SouthernSilver
EXPLORATION CORP

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Consolidated Financial Statements
Years Ended April 30, 2016 and 2015
(Expressed in Canadian Dollars)

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SOUTHERN SILVER EXPLORATION CORP.

We have audited the accompanying consolidated financial statements of Southern Silver Exploration Corp., which comprise the consolidated statements of financial position as at April 30, 2016 and 2015, the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Southern Silver Exploration Corp. as at April 30, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
August 25, 2016

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Southern Silver Exploration Corp.
(An Exploration Stage Company)
Consolidated Statements of Comprehensive Loss
Years Ended April 30, 2016 and 2015
(Expressed in Canadian Dollars)

	Note		2016		2015
Expenses					
Administration	9	$	60,000	$	75,000
Consulting	9		172,608		166,315
Exploration and evaluation, net of recoveries	8(d) & 9		2,552,601		392,026
Independent directors' fees	9		-		6,000
Investor relations	9		147,058		52,090
Office and general	9		34,384		15,007
Professional fees	9		179,618		210,101
Regulatory fees and taxes			28,793		23,628
Share-based payments	11(e)		195,532		246,870
Shareholders' communications			8,948		4,744
Transfer agent			10,445		16,861
Travel and promotion			15,898		7,595
			3,405,885		**1,216,237**
Foreign exchange (gain) loss			(15,946)		22,844
Interest and other income			-		(8,909)
Loan interest accretion	10		-		79,817
Loss on early repayment of convertible debt	10		-		30,079
Mineral property impairment	8		21,477		34,679
Realized gain on sale of marketable securities	6		-		(4,975)
			5,531		**153,535**
Net Loss for the Year			**3,411,416**		**1,369,772**
Other Comprehensive Loss					
Reclassification adjustment for realized gain on sale of marketable securities included in net loss	6		-		4,975
Unrealized loss on marketable securities, net of taxes	6		-		25
Net Loss and Comprehensive Loss for the Year		**$**	**3,411,416**	**$**	**1,374,772**
Attributable to:					
Equity holders		**$**	2,909,525	$	1,374,772
Non-controlling interest	13		501,891		-
		$	**3,411,416**	**$**	**1,374,772**
Loss per share attributable to equity holders - basic and diluted		$	0.05	$	0.06
Weighted average number of common shares outstanding			54,434,750		21,403,633

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

Southern Silver Exploration Corp.
(An Exploration Stage Company)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at	**Note**		**April 30, 2016**		**April 30, 2015**
Current Assets					
Cash		$	1,738,352	$	63,149
Taxes and other receivables			26,269		24,192
Prepaids			46,327		23,803
			1,810,948		**111,144**
Non-Current Assets					
Reclamation bonds	7		38,231		41,073
Mineral properties	8		2,200,910		2,055,487
			2,239,141		**2,096,560**
		$	**4,050,089**	**$**	**2,207,704**
Current Liabilities					
Accounts payable and accrued liabilities		$	511,138	$	430,256
Due to related parties	9		16,320		144,440
			527,458		**574,696**
Equity					
Share capital	11		31,974,567		30,655,145
Share-based payments reserve			599,601		580,265
Warrants reserve			1,016,000		800,000
Other reserve	2 & 10		999,495		9,270
Deficit			(27,373,083)		(30,411,672)
Equity attributable to shareholders			**7,216,580**		**1,633,008**
Non-controlling interest	13		**(3,693,949)**		**-**
			3,522,631		**1,633,008**
		$	**4,050,089**	**$**	**2,207,704**

Approved on behalf of the Board	*"Lawrence Page"*	*"Eugene Spiering"*
	Lawrence Page, Q.C.	**Eugene Spiering**

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

Southern Silver Exploration Corp.

(An Exploration Stage Company)
Consolidated Statements of Changes in Equity
Years Ended April 30, 2016 and 2015
(Expressed in Canadian Dollars)

	Share Capital Number of Shares	Share Capital Amount	Share-based Payments Reserve	Warrants Reserve	Other Reserve	AOCL	Deficit	Equity Attributable to Equity Holders	Non-Controlling Interest	Total
Balance as at April 30, 2014	**16,997,436**	**$ 29,551,475**	**$ 891,522**	**$ 66,270**	**$ -**	**$ 5,000**	**$ (29,667,696)**	**$ 846,571**	**$ -**	**$ 846,571**
Issued										
Private placements	20,000,000	800,000	-	800,000	-	-	-	1,600,000	-	1,600,000
Shares for services	50,000	25,000	-	-	-	-	-	25,000	-	25,000
Shares for loan finder	1,350,000	67,500	-	-	-	-	-	67,500	-	67,500
Shares for loan bonus	86,000	3,440	-	-	-	-	-	3,440	-	3,440
Shares for convertible debt	6,000,000	300,560	-	-	9,270	-	-	309,830	-	309,830
Share issue costs	-	(92,830)	1,399	-	-	-	-	(91,431)	-	(91,431)
Share-based payments	-	-	246,870	-	-	-	-	246,870	-	246,870
Fair value of options and warrants expired	-	-	(559,526)	(66,270)	-	-	625,796	-	-	-
Other comprehensive loss	-	-	-	-	-	(5,000)	-	(5,000)	-	(5,000)
Net loss	-	-	-	-	-	-	(1,369,772)	(1,369,772)	-	(1,369,772)
Balance as at April 30, 2015	**44,483,436**	**30,655,145**	**580,265**	**800,000**	**9,270**	**-**	**(30,411,672)**	**1,633,008**	**-**	**1,633,008**
Issued										
Private placements	22,000,000	1,380,000	-	220,000	-	-	-	1,600,000	-	1,600,000
Exercise of options and warrants	192,500	15,400	-	-	-	-	-	15,400	-	15,400
Issuance of shares by subsidiary	-	-	-	-	-	-	5,763,908	5,763,908	(3,192,058)	2,571,850
Proceeds received on account of earn-in	-	-	-	-	990,225	-	-	990,225	-	990,225
Share issue costs	-	(85,742)	13,774	-	-	-	-	(71,968)	-	(71,968)
Share-based payments	-	-	195,532	-	-	-	-	195,532	-	195,532
Fair value of options and warrants exercised	-	9,764	(5,764)	(4,000)	-	-	-	-	-	-
Fair value of options and warrants expired	-	-	(184,206)	-	-	-	184,206	-	-	-
Net loss	-	-	-	-	-	-	(2,909,525)	(2,909,525)	(501,891)	(3,411,416)
Balance as at April 30, 2016	**66,675,936**	**$ 31,974,567**	**$ 599,601**	**$ 1,016,000**	**$ 999,495**	**$ -**	**$ (27,373,083)**	**$ 7,216,580**	**$ (3,693,949)**	**$ 3,522,631**

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

Southern Silver Exploration Corp.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
Years Ended April 30, 2016 and 2015
(Expressed in Canadian Dollars)

	2016	2015
Operating Activities		
Net loss	$ (3,411,416)	$ (1,369,772)
Items not involving cash:		
Interest accretion	-	79,817
Loss on early repayment of convertible debt	-	30,079
Mineral property impairment	21,477	34,679
Share-based payments	195,532	246,870
Realized gain on sale of marketable securities	-	(4,975)
Shares issued for services	-	25,000
Unrealized foreign exchange loss (gain)	42,054	(5,315)
	(3,152,353)	(963,617)
Changes in non-cash working capital		
Taxes and other receivables	(2,077)	107,839
Prepaids	(22,524)	8,889
Accounts payable and accrued liabilities	80,882	(189,079)
Due to related parties	(128,120)	(62,967)
	(71,839)	(135,318)
Cash Used in Operating Activities	(3,224,192)	(1,098,935)
Investing Activities		
Mineral property acquisition	(166,900)	(711,274)
Proceeds on sale of marketable securities	-	15,975
Cash Used in Investing Activities	(166,900)	(695,299)
Financing Activities		
Proceeds from shares issued by Company, net	1,543,432	1,508,569
Proceeds from shares issued by subsidiary	2,571,850	
Proceeds received on account of earn-in	990,225	-
Loans received, net	-	838,412
Loans repaid	-	(618,968)
Cash Provided by Financing Activities	5,105,507	1,728,013
Foreign Exchange Effect on Cash	(39,212)	8,123
Increase (Decrease) in Cash During the Year	1,675,203	(58,098)
Cash, Beginning of Year	63,149	121,247
Cash, End of Year	$ 1,738,352	$ 63,149

Supplemental cash flow information (Note 14)

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

(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

Southern Silver Exploration Corp. (the "Company") is an exploration stage company incorporated under the laws of British Columbia, Canada. The Company's principal business activities include the acquisition, exploration, and development of natural resource properties for enhancement of value and disposition pursuant to sales agreements or development by way of third party option and/or joint venture agreements. The Company's registered office is 1710 - 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that any of the Company's current or future exploration programs will result in profitable mining operations. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete their exploration and development, and establish future profitable operations, or realize proceeds from their sale. The carrying value of the Company's mineral properties does not reflect present or future value.

These consolidated financial statements were prepared 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. As at April 30, 2016 the Company had working capital of $1,283,490 (2015 - working capital deficiency of $463,552). The Company incurred a net loss of $3,411,416 for the year ended April 30, 2016 (2015 - $1,369,772) and had an accumulated deficit of $27,373,083 as at April 30, 2016 (2015 - $30,411,672).

The Company has relied mainly upon the issuance of share capital and mineral property earn-in agreements to finance its activities. The Company will be required to rely on such funding to finance future exploration and administrative activities. There can be no assurance that further financing will be available to the Company and, therefore, a material uncertainty exists that casts significant doubt over the Company's ability to continue as a going concern. These consolidated financial statements do not include the adjustments to assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

2. Basis of Preparation and Consolidation

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") on a historical cost basis, except for cash flow information and financial instruments measured at fair value, and incorporate the financial statements of the Company and of the entities controlled by the Company as follows:

Name of Subsidiary	Country of Incorporation	Principal Activity
Southern Silver Holdings Limited ("SSHL")	British Virgin Islands	Holding company - 69.9% owned by the Company
Minera Plata del Sur S.A de C.V. ("MPS")	Mexico	Mineral exploration - 100% owned by SSHL
Southern Silver Projects Limited ("SSPL")	British Virgin Islands	Holding company - 100% owned by the Company
Exploraciones Magistral S.A de C.V.	Mexico	Mineral exploration - 100% owned by SSPL
Southern Silver Exploration (US) Corp.	United States of America	Mineral exploration - 100% owned by the Company

2. Basis of Preparation and Consolidation, continued

All inter-company transactions and balances have been eliminated upon consolidation. The Company's functional and presentation currency is the Canadian dollar.

On May 14, 2015, the Company entered into an agreement with Electrum Global Holdings L.P. ("Electrum") for the right to earn an indirect 60% interest in the Cerro Las Minitas property (Note 8), through the acquisition of common shares of SSHL, by funding exploration and development expenditures of US $5,000,000 over a maximum four year period. Electrum has contributed US $2,000,000 and now owns a 30.1% interest in SSHL (Note 13).

Electrum has the right to earn an additional 20% by expending US $1,500,000 (US $750,000 received as of April 30, 2016 and shown in Other Reserve) in the succeeding 30 months of the option term. A final 10% interest may be earned by expending an additional US $1,500,000 during this time period.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on August 25, 2016.

3. Summary of Significant Accounting Policies

(a) Significant Accounting Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and judgments that affect amounts reported in the consolidated financial statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and subject to measurement uncertainty. The effect on the consolidated financial statements of changes in such estimates in future reporting periods could be significant. Significant estimates and areas where judgment is applied that have significant effect on the amount recognized in the consolidated financial statements include:

Control

Management consolidates all subsidiaries and entities which it is determined that the Company controls. Control is evaluated on the ability of the Company to direct the activities of the subsidiary or entity to derive variable returns and management uses judgment in determining whether control exists. Judgment is exercised in the evaluation of the variable returns and in determining the extent to which the Company has the ability to exercise its power to generate variable returns.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

3. Summary of Significant Accounting Policies, continued

(a) Significant Accounting Estimates and Judgments, continued

Impairment of long-lived assets

The carrying value of mineral property acquisition costs is reviewed each reporting period to determine whether there is any indication of impairment. The determination of the impairment involves the application of a number of significant judgments and estimates to certain variables including metal price trends, plans for properties, and the results of exploration and evaluation to date.

Determination of, and provision for, reclamation and remediation obligations

The Company assesses its provision for asset retirement obligations on an annual basis or when new material information becomes available. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation.

Deferred taxes

The Company recognizes a deferred tax asset to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. In addition, changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods.

Share-based payments

Share-based payments are determined using the Black-Scholes option pricing model at the date of grant and are expensed to net loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

Mexican Value Added Tax

The recoverability of taxes receivable related to value added tax incurred in Mexico is dependent on various factors such as local policy, historical collectability and the general economic environment. Management uses all relevant facts to determine if the taxes receivable are recoverable.

3. Summary of Significant Accounting Policies, continued

(b) Mineral Properties

All expenditures related to the acquisition of mineral properties are capitalized on a property-by-property basis, net of recoveries which are recorded when receivable, until these mineral properties are placed into commercial production, sold or abandoned. If commercial production is achieved from a mineral property, the related mineral properties are tested for impairment and reclassified to mineral property in production. If a mineral property is sold or abandoned, the related capitalized costs will be expensed to profit or loss in that period.

All expenditures related to the exploration and evaluation of mineral properties, net of recoveries which are recorded when receivable, are expensed to net loss in the period in which they are incurred.

From time to time, the Company may acquire or dispose of all or part of its mineral property interests under the terms of property option agreements. Options are exercisable entirely at the discretion of the optionee, and accordingly, option payments are recognized when paid or received. If recoveries are received and exceed the capitalized expenditures, the excess is reflected in profit or loss.

All capitalized mineral property costs are reviewed at each reporting date, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the carrying value, provision is made for the impairment in value. The amounts capitalized for mineral properties represent costs incurred to date less write-downs, and are not intended to reflect present or future values.

The Company recognizes an estimate of the liability associated with statutory, contractual, constructive or legal obligations associated with site closure and property retirement costs in the period in which the liability is incurred if a reasonable estimate of fair value can be made. The estimated fair value or present value of future cash flows is capitalized to the related mining acquisition assets with a corresponding increase in the rehabilitation provision in the period incurred. The capitalized amount will be depreciated on a unit-of-production basis over the estimated life of the ore reserve.

The amount of the provision will be increased each reporting period due to the passage of time and the amount of accretion is charged to profit or loss. The provision can also increase or decrease due to changes in regulatory requirements, discount rates, and assumptions regarding the amount and timing of future rehabilitation expenditures. Any changes are recorded directly to the related mining assets with a corresponding change to the rehabilitation provision. Actual rehabilitation expenditures incurred are charged against the rehabilitation provision to the extent of the liability recorded.

3. Summary of Significant Accounting Policies, continued

(c) Reclamation Bonds

Reclamation bonds are recorded at amortized cost and held by government agencies or in trust.

(d) Related Party Transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

(e) Share Capital

Proceeds from the issue of units, consisting of common shares and share purchase warrants, are first allocated to common shares based on the quoted market value of the common shares at the time the units are priced, and the balance, if any, is allocated to the attached warrants. Share issue costs are netted against share proceeds prorated to common shares and share purchase warrants.

(f) Share-based Payments

Share-based payments for employees are measured at fair value of the instruments issued on the date of grant and amortized over the vesting period. Share-based payments for non-employees are measured at either the fair value of the goods or services received or the fair value of the equity instrument issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded on the date the goods or services are received. The fair value of stock options is charged to profit or loss using the graded vesting method, with the offset credit to share-based payment reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related fair value previously recorded is transferred from share-based payment reserve to share capital. Upon expiry, related fair value previously recorded is transferred from share-based payment reserve to deficit.

(g) Foreign Currency Translation

Amounts recorded in foreign currency are translated into Canadian dollars as follows:

(i) Monetary assets and liabilities, at the rate of exchange in effect as at the reporting date;
(ii) Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
(iii) Revenues and expenses (excluding amortization, which is translated at the same rate as the related asset), at the exchange rates in effect on the date of the transaction.

Gains and losses arising from this translation of foreign currency are included in the determination of net loss.

3. Summary of Significant Accounting Policies, continued

(h) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax basis. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the enactment date. Deferred tax assets also result from unused tax losses carried forward, resource related tax pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(i) Loss per Share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options, warrants and similar instruments that would be anti-dilutive.

(j) Financial Instruments

The Company classifies its financial assets in the following categories: at fair value through profit or loss, available-for-sale or loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

Fair value through profit or loss ("FVTPL")

FVTPL financial assets are initially recognized at fair value with changes in fair value recorded through profit or loss.

Available-for-sale ("AFS")

AFS financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories and are recognized at fair value and subsequently carried at fair value.

3. Summary of Significant Accounting Policies, continued

(j) Financial Instruments, continued

Changes in the fair value of AFS financial assets other than impairment losses are recognized as other comprehensive loss and classified as a component of equity.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date.

Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial liabilities

The Company classifies its financial liabilities in the following categories: other financial liabilities and derivative financial liabilities.

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method.

Other financial liabilities are classified as current or non-current based on their maturity date.

The Company has no derivative financial liabilities.

Convertible Instruments

Proceeds received on the issuance of convertible instruments are initially recorded at fair value and allocated into their debt and equity components depending on the features included within the instrument.

Transaction costs are allocated between the various components on a pro-rata basis.

3. Summary of Significant Accounting Policies, continued

(j) Financial Instruments, continued

Subsequent to initial recognition, the debt component, net of apportioned transaction costs, is classified as other financial liabilities measured at amortized cost using the effective interest method such that upon maturity, the debt balance recorded will equal the maturity value of the remaining outstanding debt. The increase in the debt balance and amortization of related transaction costs are reflected as interest accretion expense in profit or loss.

The carrying amount of the equity component is not remeasured.

(k) Future Accounting Standards Changes

IFRS 9: *Financial Instruments* will eventually form a complete replacement for IAS 39: *Financial Instruments: Recognition and Measurement*.

All financial assets are classified as measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified as subsequently measured at amortized cost except for financial liabilities classified at fair value through profit and loss, financial guarantees and certain other exceptions.

In response to delays to the completion of the remaining phases of the project, on December 16, 2011, the IASB issued amendments to IFRS 9 which deferred the mandatory effective date from January 1, 2013 to annual periods beginning on or after January 1, 2018. The amendments also provided relief from the requirement to restate comparative consolidated financial statements for the effects of applying IFRS 9. The Company is currently assessing these effects.

4. Financial Instruments

(a) Categories of Financial Instruments

The Company's financial instruments include cash, marketable securities, reclamation bonds, accounts payable and accrued liabilities and amounts due to related parties and loans payable.

The Company has classified its financial instruments into the following categories:

Financial Instrument	Category	Carrying Value
Cash	FVTPL	Fair Value
Marketable Securities	AFS	Fair Value
Reclamation Bonds	Loans and Receivables	Amortized Cost
Accounts Payable and Accrued Liabilities	Other Financial Liabilities	Amortized Cost
Due to Related Parties	Other Financial Liabilities	Amortized Cost
Loans Payable	Other Financial Liabilities	Amortized Cost

4. Financial Instruments, continued

(b) Fair Value

Marketable securities were categorized at Level 1 in the fair value hierarchy as fair value was determined by an exit price at the measurement date in an active market. The carrying values of accounts payable and accrued liabilities, amounts due to related parties and loans payable approximate their fair values due to the short period to maturity. Reclamation bonds are non-interest-bearing, have no maturity date and their carrying values approximate fair value.

(c) Financial Risk Management

The Company's financial instruments are exposed to certain financial risks, including liquidity risk, interest rate risk, credit risk, currency risk, and other price risk. The Company's exposure to these risks and its methods of managing the risks are summarized as follows:

(i) Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due by forecasting cash flows for operations, anticipated investing and financing activities and through management of its capital structure.

As at April 30, 2016, all of the Company's financial liabilities are either due immediately or have contractual maturities of less than 90 days.

(ii) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to interest rate risk as no current financial instruments earn or accrue interest.

(iii) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk mainly in respect to managing its cash, which is held with Canadian and Mexican financial institutions. The Company mitigates credit risk by risk management policies that require significant cash deposits or any short-term investments be invested with Canadian chartered banks rated BBB or better, or commercial paper issuers R1/A2/P2 or higher. All investments must be less than one year in duration.

(iv) Currency Risk

The Company is exposed to currency risk to the extent expenditures incurred, funds received and balances maintained by the Company are denominated in currencies other than the Canadian dollar (primarily US dollars and Mexican pesos).

4. Financial Instruments, continued

(c) Financial Risk Management, continued

(iv) Currency Risk, continued

The Company does not manage currency risks through hedging or other currency management tools. As at April 30, 2016, cash totalling $1,047,996 (2015 - $28,192) was held in US dollars and $2,436 (2015 - $1,529) in Mexican Pesos. As at April 30, 2016, accounts payable and accrued liabilities totalling $366,728 (2015 - $289,847) were payable in US dollars and $43,823 (2015 - $34,815) in Mexican Pesos. Based on forecast exchange rate movements for the next twelve months assuming all other variables remain constant, the Company considers its financial performance and cash flows would not be materially affected by a weakening or strengthening of the US dollar or Mexican peso.

(v) Other Price Risk

Other price risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

5. Capital Management

The Company's capital includes components of equity. The Company's objectives in managing its capital are to maintain the ability to continue as a going concern and to continue to explore the Company's mineral properties for the benefit of its stakeholders. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place setting out the expenditures required to meet its strategic goals. The Company compares actual expenses to budget on all exploration projects and overhead to manage costs, commitments and exploration activities.

As the Company is in the exploration stage, its operations have been substantially funded by the issuance of equity instruments and mineral property earn-in agreements. The Company will continue to rely on such funding depending upon market and economic conditions at the time. There have been no changes in the Company's approach to capital management during the year ended April 30, 2016.

6. Marketable Securities

On May 16, 2014, the Company sold its entire holding of 100,000 common shares of Desert Star Resources Ltd. for gross proceeds of $15,975 and recognized a gain of $4,975.

7. Reclamation Bonds

With respect to a 1% net smelter return ("NSR") royalty payable (Note 8(b)), a bond of $38,231 (Mexican Peso 523,778) (2015 - $41,073 (Mexican Peso 523,778)) is being held in escrow by the Mexican government.

(Expressed in Canadian Dollars)

8. Mineral Properties

Mineral property acquisition costs as at April 30, 2016 were as follows:

	Mexico		USA	
	Cerro Las Minitas $	**Minas de Ameca $**	**Oro $**	**Total $**
Balance as at April 30, 2014	1,378,892	-	-	1,378,892
Additions, net	676,595	-	34,679	711,274
Impairments	-	-	(34,679)	(34,679)
Balance as at April 30, 2015	2,055,487	-	-	2,055,487
Additions, net	145,423	-	21,477	166,900
Impairments	-	-	(21,477)	(21,477)
Balance as at April 30, 2016	**2,200,910**	**-**	**-**	**2,200,910**

(a) Cerro Las Minitas - Mexico

The property consists of 18 mineral concessions located in Durango, Mexico.

Pursuant to agreements dated July 7 and July 8, 2015, the Company can acquire certain equipment and one additional mineral concession. Payments, excluding applicable local taxes, are payable as US $60,000 due on signing (paid), US $40,000 on December 30, 2015 (paid) and US $100,000 on June 30, 2016 (paid subsequent to year end).

(b) Minas de Ameca - Mexico

On October 18, 2006, the Company acquired the El Magistral mineral claim in the Ameca region in the State of Jalisco, Mexico located about 80 kilometres west of Guadalajara. The claim is subject to a 1% NSR payable to the Mexican government.

The project previously comprised the El Magistral, Magistral I and San Luis claims. The Company returned Magistral I, which was in default, to the vendors and is continuing efforts to option the remaining claims to a third party. The Company considered these factors to be indicators of impairment and previously recorded an impairment provision against all capitalized costs relating to these claims.

(c) Oro - New Mexico, USA

The property consists of certain unpatented mining claims in the Eureka Mining District, Grant County, New Mexico, eight patented lode mining claims, which are adjacent to these claims, and surface rights to a contiguous property. The property is subject to a 2% NSR payable to the optionors whom have granted the Company an option to purchase the NSR at any time in 0.5% increments at US $500,000 for each increment.

(Expressed in Canadian Dollars)

8. Mineral Properties, continued

(c) Oro - New Mexico, USA, continued

Pursuant to a lease with option to purchase agreement dated May 1, 2011, the Company can earn a 100% interest in six unpatented lode mining claims also located in the Eureka Mining District, Grant County, New Mexico.

Remaining lease payments are due as follows:

(i) US $6,000 annually on May 1, 2016 (paid subsequent to year end) and May 1, 2017;
(ii) US $30,000 annually from May 1, 2018 to May 1, 2024; and
(iii) US $60,000 annually from May 1, 2025 to May 1, 2031.

The Company can purchase the property at any time by paying any amounts remaining under the lease, subject to a 1% NSR payable to the optionors, which terminates when aggregate payments thereunder equal US $500,000.

During the years ended April 30, 2016 and 2015, the Company continued to assess its planned course of action with respect to the property and determined this to be an indicator of impairment. As no recoverable amount could be calculated, an impairment provision was recorded against all capitalized costs relating to these claims of $21,477 (2015 - 34,679), in accordance with Level 3 of the fair value hierarchy.

(d) Exploration and Evaluation Expenditures

Exploration and evaluation expenditures incurred for the years ended April 30, 2016 and 2015 were as follows:

	Mexico		USA			
	Cerro Las Minitas		Oro		Total	
	$	$	$	$	$	$
	2016	2015	2016	2015	2016	2015
Assays and geochemistry	128,799	14,495	1,406	-	130,205	14,495
Camp, utilities and supplies	97,411	9,748	5,075	2,247	102,486	11,995
Drilling	1,313,318	64,845	-	-	1,313,318	64,845
Equipment and field supplies	38,397	12,818	-	7	38,397	12,825
Geological and geophysics	105,299	59,783	16,644	584	121,943	60,367
Land fees	49,681	112,166	-	307	49,681	112,473
Project supervision	485,198	163,303	-	20,623	485,198	183,926
Project support	5,044	3,909	6,883	-	11,927	3,909
Taxes	276,017	200,803	-	-	276,017	200,803
Travel	20,391	16,057	-	-	20,391	16,057
Recoveries	-	(294,803)	-	-	-	(294,803)
	2,519,555	**363,124**	**30,008**	**23,768**	2,549,563	386,892
General exploration - other					3,038	5,134
					2,552,601	**392,026**

8. Mineral Properties, continued

(e) Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest.

The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the properties may be diminished or negated.

(f) Title to Mineral Properties

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history of many mineral properties.

The Company has investigated title to its mineral property interests in accordance with industry standards for the current stage of exploration of such properties and, to the best of its knowledge, title to its properties are in good standing; however, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

(g) Realization of Assets

Realization of the Company's investment in mineral properties is dependent upon the establishment of legal ownership, the obtaining of permits, the satisfaction of governmental requirements, the attainment of successful production from the properties, or from the proceeds of their disposal.

The attainment of commercial production is in turn dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the property interest, and upon future profitable production.

(Expressed in Canadian Dollars)

9. Related Party Balances and Transactions

Except as disclosed elsewhere in these consolidated financial statements, the Company entered into the following related party transactions:

(a) Pursuant to a revised service agreement between the Company and a private company controlled by a director and officer of the Company, the Company was charged as follows:

- $60,000 (2015 - $75,000) for office space and general administration services;
- $26,250 (2015 - $47,050) for professional services;
- $31,788 (2015 - $16,510) for consulting services;
- $42,883 (2015 - $2,710) for investor relations services;
- $155,005 (2015 - $126,390) for mineral property geological consulting services; and
- $1,383 (2015 - $1,691) for the mark-up on out-of-pocket expenses.

Amounts payable as at April 30, 2016 were $3,992 (2015 - $55,298).

(b) Fees in the amount of $112,320 (2015 - $112,320) were charged by a director and officer of the Company for consulting services. Amounts payable as at April 30, 2016 were $9,828 (2015 - $19,656).

(c) Fees in the amount of $25,047 (2015 - $64,473) were charged by a law firm controlled by a director and officer of the Company and included in professional fees, share issue costs and mineral property expenditures. Amounts payable as at April 30, 2016 were $nil (2015 - $67,486).

(d) Fees in the amount of $28,500 (2015 - $12,000) were charged by an officer of the Company for consulting services. Amounts payable as at April 30, 2016 were $2,500 (2015 - $2,000).

(e) Fees of $nil (2015 - $6,000) were payable with respect to independent directors' fees. Such fees ceased to be payable effective November 1, 2014.

These transactions were in the normal course of operations and were measured at the fair value of the services rendered. Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment.

The key management personnel of the Company are the directors and officers of the Company. The Company has no long-term employee or post-employment benefits. Compensation awarded to key management, included in (b), (d) and (e) above, was as follows:

		2016		**2015**
Short-term benefits	$	140,820	$	130,320
Share-based payments		133,643		178,489
Total	$	274,463	$	308,809

One executive officer is also entitled to termination benefits in the event of a change of control equal to one hundred percent of the compensation that would have been paid during the unexpired term of their agreement. The remaining balance payable under the agreement termination clause as at April 30, 2016 was $355,680.

(Expressed in Canadian Dollars)

10. Loans

Loans payable

During August 2012, the Company entered into two loan agreements, one with a private company controlled by a former director and the other with a private company controlled by a consultant, for $33,000 and $15,000 respectively. On January 20, 2015, the Company entered into a loan agreement with a director and officer of the Company with respect to loans advanced during August and September 2014 totalling $43,000. The initial term of each of the above loans was for a period of six months with interest payable quarterly at prime plus two percent per annum. As further consideration for providing the loans, the lenders also received common shares equal to ten per cent of the value of each respective loan (Note 11(b)).

On March 5, 2015, the Company repaid all of the above loans, plus accrued interest.

Convertible loans payable

On November 13, 2014, the Company entered into a loan arrangement with Radius Gold Inc. ("Radius") for $800,000. On December 11, 2014, the Company issued 1,350,000 common shares with respect to a finder's fee payable (Note 11(b)).

The loan was repayable on demand with provision that demand could not be made for one year. Interest was payable annually at 8% per annum, and at Radius' sole option, interest could be paid by the issuance of common shares of the Company. In addition, Radius had the right at any time during the term of the loan to convert such portion into common shares of the Company to result in Radius holding no greater than 19.9% of the then issued and outstanding shares of the Company at a price of $0.05. In the event of such conversion election, the balance of the loan would remain due and payable for the remainder of the term.

On March 17, 2015, the Company received a notice of conversion from Radius, whereby Radius elected to convert $300,000 of the convertible loan into common shares of the Company. On March 19, 2015, the Company issued 6,000,000 common shares (Note 11(b)) and repaid the balance of the loan, plus accrued interest, of $521,742.

A summary of the convertible loan analyzed between liability and equity components was as follows:

		Liability		**Other Reserve**
Loan received	$	720,000	$	80,000
Transaction costs		(64,879)		(7,208)
Interest accretion		73,580		-
Exercise of conversion option for issue of common shares		(273,263)		(27,297)
Repayment of loan		(485,517)		(36,225)
Loss on early conversion		30,079		-
Total	$	-	$	9,270

11. Share Capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

(a) Equity Financings

Year ended April 30, 2016

On June 26, 2015, the Company closed a private placement by issuing 10,000,000 units at a price of $0.10 per unit for gross proceeds of $1,000,000. Each unit consisted of one common share and one common share purchase warrant, with each warrant exercisable to purchase one additional common share for a period of five years at an exercise price of $0.15 per share.

On March 4, and April 8, 2016, the Company closed two tranches of a private placement and issued 12,000,000 units at a price of $0.05 per unit for gross proceeds of $600,000. Each unit consisted of one common share and one common share purchase warrant, with each warrant exercisable to purchase one additional common share for a period of five years at an exercise price of $0.08 per share.

The Company also issued a total of 242,400 finders' share purchase warrants exercisable to purchase one common share for a period of five years at an exercise price of $0.08 per share. The warrants were fair valued at $13,774 using the Black-Scholes option pricing model (Note 11(e)).

Year ended April 30, 2015

On March 4, March 5 and March 11, 2015, the Company closed three tranches of a private placement and issued a total of 20,000,000 units at a price of $0.08 per unit for gross proceeds of $1,600,000. Each unit consisted of one common share and one share purchase warrant, with each warrant exercisable to purchase one additional common share for a period of five years at an exercise price of $0.08 per share.

On March 4, 2015, the Company issued 30,000 finders' share purchase warrants exercisable to purchase one common share for a period of five years at an exercise price of $0.08 per share. The warrants were fair valued at $1,399 using the Black-Scholes option pricing model (Note 11(e)).

(b) Shares Issued for Other Consideration

Year ended April 30, 2015

On August 5, 2014, in accordance with a shares for services consulting agreement, the Company issued 50,000 common shares valued at $25,000. On December 11, 2014, in accordance with a finder's fee agreement, the Company issued 1,350,000 common shares with a fair value of $67,500 (Note 10). On January 23, 2015, in accordance with a loan agreement, the Company issued 86,000 common shares with a fair value of $3,440 (Note 10). On March 19, 2015, in accordance with a convertible loan agreement, the Company issued 6,000,000 common shares with a fair value of $300,560 (Note 10).

(Expressed in Canadian Dollars)

11. Share Capital, continued

(c) Stock Options

The Company has a rolling stock option plan (the "Plan") that allows for the reservation of common shares issuable under the Plan to a maximum of 10% of the number of issued and outstanding common shares of the Company at any given time. The term of stock options granted under the Plan may not exceed ten years and the exercise price may not be less than the closing price of the Company's shares on the last business day immediately preceding the date of grant, less any permitted discount. On an annual basis, the Plan requires approval by the Company's shareholders and submission for regulatory review and acceptance.

On July 29, 2015, the Company granted 1,000,000 stock options to directors, officers and consultants exercisable for a period of five years at an exercise price of $0.08 per share.

On September 28, 2015, the Company granted 250,000 stock options to a consultant exercisable for a period of five years at an exercise price of $0.08 per share. These options vest on December 28, 2015 (25%), March 28, 2016 (25%), June 28, 2016 (25%) and September 28, 2016 (25%).

On April 22, 2016, the Company granted 1,350,000 stock options to directors, officers and consultants exercisable for a period of five years at an exercise price of $0.11 per share. Included within this grant were 75,000 stock options that vest on July 22, 2016 (25%), October 22, 2016 (25%), January 22, 2017 (25%) and April 22, 2017 (25%).

Stock options outstanding and exercisable as at April 30, 2016 were as follows:

Exercise Price	Expiry Date	Balance April 30, 2015	Granted	Exercised	Expired	Balance April 30, 2016
$1.70	November 29, 2015	50,000	-	-	50,000	-
$0.08	November 29, 2015	61,500	-	-	61,500	-
$1.70	December 13, 2015	10,000	-	-	10,000	-
$1.00	June 5, 2017	35,000	-	-	-	35,000
$1.00	March 14, 2018	180,000	-	-	30,000	150,000
$0.08	March 14, 2018	220,200	-	-	-	220,200
$0.50	March 24, 2019	50,000	-	-	-	50,000
$0.08	March 26, 2020	3,503,500	-	74,500	-	3,429,000
$0.08	July 29, 2020	-	1,000,000	-	-	1,000,000
$0.08	September 28, 2020	-	250,000	-	-	250,000
$0.11	April 22, 2021	-	1,350,000	-	-	1,350,000
Options outstanding		**4,110,200**	**2,600,000**	**74,500**	**151,500**	**6,484,200**
Options exercisable		**4,110,200**				**6,284,200**
Weighted average exercise price, outstanding		$0.16	$0.10	$0.08	$0.90	$0.12
Weighted average exercise price, exercisable		$0.16	$0.10	$0.08	$0.90	$0.12
Weighted average remaining life in years, outstanding		4.55				3.92
Weighted average remaining life in years, exercisable		4.55				4.06

(Expressed in Canadian Dollars)

11. Share Capital, continued

(c) Stock Options, continued

Stock options outstanding and exercisable as at April 30, 2015 were as follows:

Exercise Price	Grant Date Fair Value	Expiry Date	Balance April 30, 2014	Granted	Expired	Re-priced	Balance April 30, 2015
$1.60	$1.50	January 8, 2015	211,000	-	211,000	-	-
$1.70	$1.33	November 29, 2015	211,500	-	100,000	(61,500)	50,000
$0.08	$0.07	November 29, 2015	-	-	-	61,500	61,500
$1.70	$1.13	December 13, 2015	28,500	-	18,500	-	10,000
$1.00	$0.56	June 5, 2017	35,000	-	-	-	35,000
$1.00	$0.29	March 14, 2018	687,000	-	286,800	(220,200)	180,000
$0.08	$0.05	March 14, 2018	-	-	-	220,200	220,200
$0.50	$0.13	March 24, 2019	50,000	-	-	-	50,000
$0.08	$0.07	March 26, 2020	-	3,503,500	-	-	3,503,500
			1,223,000	**3,503,500**	**616,300**	**-**	**4,110,200**
Weighted average exercise price			$1.22	$0.08	$1.34		$0.16
Weighted average remaining life in years			2.90				4.55

(d) Share Purchase Warrants

Share purchase warrants outstanding as at April 30, 2016 were as follows:

Exercise Price	Expiry Date	Balance April 30, 2015	Issued	Exercised	Expired	Balance April 30, 2016
$1.00	January 31, 2016	845,200	-	-	845,200	-
$1.00	February 28, 2016	787,300	-	-	787,300	-
$0.50	September 13, 2016	703,015	-	-	-	703,015
$0.50	October 11, 2016	1,836,750	-	-	-	1,836,750
$0.08	March 4, 2020	2,335,407	-	118,000	-	2,217,407
$0.08	March 5, 2020	15,884,593	-	-	-	15,884,593
$0.08	March 11, 2020	1,810,000	-	-	-	1,810,000
$0.15	June 26, 2020	-	10,000,000	-	-	10,000,000
$0.08	March 4, 2021	-	7,716,000	-	-	7,716,000
$0.08	April 8, 2021	-	4,526,400	-	-	4,526,400
		24,202,265	**22,242,400**	**118,000**	**1,632,500**	**44,694,165**
Weighted average exercise price		$0.19	$0.11	$0.08	$1.00	$0.12
Weighted average remaining life in years		4.22				4.01

(Expressed in Canadian Dollars)

11. Share Capital, continued

(d) Share Purchase Warrants, continued

Share purchase warrants outstanding as at April 30, 2015 were as follows:

Exercise Price	Expiry Date	Balance April 30, 2014	Issued	Expired	Balance April 30, 2015
$1.70	April 23, 2015	680,900	-	680,900	-
$3.00	*Note 1*	25,000	-	25,000	-
$4.00	*Note 1*	25,000	-	25,000	-
$1.00	January 31, 2016	845,200	-	-	845,200
$1.00	February 28, 2016	787,300	-	-	787,300
$0.50	September 13, 2016	703,015	-	-	703,015
$0.50	October 11, 2016	1,836,750	-	-	1,836,750
$0.08	March 4, 2020	-	2,335,407	-	2,335,407
$0.08	March 5, 2020	-	15,884,593	-	15,884,593
$0.08	March 11, 2020	-	1,810,000	-	1,810,000
		4,903,165	**20,030,000**	**730,900**	**24,202,265**
Weighted average exercise price		$0.86	$0.08	$1.82	$0.19
Weighted average remaining life in years		1.99			4.22

Note 1: Previously exercisable under an earn-in agreement which expired September 11, 2014.

(e) Fair Value Determination

The weighted average fair value of stock options granted was $0.08 (2015 - $0.07) and finders warrants issued was $0.06 (2015 - $0.05). Fair values were estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2016		2015	
	Options	**Warrants**	**Options**	**Warrants**
Risk-free interest rate	0.86%	0.70%	0.83%	0.91%
Expected share price volatility	126.74%	126.54%	122.42%	115.17%
Expected option/warrant life (years)	5.00	5.00	4.81	5.00
Expected dividend yield	0.00%	0.00%	0.00%	0.00%

The expected volatility assumptions have been developed taking into consideration historical volatility of the Company's share price.

(Expressed in Canadian Dollars)

11. Share Capital, continued

(e) Fair Value Determination, continued

The total calculated fair value of share-based payments recognized was as follows:

	2016	2015
Consolidated Statements of Comprehensive Loss		
Directors and officers	$ 133,643	$ 178,489
Consultants	61,889	68,381
	195,532	246,870
Consolidated Statements of Changes in Equity		
Finders' warrants	13,774	1,399
Total	$ 209,306	$ 248,269

12. Segmented Information

The Company conducts its business as a single operating segment, being the acquisition and exploration of mineral properties. As at April 30, 2016 and 2015 the Company's non-current assets were all located in Mexico.

13. Non-Controlling Interest

Pursuant to an earn-in agreement (Note 2), Electrum owns a 30.1% interest in SSHL which in turn owns 100% of MPS. Summarized financial information with respect to each of these subsidiaries before inter-company eliminations is as follows:

	2016	
	SSHL	MPS
Current Assets (USD)	$ 13,328,597	$ 86,250
Non-current Assets (USD)	-	2,061,075
	13,328,597	2,147,325
Current Liabilities (USD)	10,599,189	8,852,306
Equity (USD)	2,729,408	(6,704,981)
	13,328,597	2,147,325
Net loss (USD)	-	1,979,927
Attributable to equity holders (USD)	-	1,605,269
Attributable to non-controlling interest (USD) *	-	374,658

* Equivalent to CAD $501,891

The issuance of shares by subsidiary for $2,571,850 was accounted for as a shareholder transaction resulting in a non-controlling interest of ($3,192,058). The balance of $5,763,908 was taken to equity.

(Expressed in Canadian Dollars)

14. Supplemental Cash Flow Information

	2016	2015
Cash items		
Interest received	$ -	$ -
Income tax paid	$ -	$ -
Interest paid	$ -	$ 27,968
Non-cash items		
Financing and Investing Activities		
Shares issued for services	$ -	$ 25,000
Shares issued for conversion of debt	$ -	$ 300,560
Shares issued for loan bonus and finder's fee	$ -	$ 70,940

15. Income Tax

A reconciliation of the income tax charge computed at statutory rates to the reported loss before taxes is as follows:

	2016	2015
Income tax benefit at statutory rate of 26.00% (2015 - 26.00%)	$ 886,969	$ 356,141
Permanent differences	(64,979)	(98,058)
Temporary differences	62,173	70,751
Change in timing differences	(405,146)	(337,958)
Foreign exchange gains or losses	177,935	511,226
Adjustment attributable to income taxes of other countries	114,185	27,889
Unused tax losses and tax offsets not recognized	(771,137)	(529,991)
	$ -	$ -

The tax effects of temporary differences that give rise to deferred income tax assets and liabilities are as follows:

	2016	2015
Deferred income tax assets		
Tax value over book value of non-capital losses	$ 775,871	$ 706,381
	775,871	706,381
Deferred income tax liabilities		
Book value over tax value of mineral properties	$ (775,871)	$ (706,381)
Net deferred tax assets	$ -	$ -

(Expressed in Canadian Dollars)

15. Income Tax, continued

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2016	2015
Non-capital losses	$ 27,177,849	$ 24,622,291
Capital losses	53,597	53,597
Share issue costs	144,945	240,845
Tax value over book value of mineral properties	5,207,525	5,107,397
Tax value over book value of income tax credits	1,534	1,534
Tax value over book value of equipment	26,139	27,165
	$ 32,611,589	$ 30,052,829

The Company's approximate unrecognized non-capital losses expire as follows:

	CDN $	US $	Mexican Pesos
2017	-	-	9,369,000
2018	-	-	16,331,000
2019	-	-	18,308,000
2020	-	-	172,000
2021	-	-	6,284,000
2022	-	-	28,841,000
2023	-	-	23,846,000
2024	-	-	16,587,000
2025	-	-	6,100,000
2026	830,000	-	1,980,000
2027	1,206,000	-	-
2028	1,142,000	2,000	-
2029	760,000	1,719,000	-
2030	1,035,000	11,000	-
2031	1,061,000	5,000	-
2032	1,565,000	4,000	-
2033	1,004,000	46,000	-
2034	886,000	241,000	-
2035	743,000	53,000	-
2036	724,000	55,000	
	10,956,000	2,136,000	127,818,000

16. Events After the Reporting Period

Other than events disclosed elsewhere in these consolidated financial statements, the following occurred subsequent to April 30, 2016:

- On May 19, 2016, the Company closed a private placement and issued 11,000,000 units at a price of $0.10 per unit for gross proceeds of $1,100,000.

  Each unit consisted of one common share and one common share purchase warrant, with each warrant exercisable to purchase one additional common share for a period of five years at an exercise price of $0.15 per share.

  The Company also issued 72,000 finders' share purchase warrants exercisable to purchase one common share for a period of five years at an exercise price of $0.15 per share.

- On June 3, 2016, the Company granted 1,625,000 stock options to directors, officers and consultants exercisable for a period of five years at an exercise price of $0.30 per share. Included within this grant were 50,000 stock options that vest on September 3, 2016 (25%), December 3, 2016 (25%), March 3, 2017 (25%) and June 3, 2017 (25%).

- During May, June, July and August 2016, a total of 1,157,000 stock options with an exercise price of $0.08 per share and a total of 11,500 stock options with an exercise price of $0.11 per share, were exercised for total proceeds of $93,825.

- During May, June, July and August 2016, a total of 65,000 share purchase warrants with an exercise price of $0.50 per share and a total of 1,667,312 share purchase warrants with an exercise price of $0.08 per share, were exercised for total proceeds of $165,885.

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Management's Discussion and Analysis
For the Year Ended April 30, 2016
Dated: August 25, 2016

A. Introduction

The following Management's Discussion and Analysis ("MD&A") of the consolidated operating results and financial condition of Southern Silver Exploration Corp. (the "Company") is for the year ended April 30, 2016 and is dated August 25, 2016. This MD&A was prepared to conform to National Instrument ("NI") 51-102F1 and was approved by the Board of Directors prior to its release. This analysis should be read in conjunction with the Company's audited consolidated financial statements for the year ended April 30, 2016, and the accompanying notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Company's shares trade on the TSX Venture Exchange under the symbol "SSV", on the Frankfurt Stock Exchange under the symbol "SEG1", on the Santiago Stock Exchange, Venture under the symbol "SSVCL" and on the OTCQB Marketplace under the symbol "SSVFF".

The Company's functional and reporting currency is the Canadian dollar and all dollar amounts included herein are in Canadian dollars, unless otherwise indicated.

Additional information relating to the Company, including detailed drill results previously disclosed in news releases, is available on the Company's website at www.southernsilverexploration.com and on SEDAR at www.sedar.com.

B. Qualified Person

Robert W. J. Macdonald, P. Geo., is the qualified person under National Instrument 43-101 responsible for the technical information included in this MD&A and the supervision of work done in association with the exploration and development programs. Mr. Macdonald graduated with a B.Sc. degree from Memorial University of Newfoundland and a M.Sc. from the University of British Columbia. His work has focused on vein and intrusive-related gold systems and massive sulfide deposits.

C. Foreign Exchange Information and Conversion Tables

For ease of reference, the following information is provided:

Canadian Dollars per US Dollar (1)	Year ended April 30, 2016	2015
Rate at end of period	1.2548	1.2064
Average rate for period	1.3152	1.1499
High for period	1.4559	1.2790
Low for period	1.1967	1.0639

Conversion Table (2) Imperial		Metric	
1 acre	=	0.404686	hectares
1 foot	=	0.304800	meters
1 mile	=	1.609344	kilometres
1 ton	=	0.907185	tonnes
1 Ounce (troy)/ton	=	34.285700	g/t

(1) www.bankofcanada.ca (2) www.onlineconversion.com

C. Foreign Exchange Information and Conversion Tables, continued

Precious metal units and conversion factors [2]										
ppb	- Part per billion	1	ppb	=	0.0010	ppm	=	0.000030	oz/t
ppm	- Part per million	100	ppb	=	0.1000	ppm	=	0.002920	oz/t
oz	- Ounce (troy)	10,000	ppb	=	10.0000	ppm	=	0.291670	oz/t
oz/t	- Ounce per ton (avdp.)	1	ppm	=	1.0000	ug/g	=	1.000000	g/t
g	- Gram								
g/t	- gram per metric ton	1	oz/t	=	34.2857	ppm			
mg	- milligram	1	Carat	=	41.6660	mg/g			
kg	- kilogram	1	ton (avdp.)	=	907.1848	kg			
ug	- microgram	1	oz (troy)	=	31.1035	g			

D. Summary of Mineral Properties

The Company's principal business activities include the acquisition, exploration, and development of natural resource properties for enhancement of value and disposition pursuant to sales agreements or development by way of third party option and/or joint venture agreements.

The Company is continuing to advance its core asset - Cerro Las Minitas - a silver-lead-zinc property located in Durango State, Mexico. The property is a large land position and lies within the prolific Faja de Plata (Belt of Silver) of north central Mexico.

The Company also continues to advance Oro - a gold-silver-copper-lead-zinc property located in New Mexico, USA. The property features a classic porphyry zonation within the highly prospective Laramide Porphyry belt of the southern USA.

Cerro Las Minitas - Durango, Mexico

The property is located about 70 kilometres to the northeast of the city of Durango in Durango State, Mexico, and is accessed easily by road. The property comprises 18 concessions totalling approximately 13,700 hectares in one of the most significant silver producing regions in the world.

Since acquisition, drilling has identified three high-grade silver-polymetallic deposits, the Blind Zone and El Sol zones and several new discoveries have also been made at the North Skarn and South Skarn targets and in extensions to the historic deposits at Mina Santo Nino and Mina La Bocona. Mineralization occurs as massive-sulphide pipes, veins and replacements in sub-vertical structures that demonstrate good continuity between drill holes. Mineralization is open on-strike and at depth in a similar geological environment to that of major Mexican Carbonate Replacement Deposits (CRDs) such as Santa Eulalia (45Mt of 310g/t Ag, 7.1% Zn and 8.2% Pb) and Skarn deposits such as San Martin (60Mt of 118g/t silver, 0.9% copper and 3.9% zinc).

On May 14, 2015, the Company granted Electrum Global Holdings L.P. ("Electrum") the right to earn an indirect 60% interest in the property by funding exploration and development expenditures of US $5,000,000 over a maximum 48 month period. To date, Electrum has contributed US $2,750,000 and earned an indirect 30.1% interest in the property.

D. Summary of Mineral Properties, continued

Cerro Las Minitas - Durango, Mexico, continued

During 2015, approximately 9,000 metres of drilling were completed in 11 new core holes and three extensions of earlier holes. The program has added new areas of high-grade mineralization to the results of earlier exploration. A total of 32,719 metres of drilling in 86 core holes have now been completed on the property.

On March 21, 2016, the Company released an initial NI 43-101 resource for the property of 10.8Mozs Ag, 189Mlbs Pb and 207Mlbs Zn (36.5Mozs AgEq) Indicated and 17.5Mozs Ag, 237Mlbs Pb and 626Mlbs Zn (77.3Mozs AgEq) Inferred.

Table 1: Base-case Mineral Resource Estimate utilizing a 150g/t AgEq cut-off value

Indicated													
Zone	**Tonnes** (Kt)	**Ag** (g/t)	**Au** (g/t)	**Pb** (%)	**Zn** (%)	**Cu** (%)	**AgEq** (g/t)	**Ag** (ozs*1000)	**Au** (ozs*1000)	**Pb** (Mlbs)	**Zn** (Mlbs)	**Cu** (Mlbs)	**AgEq (Oz)** (000's)
Blind Zone	2,641	99	0.07	2.4	2.1	0.10	303	8,442	5.7	139.4	123.3	5.6	25,720
El Sol Zone	1,083	69	0.02	2.1	3.5	0.09	311	2,392	0.6	49.8	83.6	2.0	10,812
Total	**3,724**	**90**	**0.05**	**2.3**	**2.5**	**0.09**	**305**	**10,834**	**6.3**	**189.2**	**206.9**	**8**	**36,532**
Inferred													
Zone	**Tonnes** (Kt)	**Ag** (g/t)	**Au** (g/t)	**Pb** (%)	**Zn** (%)	**Cu** (%)	**AgEq** (g/t)	**Ag** (ozs*1000)	**Au** (ozs*1000)	**Pb** (Mlbs)	**Zn** (Mlbs)	**Cu** (Mlbs)	**AgEq (Oz)** (000's)
Blind Zone	2,863	91	0.28	1.6	3.9	0.21	364	8,370	25.9	98.0	249.0	13.1	33,498
El Sol Zone	2,909	71	0.09	1.9	4.1	0.11	339	6,594	8.6	121.8	264.4	7.2	31,719
Santo Nino Zone	839	95	0.03	0.9	6.1	0.47	446	2,568	0.8	17.5	113.0	8.6	12,036
Total	**6,611**	**82**	**0.17**	**1.6**	**4.3**	**0.20**	**363**	**17,533**	**35.4**	**237.3**	**626.4**	**29.0**	**77,252**

The 150g/t AgEq cut-off value was calculated using average long-term prices of $15/oz. silver, $1,100/oz. gold, $2.75/lb. Copper, $0.90/lb. lead and $0.90/lb. zinc and metal recoveries of 82% silver, 86% lead and 80% zinc. All prices are stated in $US.

Table 2: Summary of Mineral Resources at the Cerro Las Minitas Project, Durango State, Mexico

	Tonnes (Kt)	**Ag** (g/t)	**Au** (g/t)	**Pb** (%)	**Zn** (%)	**Cu** (%)	**AgEq** (g/t)	**Ag (O)z** (000's)	**Au (Oz)** (000's)	**Pb** (Mlbs)	**Zn** (Mlbs)	**Cu** (Mlbs)	**AgEq (Oz)** (000's)
100g/t AgEq Cut-off													
Indicated	5,499	74	0.06	1.9	2.0	0.08	247	13,060	10.1	225.8	241.8	9.8	43,635
Inferred	7,958	75	0.14	1.5	3.7	0.19	322	19,170	36.9	258.3	650.2	33.1	82,448
150g/t AgEq Cut-Off													
Indicated	**3,724**	**90**	**0.05**	**2.3**	**2.5**	**0.09**	**305**	**10,834**	**6.3**	**189.2**	**206.9**	**7.7**	**36,532**
Inferred	**6,611**	**82**	**0.17**	**1.6**	**4.3**	**0.20**	**363**	**17,533**	**35.4**	**237.3**	**626.4**	**29.0**	**77,252**
250g/t AgEq Cut-Off													
Indicated	1,658	125	0.04	3.4	4.0	0.14	452	6,686	2.3	124.6	146.8	5.1	24,072
Inferred	4,434	98	0.17	1.9	5.5	0.25	446	13,962	24.3	182.9	539.9	24.7	63,642
350g/t AgEq Cut-Off													
Indicated	1,086	143	0.05	4.0	5.0	0.16	536	4,997	1.6	95.7	119.2	3.9	18,724
Inferred	2,692	120	0.13	2.1	7.0	0.31	543	10,378	11.0	126.3	414.1	18.5	47,002
450g/t AgEq Cut-Off													
Indicated	641	169	0.05	4.9	5.7	0.16	630	3,477	1.0	69.5	80.9	2.3	12,995
Inferred	1,909	131	0.12	2.3	7.9	0.37	605	8,021	7.4	95.2	333.6	15.4	37,112

D. Summary of Mineral Properties, continued

Cerro Las Minitas - Durango, Mexico, continued

Notes:
1. *The current Resource Estimate was prepared by Garth Kirkham, P.Geo., of Kirkham Geosystems Ltd.*
2. *CIM definitions were followed for classification of Mineral Resources*
3. *Mineral resources were constrained using mainly geological constraints and approximate 10g/t AgEq grade shells*
4. *Mineral Resources were estimated using a long-term prices of prices of $15/oz. silver, $1,100/oz. gold, $2.75/lb Cu, $0.90/lb lead and $0.90/lb zinc and metal recoveries of 82% silver, 86% lead and 80% zinc. All prices are stated in $USD.*

A total of 3,236 metres of core drilling was completed in the 2016 Phase I drill program, consisting of three new holes which tested the lateral and depth extensions of the Blind and El Sol deposits on the west side of the Central Intrusion as well as an extension of hole CLM-001 which tested down dip and along strike of the Mina La Bocona zone located on the eastern side of the Central Intrusion. Drill results identified a thick interval of continuous polymetallic semi-massive and massive sulphide mineralization in drill hole 16CLM-088 which forms part of a new, previously unrecognized, extension of the Blind and El Sol deposits and the continuity of mineralization within the contact skarn around the margin of the central intrusion.

Delineation of this newly identified mineral extension is a high priority for future drilling on the property which if successful could have a positive impact on the cumulative mineral resources of the project.

Encouraging results of preliminary metallurgical testing were also reported from the Blind - El Sol Zone. Testing was done on a composite of ten samples taken from the high-grade dump at the La Lupita shaft. The head analyses of the composite returned 225g/t Ag, 0.06g/t Au, 0.11% Cu, 6.6%Pb and 5.4% Zn. Both lead and zinc concentrates were produced via batch flotation as follows:

- Approximately 82% of the silver, 86% of the lead and 12% of the zinc was recovered into the lead rougher concentrate assaying 2000ppm Ag, 61.5% Pb and 7.2% Zn. The concentrate was later upgraded to 2300ppm Ag and 71.1% Pb, and
- Subsequent zinc flotation recovered 79% of the zinc into a rougher concentrate at a grade of 39.5% Zn. Two-stage cleaning of the concentrate increased the grade to 49.7% Zn.

These preliminary results are significant in that two separate, high-grade concentrates were produced from mined material from the Blind Zone. Additional test-work is recommended utilizing different reagents in order to further upgrade the final concentrates. Samples charges of the composite have been retained and this work will be completed after the next phase of exploration on the property.

Minas de Ameca - Jalisco, Mexico

The Minas de Ameca project, located about 80 kilometres west of Guadalajara, previously comprised the El Magistral, Magistral I and San Luis claims. The Company returned Magistral I, which was in default, to the vendors and is continuing efforts to option the remaining claims to a third party.

Oro - New Mexico, USA

The Oro property comprises a contiguous block of Federal, State and private land totaling 11.8 square kilometres in the historic Eureka mining district in Grant County, New Mexico and is located approximately 80 kilometres southwest of the Silver City porphyry copper district.

D. Summary of Mineral Properties, continued

Oro - New Mexico, USA, continued

The claims surround a highly prospective quartz-sericite-pyrite alteration footprint, interpreted to overlie an unexposed porphyry centre. Classic porphyry system zonation is indicated by surface gold and copper mineralization associated with Laramide-age intrusions in this core area, flanked by lead-zinc skarn mineralization and distal sediment-hosted gold occurrences.

In addition to bulk-tonnage porphyry copper-molybdenum-gold potential, the property also includes the high-grade sediment-hosted Stock Pond gold target. Reconnaissance rock sampling has been completed over a strike length of 140 metres, yielding values up to 4.8 grams per tonne gold. Gold mineralization is interpreted to be related to the main porphyry centre, located 4 kilometres to the southwest.

During the years ended April 30, 2016 and 2015, the Company continued to assess its planned course of action with respect to the property and determined this to be an indicator of impairment. As no recoverable amount could be calculated, an impairment provision was recorded against all capitalized costs relating to these claims of $21,477 (2015 - 34,679).

Subsequent to the year end, surface mapping and rock chip sampling commenced on the project focusing on areas outboard of the main porphyry system. This surface work will be followed by a short trenching program and a 1,500 metre reverse circulation drill program scheduled for early September. A total of five to six holes are planned for this phase of drilling which will target the Stock Pond gold-system. Previous work in the Stock Pond area identified a 500 metre x 500 metre gold-in-soil anomaly and up to 4.8g/t Au in rock chip sampling from silicified outcrop. The dimension of the gold anomaly coupled with the sampled grades underscore the project's potential for the discovery of a significant bulk-tonnage intrusive-related disseminated oxide-gold deposit.

Acquisition Costs

Mineral property acquisition costs are capitalized, net of recoveries. Mineral property acquisition costs as at April 30, 2016 were as follows:

	Mexico		USA	
	Cerro Las Minitas $	**Minas de Ameca $**	**Oro $**	**Total $**
Balance as at April 30, 2014	1,378,892	-	-	1,378,892
Additions, net	676,595	-	34,679	711,274
Impairments	-	-	(34,679)	(34,679)
Balance as at April 30, 2015	2,055,487	-	-	2,055,487
Additions, net	145,423	-	21,477	166,900
Impairments	-	-	(21,477)	(21,477)
Balance as at April 30, 2016	**2,200,910**	**-**	**-**	**2,200,910**

D. Summary of Mineral Properties, continued

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures are expensed as incurred. Exploration and evaluation expenditures incurred for the years ended April 30, 2016 and 2015 were as follows:

	Mexico		**USA**			
	Cerro Las Minitas		**Oro**		**Total**	
	$	**$**	**$**	**$**	**$**	**$**
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Assays and geochemistry	128,799	14,495	1,406	-	130,205	14,495
Camp, utilities and supplies	97,411	9,748	5,075	2,247	102,486	11,995
Drilling	1,313,318	64,845	-	-	1,313,318	64,845
Equipment and field supplies	38,397	12,818	-	7	38,397	12,825
Geological and geophysics	105,299	59,783	16,644	584	121,943	60,367
Land fees	49,681	112,166	-	307	49,681	112,473
Project supervision	485,198	163,303	-	20,623	485,198	183,926
Project support	5,044	3,909	6,883	-	11,927	3,909
Taxes	276,017	200,803	-	-	276,017	200,803
Travel	20,391	16,057	-	-	20,391	16,057
Recoveries	-	(294,803)	-	-	-	(294,803)
	2,519,555	**363,124**	**30,008**	**23,768**	2,549,563	386,892
General exploration - other					3,038	5,134
					2,552,601	**392,026**

E. Results of Operations

During the year ended April 30, 2016 the Company recognized a net loss and comprehensive loss of $3,411,416 (2015 - $1,374,772).

Differences in administration, investor relations, office and general and professional fees arose partly as a result of a revised service agreement which had a retrospective effective date of February 1, 2014 *(I - Related Party Transactions).*

As per the Company's mandate to acquire, explore, and develop mineral resource properties, and pursuant to an earn-in agreement with Electrum, the Company, as operator, continued drill and surface geochemistry programs on the Cerro Las Minitas property *(D - Summary of Mineral Properties)*. During the previous period, the Company recovered exploration costs incurred under an earn-in agreement which was terminated during the three months ended October 31, 2014.

Independent directors' fees decreased as result of the cessation of such fee arrangements effective November 1, 2014.

E. Results of Operations, continued

Investor relations and travel and promotion costs increased due to the appointment of an investor relations consultant and increased activity associated with on-going finance initiatives.

Non-cash share-based payments vary as stock options are granted and vest.

Foreign exchange gains and losses fluctuate based on the US and Canadian dollar exchange rate and the extent of transactions and balances denominated in US dollars.

During the previous period, the Company received a refund of a bond relating to a previously held property and recognized interest accretion expense with respect to on-demand and convertible borrowings. A loss on early repayment was also recognized with respect to settlement of the convertible debt.

The Company continued to assess its planned course of action with respect to non-core properties, determined this to be an indicator of impairment and, as a result, recorded an impairment provision against all capitalized costs relating to the Oro property.

A summary of variances is as follows:

	2016	2015	Variance	
	$	$	$	%
Administration	60,000	75,000	(15,000)	(20%)
Consulting	172,608	166,315	6,293	4%
Exploration and evaluation, net of recoveries	2,552,601	392,026	2,160,575	551%
Independent directors' fees	-	6,000	(6,000)	(100%)
Investor relations	147,058	52,090	94,968	182%
Office and general	34,384	15,007	19,377	129%
Professional fees	179,618	210,101	(30,483)	(15%)
Regulatory fees and taxes	28,793	23,628	5,165	22%
Share-based payments	195,532	246,870	(51,338)	(21%)
Shareholders' communications	8,948	4,744	4,204	89%
Transfer agent	10,445	16,861	(6,416)	(38%)
Travel and promotion	15,898	7,595	8,303	109%
Foreign exchange (gain) loss	(15,946)	22,844	(38,790)	(170%)
Interest and other income	-	(8,909)	8,909	(100%)
Loan interest accretion	-	79,817	(79,817)	(100%)
Loss on early repayment of convertible debt	-	30,079	(30,079)	(100%)
Mineral property impairment	21,477	34,679	(13,202)	(38%)
Realized gain on sale of marketable securities	-	(4,975)	4,975	(100%)
Reclassification adjustment for realized gain on sale of marketable securities included in net loss	-	4,975	(4,975)	(100%)
Unrealized loss (gain) on marketable securities, net of taxes	-	25	(25)	(100%)

F. Summary of Quarterly Results

The following financial data was derived from the Company's consolidated financial statements for the eight previous quarters:

	Apr 30, 2016 $		Jan 31, 2016 $		Oct 31, 2015 $		Jul 31, 2015 $		Apr 30, 2015 $		Jan 31, 2015 $		Oct 31, 2014 $		Jul 31, 2014 $
Net loss - equity holders	543,634		696,396		1,166,173		503,322		613,032		457,961		126,702		172,077
Net loss - non-controlling interest	100,001		243,126		121,283		37,481		-		-		-		-
Basic and diluted loss per share - equity holders	$ 0.01	$	0.01	$	0.02	$	0.01	$	0.02	$	0.03	$	0.01	$	0.01
Basic and diluted loss per share - non-controlling interest	$ 0.00	$	0.00	$	0.00	$	0.00	$	-	$	-	$	-	$	-

The Company earned no revenue during the periods presented other than minimal interest income due to the nature of current operations. Quarterly fluctuations during the periods presented mainly relate to a revised service agreement *(I - Related Party Transactions)*, recognition of share-based payments which occur as stock options are granted and vest, foreign exchange gains and losses which vary with market rates and mineral property exploration expenses or impairments which occur as projects are identified and drilling results are analyzed or other indicators arise.

The Company previously recovered exploration costs incurred under an earn-in agreement which was terminated during the three months ended October 31, 2014.

G. Fourth Quarter

On March 4, and April 8, 2016, the Company closed two tranches of a private placement and issued 12,000,000 units at a price of $0.05 per unit for gross proceeds of $600,000. Net proceeds were subsequently mainly utilized for working capital and costs associated with claim maintenance, permitting and other exploration expenses for Oro.

During March 2016, Electrum contributed a further US $750,000 pursuant to its right to earn an indirect 60% interest in Cerro Las Minitas.

H. Summary of Annual Information

During the previous three fiscal years presented below, the Company earned no revenue other than minimal interest income and main operating costs have remained materially constant, subject to additional contracts for services entered into as required and costs incurred for financing or other ad-hoc projects as undertaken. The Company continues to invested in its mineral properties as finance and assessments have permitted. Impairment charges are recognized as relevant indicators arise.

During the year ended April 30, 2014, the Company received notice of termination of an earn-in agreement and significant impairment charges were recognized.

To date, the Company has not paid dividends and does not have any long-term financial liabilities.

H. Summary of Annual Information, continued

	2016 $	2015 $	2014 $
Net loss - equity holders	(2,909,525)	(1,369,772)	(2,115,764)
Net loss - non-controlling interest	(501,891)	-	-
Basic and diluted loss per share - equity holders	(0.05)	(0.06)	(0.13)
Basic and diluted loss per share - non-controlling interest	(0.01)	-	-
Current assets	1,810,948	111,144	301,970
Other non-current assets	38,231	41,073	43,881
Mineral properties	2,200,910	2,055,487	1,378,892
Total assets	4,050,089	2,207,704	1,724,743
Total non-current financial liabilities	-	-	-
Cash dividends per common share	-	-	-

I. Related Party Transactions

Except as disclosed elsewhere, the Company entered into the following related party transactions:

(a) Pursuant to a revised service agreement between the Company and a private company controlled by a director and officer of the Company, the Company was charged as follows:

- $60,000 (2015 - $75,000) for office space and general administration services;
- $26,250 (2015 - $47,050) for professional services;
- $31,789 (2015 - $16,510) for consulting services;
- $42,883 (2015 - $2,710) for investor relations services;
- $155,005 (2015 - $126,390) for mineral property geological consulting services; and
- $1,383 (2015 - $1,691) for the mark-up on out-of-pocket expenses.

Amounts payable as at April 30, 2016 were $3,992 (2016 - $55,298).

(b) Fees in the amount of $112,320 (2015 - $112,320) were charged by a director and officer of the Company for consulting services. Amounts payable as at April 30, 2016 were $9,828 (2015 - $19,656).

(c) Fees in the amount of $25,047 (2015 - $64,473) were charged by a law firm controlled by a director and officer of the Company and included in professional fees, share issue costs and mineral property expenditures. Amounts payable as at April 30, 2016 were $nil (2015 - $67,486).

(d) Fees in the amount of $28,500 (2015 - $12,000) were charged by an officer of the Company for consulting services. Amounts payable as at April 30, 2016 were $2,500 (2015 - $2,000).

(e) Fees of $nil (2015 - $6,000) were payable with respect to independent directors' fees. Such fees ceased to be payable effective November 1, 2014.

These transactions were in the normal course of operations and were measured at the fair value of the services rendered. Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment.

I. Related Party Transactions, continued

The key management personnel of the Company are the directors and officers of the Company. The Company has no long-term employee or post-employment benefits. Compensation awarded to key management, included in (b), (d) and (e) above, was as follows:

		2016		2015
Short-term benefits	$	140,820	$	130,320
Share-based payments		133,643		178,489
Total	$	274,463	$	308,809

One executive officer is also entitled to termination benefits in the event of a change of control equal to one hundred percent of the compensation that would have been paid during the unexpired term of their agreement. The remaining balance payable under the agreement termination clause as at April 30, 2016 was $355,680.

J. Financial Condition, Liquidity and Capital Resources

As at April 30, 2016 the Company had working capital of $1,283,490 (2015 - working capital deficiency of $463,552).

However, the Company does not yet generate any revenue from operations and, for the foreseeable future, the Company will need to rely upon current earn-in agreements and / or issue share capital to finance future exploration and administrative activities. Although the Company has been successful in its financing initiatives, there can be no assurance that the Company will be able to obtain adequate future financing. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with a possible loss of some properties and reduction or termination of operations.

Equity issuances subsequent to April 30, 2016

On May 19, 2016, the Company closed a private placement and issued 11,000,000 units at a price of $0.10 per unit for gross proceeds of $1,100,000. Net proceeds are to be mainly utilized for working capital and continued costs associated with permitting and other exploration expenses for Oro.

During May, June, July and August 2016, a total of 1,157,000 stock options with an exercise price of $0.08 per share and a total of 11,500 stock options with an exercise price of $0.11 per share, were exercised for total proceeds of $93,825.

During May, June, July and August 2016, a total of 65,000 share purchase warrants with an exercise price of $0.50 per share and a total of 1,667,312 share purchase warrants with an exercise price of $0.08 per share, were exercised for total proceeds of $165,885.

K. Outstanding Equity and Convertible Securities

i) Issued and Outstanding Shares

As at August 25, 2016, the Company had 80,576,748 common shares issued and outstanding.

K. Outstanding Equity and Convertible Securities, continued

ii) Stock Options

Stock options outstanding and exercisable as at August 25, 2016 were as follows:

Exercise Price	Expiry Date	Balance April 30, 2016	Granted	Exercised	Balance August 25, 2016
$1.00	June 5, 2017	35,000	-	-	35,000
$1.00	March 14, 2018	150,000	-	-	150,000
$0.08	March 14, 2018	220,200	-	117,000	103,200
$0.50	March 24, 2019	50,000	-	-	50,000
$0.08	March 26, 2020	3,429,000	-	880,000	2,549,000
$0.08	July 29, 2020	1,000,000	-	100,000	900,000
$0.08	September 28, 2020	250,000	-	60,000	190,000
$0.11	April 22, 2021	1,350,000	-	11,500	1,338,500
$0.30	June 3, 2021	-	1,625,000	-	1,625,000
Options outstanding		**6,484,200**	**1,625,000**	**1,168,500**	**6,940,700**
Options exercisable		**6,284,200**			**6,771,950**
Weighted average exercise price, outstanding		$0.12	$0.30	$0.08	$0.16
Weighted average exercise price, exercisable		$0.12	$0.30	$0.08	$0.17
Weighted average remaining life in years, outstanding		3.92			4.03
Weighted average remaining life in years, exercisable		4.06			4.02

iii) Share Purchase Warrants

Share purchase warrants outstanding as at August 25, 2016 were as follows:

Exercise Price	Expiry Date	Balance April 30, 2016	Issued	Exercised	Balance August 25, 2016
$0.50	September 13, 2016	703,015	-	-	703,015
$0.50	October 11, 2016	1,836,750	-	65,000	1,771,750
$0.08	March 4, 2020	2,217,407	-	958,112	1,259,295
$0.08	March 5, 2020	15,884,593	-	-	15,884,593
$0.08	March 11, 2020	1,810,000	-	-	1,810,000
$0.15	June 26, 2020	10,000,000	-	-	10,000,000
$0.08	March 4, 2021	7,716,000	-	96,000	7,620,000
$0.08	April 8, 2021	4,526,400	-	613,200	3,913,200
$0.15	May 19, 2021	-	11,072,000	-	11,072,000
		44,694,165	**11,072,000**	**1,732,312**	**54,033,853**
Weighted average exercise price		$0.12	$0.15	$0.10	$0.30
Weighted average remaining life in years		4.01			3.90

L. Financial Instruments

The Company's financial instruments include cash, reclamation bonds, accounts payable and accrued liabilities and amounts due to related parties.

The Company has classified its financial instruments into the following categories:

Financial Instrument	Category	Carrying Value
Cash	FVTPL	Fair Value
Reclamation Bonds	Loans and Receivables	Amortized Cost
Accounts Payable and Accrued Liabilities	Other Financial Liabilities	Amortized Cost
Due to Related Parties	Other Financial Liabilities	Amortized Cost

The carrying values of accounts payable and accrued liabilities and due to related parties approximate their fair values due to the short period to maturity. Reclamation bonds are non-interest-bearing, have no maturity date and their carrying values approximate fair value.

These financial instruments have no material risk exposure. Risk is managed with respect to cash by risk management policies that require significant cash deposits or short-term investments be invested with Canadian chartered banks rated BBB or better, or commercial paper issuers R1/A2/P2 or higher. In addition, all investments must be less than one year in duration.

M. Events After the Reporting Period and Outlook

There are no other material events subsequent to the date of this document. The Company is continuing to explore its properties and activities over the ensuing year will focus on this. The Company expects to continue its strategy of collaborating with experienced mining companies to acquire and develop other properties and to advance them to production.

N. Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements and does not contemplate entering into any such arrangements in the foreseeable future.

O. Disclosure Controls and Procedures

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control.

The Audit Committee is composed of three directors, two of whom are independent, who meet at least quarterly with management, and at least annually with the external auditors, to review accounting, internal control, financial reporting and audit matters.

There have been no significant changes to the Company's internal control over financial reporting that occurred during the period that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

O. Disclosure Controls and Procedures, continued

The Audit Committee has established procedures for complaints received regarding accounting, internal controls or auditing matters, and for a confidential, anonymous submission procedure for employees who have concerns regarding questionable accounting or auditing matters. The Whistleblower policy is in accordance with National Instrument 52-110 Audit Committees, National Policy 58-201 Corporate Governance Guidelines and National Instrument 58-101 Disclosure of Corporate Governance Practices.

Being a venture issuer, the Company is exempted from the certification on Disclosure Controls and Procedures and Internal Control Over Financial Reporting. The Company is required to file Form 52-109FV1 for annual reporting and Form 52-109FV2 for interim reporting.

P. Risks and Uncertainties

The principal business of the Company is the acquisition, exploration and development of mineral properties. Given the nature of the mining business, the limited extent of the Company's assets and the present stage of development, the following risk factors, among others, should be considered:

Exploration Stage Company

The Company does not hold any known mineral reserves of any kind and does not generate any revenues from production. The Company's success will depend largely upon its ability to locate commercially productive mineral reserves. Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive.

There is no assurance that exploration efforts will be successful. Success in establishing reserves is a result of a number of factors, including the quality of management, the level of geological and technical expertise, and the quality of property available for exploration.

Once mineralization is discovered, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves through drilling and bulk sampling, to determine the optimal metallurgical process to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities.

Because of these uncertainties, no assurance can be given that our exploration programs will result in the establishment or expansion of resources or reserves.

No Operating History and Availability of Financial Resources

The Company does not have an operating history and has no operating revenues and is unlikely to generate any significant amount in the foreseeable future. Therefore, it may not have sufficient financial resources to undertake, by itself, all of its planned exploration and administrative activities.

Historically, the Company has relied mainly upon the issuance of share capital to finance its activities.

P. Risks and Uncertainties, continued

In the future, the Company will be required to rely on current earn-in agreements and / or issue share capital to finance future exploration and administrative activities, which may result in dilution to existing shareholders.

Furthermore, the amount of additional funds required may not be available under favorable terms, if at all. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further exploration and development and could cause the Company to forfeit its interests in some or all of its properties or to reduce or discontinue its operations.

Price Volatility and Lack of Active Market

Securities markets in Canada and elsewhere continue to experience a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any quoted market for the Company's securities will be subject to such market trends and that the value of such securities may be affected accordingly. If an active market does not develop, the liquidity of the investment may be limited and the market price of such securities may decline below the subscription price.

Dependence on Key Personnel

The Company is dependent on a relatively small number of key directors, officers and senior personnel. Loss of any one of those persons could have an adverse effect on the Company.

The Company does not currently maintain "key-man" insurance in respect of any of its management.

Government Regulations and Environmental Risks and Hazards

The Company conduct is subject to various federal, provincial, state laws, rules and regulations, including environmental legislation. Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource property interests, the potential for production on the property may be diminished or negated.

The Company has adopted environmental practices designed to ensure that it continues to comply with environmental regulations currently applicable to it. All of the Company's activities are in compliance in all material respects with applicable environmental legislation. Environmental hazards may exist on the Company's properties, which may have been caused by previous or existing owners or operators of the properties.

The Company is not aware of any existing environmental hazards related to any of its current property interests that may result in material liability to the Company.

P. Risks and Uncertainties, continued

Competition

The resource industry is intensively competitive in all of its phases, and the Company competes with many other companies possessing much greater financial and technical resources. Competition is particularly intense with respect to the acquisition of desirable undeveloped properties.

The principal competitive factors in the acquisition of prospective properties include the staff and data necessary to identify and investigate such properties, and the financial resources necessary to acquire and develop the projects. Competition could adversely affect the Company's ability to acquire suitable prospects for exploration.

Title to Property

Although the Company has exercised the usual due diligence with respect to title to properties in which it has a material interest, there is no guarantee that title to the properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers, aboriginal land claims or government expropriation and title may be affected by undetected defects.

Licenses and Permits

The operations of the Company require licenses and permits from various government authorities. The Company believes that it holds all necessary licenses and permits under applicable laws and regulations for work in progress and believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in various circumstances. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to explore and develop its properties, commence construction or operation of mining facilities or to maintain continued operations that economically justify the cost.

Q. Changes in Accounting Policies Including Initial Adoption

Future Accounting Standards Changes

IFRS 9: *Financial Instruments* will eventually form a complete replacement for IAS 39: *Financial Instruments: Recognition and Measurement*. All financial assets are classified as measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified as subsequently measured at amortized cost except for financial liabilities classified at fair value through profit and loss, financial guarantees and certain other exceptions.

In response to delays to the completion of the remaining phases of the project, on December 16, 2011, the IASB issued amendments to IFRS 9 which deferred the mandatory effective date from January 1, 2013 to annual periods beginning on or after January 1, 2018. The amendments also provided relief from the requirement to restate comparative consolidated financial statements for the effects of applying IFRS 9. The Company is currently assessing these effects.

R. Proposed Transactions

Other than normal course review of monthly submittals, there are no other new acquisitions or proposed transactions contemplated as at the date of this report.

S. Forward-Looking Statements

Some of the statements contained in this MD&A may be deemed "forward-looking statements." These include estimates and statements that describe the Company's future plans, objectives or goals, and expectations of a stated condition or occurrence. Forward-looking statements may be identified by the use of words such as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan".

Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties.

Actual results relating to, among other things, results of exploration, reclamation, capital costs, and the Company's financial condition and prospects, could differ materially from those currently anticipated in such statements for many reasons such as but not limited to; changes in general economic conditions and conditions in the financial markets; changes in demand and prices for the minerals the Company expects to produce; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; technological and operational difficulties encountered in connection with the Company's activities; changing foreign exchange rates and other matters discussed in this MD&A.

Readers should not place undue reliance on the Company's forward-looking statements. Further information regarding these and other factors, which may cause results to differ materially from those projected in forward-looking statements, are included in the filings by the Company with securities regulatory authorities. The Company does not assume any obligation to update or revise any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws, whether as a result of new information, future events or otherwise.