			
Deficit (i) (ii)	(9,923,775)	(523,243)	(10,447,018)
Total shareholders' equity	642,639	(523,243)	119,396
Total liability and shareholders' equity	802,720	(550,243)	252,477

Consolidated Statement of Financial Position as at November 30, 2015

	As previously reported $	Effect of change in accounting policy $	As restated under new policy $
Non-current assets			
Mineral properties (i)	385,414	(360,760)	24,654
Total assets	538,786	(360,760)	178,026
Liabilities and shareholders' equity			
Deficit (i) (ii)	(10,798,013)	(360,760)	(11,158,773)
Total shareholders' equity	492,822	(360,760)	132,062
Total liability and shareholders' equity	538,786	(360,760)	178,026

Expressed in Canadian Dollars

Consolidated Statement of Comprehensive loss for the three and nine months ended August 31 2015

	Three months ended August 31, 2015			Nine months ended August 31, 2015		
	As previously reported $	Effect of change in accounting policy $	As restated under new policy $	As previously reported $	Effect of change in accounting policy $	As restated under new policy $
Expenses						
Exploration and evaluation expenses [(i)]	10,847	61,287	72,134	30,315	219,605	249,920
Write-down of mineral properties	114,705	(114,705)	-	114,705	(114,705)	-
Loss and Comprehensive Loss for the Period	182,941	(53,418)	129,523	360,425	104,900	465,325

Consolidated Statement of Cash Flows for the nine months ended August 31, 2015

	Nine months ended August 31, 2015		
	As previously reported $	Effect of change in accounting policy $	As restated under new policy $
Operating Activities			
Loss and comprehensive loss for the period	(360,425)	(104,900)	(465,325)
Write-down of mineral properties	114,705	(114,705)	-
Changes in non-cash working capital items:			
Accounts payable and accrued liabilities	(29,369)	(23,207)	(52,576)
Net cash used in operating activities	(251,298)	(242,812)	(494,110)
Investing Activities			
Mineral properties [(iii)]	(279,626)	242,812	(36,814)
Net cash used in investing activities	(277,993)	242,812	(35,181)

(i) Exploration and evaluation expenditures previously recorded as an asset were expensed and amounts previously recorded by way of an impairment of the expenditures previously recorded as an asset was reversed.

(ii) Deferred tax liability was adjusted for the revised tax effected temporary difference between the accounting and the tax basis of mineral properties.

(iii) Acquisition cost of mineral properties form part of investing activities while the expenditures on exploration related activities are considered part of the Company’s operations.

Expressed in Canadian Dollars

4. RECENT ACCOUNTING PRONOUNCEMENTS

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC"). The following item has been issued and is effective for annual periods beginning on or after January 1, 2015:

- IFRS 7 *Financial Instruments: Disclosures*: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015. The Standard did not have an impact on the financial statements of the Company.

5. MARKETABLE SECURITIES

The Company holds 17,500 common shares of Rise Resources Inc. which merged with its parent Patriot Minefinders Inc. on January 13, 2015 and also completed an 80:1 share consolidation. These shares were originally valued at $360,272 and obtained pursuant to an option agreement on the Company's La Buena property.

	August 31, 2016			November 30, 2015		
	# of Shares		Amount	# of Shares		Amount
Opening balance	17,500	$	5,833	17,500	$	15,998
Mark-to-Market valuation	-		(3,077)	-		(10,165)
	17,500	$	2,756	17,500	$	5,833

6. MINERAL PROPERTIES

A summary of capitalized acquisition costs is as follows:

		CUATRO DE MAYO PROJECT		ANGELES PROJECT		TOTAL MINERAL PROPERTIES
Cash payments 2014 and prior	$	5,451	$	150,376	$	155,827
Shares issued 2014		1,750		-		1,750
Balance at December 1, 2014	$	7,201	$	150,376	$	157,577
Cash payments		36,814		-		36,814
Mineral property impairment		(19,361)		(150,376)		(169,737)
Balance at November 30, 2015	$	24,654	$	-	$	24,654
Cash payment		20,900		-		20,900
Balance at August 31, 2016	$	45,554	$	-	$	45,554

Expressed in Canadian Dollars

Exploration and evaluation expenses incurred during the three and nine months ended August 31, 2016 and 2015 are as follows:

Exploration and evaluation expenses:	Three Months Ended August 31 2016	Three Months Ended August 31 2015	Nine months Ended August 31 2016	Nine months Ended August 31 2015
Cuatro de Mayo				
Field and general	$ 484	$ 1,999	$ 1,061	$ 14,056
Geological consulting	1,364	27,370	8,221	116,692
Mineral rights	4,770	19,017	10,099	35,382
Sampling, prospecting, study	-	12,124	-	28,173
Travel expenses	514	-	1,496	19,441
	7,132	60,510	20,877	213,744
Angeles				
Geological consulting	-	777	-	1,898
Mineral rights	948	-	1,974	1,055
	948	777	1,974	2,953
Aqua Zarca				
Field and general	852	-	852	-
Geological consulting	4,030	-	4,030	-
Mineral rights	4,622	-	4,622	-
Travel expenses	1,706	-	1,706	-
	11,210	-	11,210	-
La Caridad Este				
Field and general	1,168	-	1,168	-
Geological consulting	6,450	-	6,450	-
Travel expenses	1,530	-	1,530	-
	9,148	-	9,148	-
La Pitahaya				
Geological consulting	1,659	-	1,659	-
Mineral rights	6,158	-	6,158	-
Travel expenses	208	-	208	-
	8,025	-	8,025	-
Los Carlos				
Mineral rights	-	-	-	2,908
	-	-	-	2,908
Property Investigation				
Field and general	1,979	-	5,129	-
Geological consulting	26,971	10,847	45,972	20,814
Geophysics, topographic, mapping	-	-	15,442	-
GlobeTrotters Alliance Agreement	-	-	90,000	-
Management fees	27,300	-	42,700	9,501
Mineral rights	64,699	-	64,699	-
	120,949	10,847	263,942	30,315
Expenses for the period	$ 157,412	$ 72,134	$ 315,176	$ 249,920

Cuatro de Mayo

On January 22, 2015, the Company signed an option agreement with Argonaut Gold Inc. ("Argonaut") to acquire a concession in the El Chunibas area of the Cuatro de Mayo District in northern Mexico. Under the terms of the agreement, the Company can earn a 100% interest in the concession by paying Argonaut a total of US$50,000 over two years: US$10,000 by April 22, 2015 (paid), US$15,000 by January 22, 2016 (paid), and US$25,000 by January 22, 2017. Argonaut will retain a 1% net smelter return ("NSR") royalty on any future production, one half of which can be purchased by the Company for US$100,000.

On January 27, 2015, the Company acquired 100% ownership of an additional claim in the El Chunibas area of the Cuatro de Mayo District in northern Mexico for US$10,000. There is no retained interest or future royalty payable to the counterparty to the acquisition agreement, a private Mexican citizen.

On February 10, 2015, the Company acquired from Argonaut a 100% interest in the Mariana I and Mariana II property concessions which are in the vicinity of the Cuatro de Mayo project. The payment terms consist of a 1% royalty to Argonaut on future production from the property, one half of which can be purchased back by the Company for US$2,000,000, and a one-time bonus payment of US$6 per ounce of gold contained in the Proven and Probable Reserves categories, payable at the commencement of commercial production. During 2015, the option on the smaller Mariana II concession was cancelled.

On May 13, 2014, the Company was granted an option to acquire a 100% interest in some property in the Cuatro de Mayo district in Mexico for US $2,000,000 over 5 years (US$10,000 paid May 13, 2015). As part of the option agreement, the Company issued 10,000 common shares, valued at $1,750 to the vendor. During 2015, the Company cancelled this option agreement and wrote off acquisition costs of $19,361 relating to this property.

Property Investigation

The Company expends ongoing efforts on evaluation of potential opportunities for acquisition of mineral properties. During the nine-month period ended August 31, 2016, the Company incurred $263,942 (2015 - $30,315) in property investigation costs of which $42,700 (2015 - $9,501) pertained to the allocation of the management fees to the Company's chief executive officer (Note 7).

On May 3, 2016, the Company entered into an Exploration Alliance Agreement with GlobeTrotters Resources Group Inc. ("GlobeTrotters") related to the parties' initiative to generate and acquire new high potential mineral targets primarily in the state of Sonora, Mexico. The Company was granted an exclusive three-year license to use the data generated from GlobeTrotters analysis, filtering and initial target selection through the imagery and data files which GlobeTrotters acquired from the state of Sonora. The Company's personnel will carry out ground proofing and, where warranted, stake or otherwise acquire tenure to protect the highest priority areas with follow up input and further target focusing by GlobeTrotters.

The Company will hold all interest in properties acquired as part of the collaborative effort and will grant GlobeTrotters a 2% NSR royalty on all properties in which it acquires a 100% interest. For properties in which the Company acquires less than 100% interest, it will pay GlobeTrotters 20% of all future consideration received in respect of the property, reducing to 10% after the commencement of commercial production. As consideration for the acquisition of the license, the Company issued 1,000,000 common shares to GlobeTrotters on May 20, 2016, valued at $90,000, which was recognized as property investigation costs within exploration and evaluation expenses.

Expressed in Canadian Dollars

7. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole.

The remuneration of the directors, chief executive office and the chief financial officer were as follows:

	Three months ended August 31, 2016	2015	Nine months ended August 31, 2016	2015
Management fees [(i)]	$ 32,200	$ 22,500	$ 84,100	$ 67,250
Share-based payments	98,122	868	98,376	2,611
	$ 130,322	$ 23,368	$ 182,476	$ 69,861

(i) Management fees are included in management and administration fees (2016 - $38,400; 2015 - $12,623) and exploration and evaluation expenses (2016 - $45,700; 2015 - $54,628), of which $42,700 (2015 - $9,501) pertained to property investigation (Note 6).

At August 31, 2016, there was $Nil (November 30, 2015 - $7,875) included in accounts payable and accrued liabilities that was owing to a related party for management fees.

Transactions with other related parties

Certain of the Company's officers render services to the Company through companies in which they are an officer, director, or partner.

The following companies are related parties through association of the Company's officers:

	Nature of transactions
Avisar Chartered Professional Accountants	Accounting fees
Northwest Law Group	Legal fees

The Company incurred the following fees and expenses with related parties as follows:

	Three months ended August 31, 2016	2015	Nine months ended August 31, 2016	2015
Accounting fees	$ 14,650	$ 15,200	$ 41,500	$ 39,400
Legal Fees	9,838	1,787	22,954	1,787
Legal Fees related to share issuance costs	86	-	11,540	-
	$ 24,574	$ 16,987	$ 75,994	$ 41,187

At August 31, 2016, there was $10,861 (November 30, 2015 - $9,120) included in accounts payable and accrued liabilities that was owing to these related parties for accounting and legal fees.

Expressed in Canadian Dollars

8. SHARE CAPITAL AND EQUITY RESERVES

a) Authorized

Unlimited number of common shares without par value

b) Issued

On April 22, 2016, the Company completed a private placement of 8,791,000 units at $0.05 per unit for total proceeds of $439,550. Each unit consisted of one common share and one non-transferable warrant, each warrant exercisable to purchase a further share for a period of three years at $0.05 per share in the first year, $0.10 per share in the second year and $0.15 per share in the third year. After the four-month restricted resale period expired on August 22, 2016, the expiry of the warrants may be accelerated if the closing price of the Company's shares equals or exceeds, for 15 consecutive trading days, $0.10 per share in the first year, $0.20 per share in the second year or $0.30 per share in the third year. A total of 391,370 shares with fair value of $23,482 were issued as fees to qualified finders in respect of a portion of the units sold. Three insiders of the Company purchased a total of 900,000 units in the placement.

During the current period, a total of 4,235,000 common share purchase warrants, with a weighted average exercise price of $0.08 per share, were exercised for total gross proceeds of $342,350.

On May 20, 2016, the Company issued 1,000,000 common shares with a fair value on the date of issuance of $90,000 to GlobeTrotters pursuant to the formal Alliance Agreement (Note 6).

c) Stock options

The Company's stock option transactions are as follows:

	Number of Options	Weighted Average Exercise Price
Options outstanding at November 30, 2014	1,385,000	$0.78
Granted	300,000	$0.10
Forfeited	(300,000)	$0.62
Expired	(40,000)	$1.50
Options outstanding at November 30, 2015	1,345,000	$0.64
Granted	2,050,000	$0.11
Forfeited	(100,000)	$0.10
Expired	(165,000)	$1.52
Options outstanding at August 31, 2016	3,130,000	$0.27
Options exercisable at August 31, 2016	1,180,000	$0.52

Expressed in Canadian Dollars

As at August 31, 2016, the following stock options were outstanding:

Number of Options Outstanding	Exercise Price	Expiry Date
20,000	$1.50	September 21, 2016
580,000	$0.65	November 14, 2017
380,000	$0.50	December 8, 2018
100,000	$0.10	March 20, 2020
100,000	$0.10	April 30, 2020
1,700,000	$0.10	June 6, 2021
250,000	$0.20	August 15, 2021
3,130,000		

On June 6, 2016, the Company granted options to directors, officers and consultants to purchase a total of 1,800,000 shares at a price of $0.10 per share for five years. On August 15, 2016, the Company granted an option to a consultant to purchase a total of 250,000 shares at a price of $0.20 per share for five years. The options vest, as to 25% each, on granting and on the next three, six and nine months.

The fair value of stock options granted to directors, officers and employees during the nine months ended August 31, 2016 was $144,310 (2015 - $4,188) and the fair value of stock options granted to consultants was $34,568 (2015 - $5,240). The Company recognized $117,623 (2015 - $7,169) of share-based payments relating to stock options that vested during the period. The fair value of each option grant was estimated as at the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2016	2015
Risk free interest rate	0.60%	0.53%
Expected life of options	2.5 years	2.2 years
Expected dividend yield	0%	0%
Expected stock price volatility	231%	221%
Weighted average fair value per option	$0.09	$0.04

d) Warrants

The Company's warrant transactions are as follows:

	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding at November 30, 2014	1,600,000	$0.25(1)
Issued	16,519,000	$0.05
Exercised	(2,353,000)	$0.05
Warrants outstanding at November 30, 2015	15,766,000	$0.05(2)
Issued	8,791,000	$0.05
Exercised	(4,235,000)	$0.08
Warrants outstanding at August 31, 2016	20,322,000	$0.08

(1) During the prior year, these warrants were amended to have an exercise price of $0.05 until January 28, 2016, $0.10 until January 28, 2017 and $0.15 until January 28, 2018.

(2) As at August 31, 2016, 10,801,000 have an exercise price of $0.10.

Expressed in Canadian Dollars

As at August 31, 2016, the following share purchase warrants were outstanding:

Number of Warrants Outstanding	Exercise Price	Expiry Date
10,801,000	$0.10[(1)]	January 28, 2018
1,430,000	$0.05	October 16,2018
8,091,000	$0.05[(2)]	April 22, 2019
20,322,000		

(1) Each warrant is exercisable to purchase one common share of the Company for $0.10 until January 28, 2017 and for $0.15 until January 28, 2018.

(2) Each warrant is exercisable to purchase one common share of the Company for $0.05 until April 22, 2017, $0.10 until April 22, 2018 and $0.15 until April 22, 2019.

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Non-cash investing and financing activities for the nine months ended		August 31, 2016		August 31, 2015
Fair value of warrants exercised	$	35,351	$	-
Common shares issued for finders' fee	$	23,482	$	-

10. SEGMENTED INFORMATION

The Company currently conducts substantially all of its operations in Canada and Mexico in one business segment being the exploration and development of mineral properties. Geographical information for the Company's significant non-current assets is as follows:

August 31, 2016		Canada		Mexico
Reclamation deposit	$	2,000	$	-
Equipment		2,242		-
Exploration advances		-		2,297
Mineral properties		-		45,554
	$	4,242	$	47,851

November 30, 2015		Mineral Properties		Equipment
Reclamation deposit	$	2,000	$	-
Equipment		2,101		-
Exploration advances		-		2,650
Mineral properties		-		24,654
	$	4,101	$	27,304

11. SUBSEQUENT EVENT

Subsequent to the period end, a total of 8,246,000 common share purchase warrants, with a weighted average exercise price of $0.08 per share, were exercised for gross proceeds of $643,900.