BACANORA MINERALS LTD.
Condensed Consolidated Interim Financial Statements
September 30, 2016

(Unaudited)

Management's Comments on the Unaudited Condensed Consolidated Interim Financial Statements

The accompanying unaudited condensed consolidated interim financial statements of Bacanora Minerals Ltd. as at and for the three months ended September 30, 2016 and 2015 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These statements have not been reviewed by the Company's external auditors.

BACANORA MINERALS LTD.
Consolidated Statements of Financial Position
Unaudited
Expressed in Canadian Dollars

As at	**September 30, 2016**	June 30, 2016
Assets		
Current		
Cash	**$ 24,833,849**	$ 28,730,168
Other receivables	**367,735**	265,342
Deferred costs	**117,972**	102,607
Subscriptions receivables (Notes 8 and 16)	**3,892,459**	-
Total current assets	**29,212,015**	29,098,117
Non-current assets		
Property and equipment (Note 6)	**2,370,977**	2,364,371
Exploration and evaluation assets (Note 7)	**19,415,111**	17,816,713
Total non-current assets	**21,786,088**	20,181,084
Total assets	**50,998,103**	49,279,201
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**1,465,779**	1,041,117
Warrant liability (Note 8(b))	**-**	897,323
Total current liabilities	**1,465,779**	1,938,440
Non-current liabilities		
Deferred tax liability	**135,000**	135,000
Total non-current liabilities	**135,000**	135,000
Total liabilities	**1,600,779**	2,073,440
Shareholders' Equity		
Share capital (Note 8)	**61,545,494**	57,058,924
Contributed surplus (Note 8(e))	**4,313,733**	3,528,990
Foreign currency translation reserve	**61,151**	574,478
Deficit	**(15,355,779)**	(13,150,873)
Attributed to Shareholders of Bacanora Minerals Ltd.	**50,564,599**	48,011,519
Non-controlling interest	**(1,167,275)**	(805,758)
Total shareholders' equity	**49,397,324**	47,205,761
Total Liabilities and Shareholders' Equity	**$ 50,998,103**	$ 49,279,201

Approved by the Board of Directors:

(signed) "James Leahy"
James Leahy
Director

(signed)"Shane Shircliff"
Shane Shircliff
Director

See accompanying notes to the consolidated financial statements.

BACANORA MINERALS LTD.
Consolidated Statements of Comprehensive Loss
Unaudited
Expressed in Canadian Dollars

	Three months ended September 30,	
	2016	2015
Revenue		
Interest income	**$ 38,720**	$ 24,110
Expenses		
General and administrative (Note 10)	**1,283,089**	523,363
Depreciation (Note 6)	**39,695**	34,010
Stock-based compensation (Note 9(f))	**784,743**	-
	2,107,527	557,373
Loss before other items	**(2,068,807)**	(533,263)
Foreign exchange loss	**(846,580)**	(956,377)
Warrant liability valuation	**348,964**	-
Loss	**(2,566,423)**	(1,489,640)
Foreign currency translation adjustment	**(513,327)**	950,290
Total comprehensive loss	**(3,079,750)**	(539,350)
Loss attributable to shareholders of Bacanora Minerals Ltd.	**(2,204,906)**	(1,376,273)
Loss attributable to non-controlling interest	**(361,517)**	(113,367)
	(2,566,423)	(1,489,640)
Total comprehensive loss attributable to shareholders of Bacanora Minerals Ltd.	**(2,718,233)**	(425,983)
Total comprehensive loss attributable to non-controlling interest	**(361,517)**	(113,367)
	(3,079,750)	(539,350)
Net loss per share (basic and diluted)	**$ (0.03)**	$ (0.01)

See accompanying notes to the consolidated financial statements.

BACANORA MINERALS LTD.
Consolidated Statements of Changes in Shareholders' Equity
Unaudited
Expressed in Canadian Dollars

	Share Capital						
	Number of Shares	Amount	Contributed Surplus	Accumulated other comprehensive income	Deficit	Non-controlling interest	**Total**
Balance, June 30, 2015	84,947,409	$24,827,911	$657,254	$1,695,333	$(2,855,397)	$(680,281)	$23,644,820
Share issued on exercise of options	200,000	101,780	(41,780)	-	-	-	60,000
Foreign currency translation adjustment	-	-	-	950,290	-	-	950,290
Loss for the period	-	-	-	-	(1,376,273)	(177,538)	(1,553,811)
Balance, September 30, 2015	85,147,409	$24,929,691	$615,474	$2,645,623	$(4,231,670)	$(857,819)	$23,101,299
Brokered placements	21,226,944	32,099,923	-	-	-	-	32,099,923
Shares issued on exercise of options	1,700,000	1,046,880	(405,879)	-	-	-	641,001
Share issue costs	-	(915,790)	-	-	-	-	(915,790)
Stock-based compensation expense	-	-	3,277,615	-	-	-	3,277,615
Foreign currency translation adjustment	-	-	-	(1,120,855)	-	-	(1,120,855)
Loss for the period	-	-	-	-	(10,295,476)	(125,477)	(10,420,953)
Balance, June 30, 2016	**107,874,353**	**$57,058,924**	**$3,528,990**	**$574,478**	**$(13,150,873)**	**$(805,758)**	**$47,205,761**
Shares issued on exercise of warrants	2,925,000	4,486,570	-	-	-	-	4,486,570
Stock-based compensation expense	-	-	784,743	-	-	-	784,743
Foreign currency translation adjustment	-	-	-	(513,327)	-	-	(513,327)
Loss for the period	-	-	-	-	(2,204,906)	(361,517)	(2,566,423)
Balance, September 30, 2016	**110,799,353**	**$61,545,494**	**$4,313,733**	**$61,151**	**(15,355,779)**	**(1,167,275)**	**$49,397,324**

See accompanying notes to the consolidated financial statements.

BACANORA MINERALS LTD.
Consolidated Statements of Cash Flows
Unaudited
Expressed in Canadian Dollars

	Three months ended September 30,	
	2016	2015
Cash provided by (used in)		
Operating activities		
Net loss	**$ (2,566,423)**	$ (1,489,640)
Depreciation	**39,695**	34,010
Warrant liability revaluation	**(348,964)**	-
Stock-based compensation expense (Note 9(f))	**784,743**	-
Unrealized foreign exchange loss	**-**	950,290
	(2,090,949)	(505,340)
Changes in non-cash working capital		
Other receivables	**(102,393)**	53,665
Prepaid	**(15,365)**	(11,300)
Accounts payable and accrued liabilities	**424,662**	235,894
	(1,784,045)	(227,081)
Financing activities		
Related party advances	**-**	172,240
Warrants proceeds	**45,752**	-
Option proceeds	**-**	60,000
	45,752	223,240
Investing activities		
Additions to mineral properties (Note 7)	**(1,982,315)**	(1,374,142)
Additions to property and equipment (Note 6)	**(175,711)**	20,863
	(2,158,027)	(1,353,279)
Increase in cash position	**(3,896,319)**	(1,357,120)
Cash, beginning of the period	**28,730,168**	9,991,037
Cash, end of the period	**$ 24,833,849**	$ 8,633,917

See accompanying notes to the consolidated financial statements.

1. CORPORATE INFORMATION

Bacanora Minerals Ltd. (the "**Company**" or "**Bacanora**") was incorporated under the *Business Corporations Act* of Alberta on September 29, 2008. The Company is dually listed on the TSX Venture Exchange as a Tier 2 issuer and on the AIM Market of the London Stock Exchange, with its common shares trading under the symbol, "BCN" on both exchanges. The address of the Company is 2204 6 Avenue N.W. Calgary, AB T2N 0W9.

The Company is an exploration stage mining company engaged in the identification, acquisition, exploration and development of mineral properties located in Mexico. The Company has not yet determined whether its mineral properties contain economically recoverable reserves. The recoverability of amounts capitalized is dependent upon the discovery of economically recoverable reserves, securing and maintaining title in the properties and obtaining the necessary financing to complete the exploration and development of these projects and upon attainment of future profitable production. The amounts capitalized as mineral properties represent costs incurred to date, and do not necessarily represent present or future values.

2. BASIS OF PREPARATION

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended June 30, 2016, which have been prepared in accordance with IFRS as issued by the IASB.

The Company uses the same accounting policies and methods of computation as in the audited annual consolidated financial statements for the year ended June 30, 2016.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 17, 2016. The Board of Directors has the power and authority to amend these financial statements after they have been issued.

b) Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value.

These consolidated financial statements are presented in Canadian dollars. The functional currency of the Company is the British pound sterling ("**GBP**") and US dollar for its subsidiaries. The Company's functional currency previously was the Canadian dollar up until June 30, 2016.

c) New standards and interpretations not yet adopted

A number of new IFRS standards, and amendments to standards and interpretations, are not yet effective for the period ended September 30, 2016, and have not been applied in preparing these condensed consolidated interim financial statements. None of these standards are expected to have a significant effect on the condensed consolidated interim financial statements of the Company.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Company's financial statements in accordance with IFRS requires management to make certain judgments, estimates, and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from these estimates. Information about the significant judgments, estimates, and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

a) Exploration and evaluation assets

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain economically recoverable mineral reserves. The recoverability of carrying values for mineral properties is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to obtain the financing necessary to complete exploration and development, and the success of future operations.

The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that costs incurred will be recovered through successful exploration and development or sale of the asset under review when assessing impairment. Furthermore, the assessment as to whether economically recoverable reserves exist is itself an estimation process. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in the statement of comprehensive loss in the period when the new information becomes available. The carrying value of these assets is detailed in Note 7.

b) Title to mineral property interests

Although the Company has taken steps to verify the title to the exploration and evaluation assets in which it has an interest, in accordance with industry practices for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

c) Rehabilitation provision

Rehabilitation or similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations.

d) Functional currency

The Company transacts in multiple currencies. The assessment of the functional currency of each entity within the consolidated group involves the use of judgment in determining the primary economic environment each entity operates in. The Company first considers the currency that mainly influences sales prices for goods and services, and the currency that mainly influences labour, material and other costs of providing goods or services. In determining functional currency the Company also considers the currency from which funds from financing activities are generated, and the currency in which receipts from operating activities are usually retained. When there is a change in functional currency, the Company exercises judgment in determining the date of change.

e) Share-based payments

The Company utilizes the Black-Scholes Option Pricing Model to estimate the fair value of stock options granted to directors, officers and employees. The use of the Black-Scholes Option Pricing Model requires management to make various estimates and assumptions that impact the value assigned to the stock options, including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could have a material impact on the share-based payment calculation value.

The same estimates are required for transactions with non-employees where the fair value of the goods or services received cannot be reliably determined and for the warrant derivative liability.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

This note presents information about the Company's exposure to credit, liquidity and market risks arising from its use of financial instruments and the Company's objectives, policies and processes for measuring and managing such risks.

a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Company's credit risk relates solely to Input Tax Credits ("**ITC**") receivables in Canada and Value Added Tax ("**VAT**") receivables in Mexico. Any changes in management's estimate of the recoverability of the amount due will be recognized in the period of determination and any adjustment may be significant. The carrying amount of other receivables represent the maximum credit exposure.

All of the other receivables represent amounts due from the Canadian and Mexican governments and accordingly the Company believes them to have minimal credit risk. The Company considers all of its other receivables fully collectible, and therefore has not provided an allowance against this balance nor reclassified the balance as a non-current asset.

The Company's cash is held in major Canadian, UK and Mexican banks, and as such the Company is exposed to the risks of those financial institutions. The Board of Directors monitors the exposure to credit risk on an ongoing basis and does not consider such risk significant at this time. The Company considers all of its accounts receivables fully collectible.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses. Liquidity risk arises primarily from accounts payable and accrued liabilities and commitments, all with maturities of one year or less.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, and interest rates will affect the value of the Company's financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing long-term returns.

The Company conducts exploration projects in Mexico. As a result, a portion of the Company's expenditures, accounts receivables, accounts payables and accrued liabilities are denominated in US

dollars and Mexican pesos and are therefore subject to fluctuation in exchange rates. As at June 30, 2016, a 5% change in the exchange rate between GBP and US dollar would have an approximate $2,353,000 (2015 - $545,000) change to the Company's total comprehensive loss.

d) ***Fair values***

The carrying value approximates the fair value of the financial instruments due to the short term nature of the instruments.

5. CAPITAL MANAGEMENT

The Company's objectives in managing capital are to safeguard its ability to operate as a going concern while pursuing exploration and development and opportunities for growth through identifying and evaluating potential acquisitions or businesses. The Company defines capital as the Company's shareholders' equity excluding contributed surplus, of $46,250,866 at September 30, 2016 (June 30, 2016 - $44,482,529). The Company sets the amount of capital in proportion to risk and corporate growth objectives. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company is not subject to any externally imposed capital requirements.

6. PROPERTY AND EQUIPMENT

Cost	Building and equipment	Office furniture and equipment	Computer equipment	Transportation equipment	**Total**
Balance, June 30, 2015	$ 2,932,054	$ 3,147	$ 11,464	$ 146,396	**$ 3,093,061**
Additions	108,777	-	17,840	59,776	**186,393**
Foreign exchange	(267,264)	-	(18,765)	(17,909)	**(303,938)**
Balance, June 30, 2016	$ 2,773,567	$ 3,147	$ 10,539	$ 188,263	**$ 2,975,516**
Additions	175,711	-	-	-	**175,711**
Foreign exchange	(129,410)	-	-	-	**(129,410)**
Balance, Sept. 30, 2016	**$ 2,819,868**	**$ 3,147**	**$ 10,539**	**$ 188,263**	**$ 3,021,817**

Accumulated depreciation	Building and equipment	Office furniture and equipment	Computer equipment	Transportation equipment	**Total**
Balance, June 30, 2015	$ 412,036	$ 3,147	$ 7,843	$ 99,232	**$ 522,258**
Additions	80,591	-	2,696	5,600	**88,887**
Balance, June 30, 2016	$ 492,627	$ 3,147	$ 10,539	$ 104,832	**$ 611,145**
Additions	39,695	-	-	-	39,695
Balance, Sept. 30, 2016	**$ 532,322**	**$ 3,147**	**$ 10,539**	**$ 104,832**	**$ 650,840**

Carrying amounts	Building and equipment	Office furniture and equipment	Computer equipment	Transportation equipment	**Total**
At June 30, 2016	$ 2,280,940	$ -	$ -	$ 83,431	$ 2,364,371
At Sept. 30, 2016	**$ 2,287,546**	**$ -**	**$ -**	**$ 83,431**	**$ 2,370,977**

Expressed in Canadian Dollars, unless otherwise stated

7. EXPLORATION AND EVALUATION ASSETS

The Company's mining claims consist of mining concessions located in the State of Sonora, Mexico. The specific descriptions of such properties are as follows:

a) Magdalena Borate property

Originally referred to as San Francisco and El Represo projects, Magdalena Borate project consists of eight concessions, with a total area of 7,105 hectares. The concessions are 100% owned by MSB. The Magdalena property is subject to a 3% gross overriding royalty payable to Minera Santa Margarita S.A. de C.V., a subsidiary of Rio Tinto PLC, and a 3% gross overriding royalty payable to the estate of the past Chairman of the Company on sales of borate produced from this property.

b) Sonora Lithium property

The Sonora Lithium Project consists of ten contiguous mineral concessions. The Company through its wholly-owned Mexican subsidiary, MSB, has a 100% interest in two of these concessions: La Ventana and La Ventana 1, covering 1,820 hectares. Of the remaining concessions, five are owned 100% by Mexilit, El Sauz, El Sauz 1, El Sauz 2, Fleur and Fleur 1 covering 6,334 hectares. Mexilit is owned 70% by Bacanora and 30% by Rare Earth Minerals PLC ("**REM**").

The remaining three concessions, Buenavista, Megalit and San Gabriel, cover 89,235 hectares, and are subject to a separate agreement between the Company and REM. Under the agreement, Megalit is owned 70% by Bacanora and 30% by REM. As at June 30, 2016, Buenavista and San Gabriel concessions were transferred from MSB to Megalit, while the Megalit concession was in the process of being transferred to Megalit.

The Sonora Lithium property is subject to a 3% gross overriding royalty on production from certain concessions within the Sonora Lithium property payable to the estate of the past Chairman of the Company.

The balance of investment in mining claims as of September 30, 2016 and June 30, 2016 corresponds to concession payments to the federal government, and costs of exploration , and consists of the following:

	Magdalena Borate	La Ventana Lithium	Mexilit Lithium	Megalit Lithium	Total
Balance, June 30, 2015	**$ 7,246,158**	**$ 1,931,837**	**$ 2,091,527**	**$ 637,905**	**$ 11,907,427**
Additions	1,015,692	4,505,946	1,078,990	125,575	6,726,203
Foreign exchange	(537,109)	(60,295)	(186,935)	(32,578)	(816,917)
Balance, June 30, 2016	**$ 7,724,741**	**$ 6,377,488**	**$ 2,983,582**	**$ 730,902**	**$ 17,816,713**
Additions	-	1,956,908	14,302	11,105	1,982,315
Foreign exchange	(252,417)	(28,336)	(87,851)	(15,310)	(383,914)
Balance, Sept. 30, 2016	**$ 7,472,324**	**$ 8,306,060**	**$ 2,910,033**	**$ 726,697**	**$ 19,415,114**

8. SHARE CAPITAL

a) Authorized

Expressed in Canadian Dollars, unless otherwise stated

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

b) Common Shares Issued

	Shares	Amount
Balance, June 30, 2015	**84,947,409**	**$ 24,827,911**
Shares issued on exercise of options	850,000	355,410
Shares issued in private placement for cash(1)	11,476,944	17,871,564
Shares issued on exercise of options	850,000	691,470
Shares issued in private placement for cash(2)	9,750,000	14,228,359
Share issue costs	-	(915,790)
Balance, June 30, 2016	**107,874,353**	**$ 57,058,924**
Shares issued on exercise of warrants	2,925,000	4,486,570
Balance, September 30, 2016	**110,799,353**	**$61,545,494**

(1) On November 13, 2015, the Company completed a private financing of 11,476,944 common shares at a price of $1.56 (£0.77) per share for aggregate gross proceeds of $17,871,564 (£8,837,247). The Company paid commission of $354,280 and other share issue expenses of $56,117. As part of the financing, 1,973,407 common shares were acquired by REM, a company that is a significant shareholder and has a position in the Company's Board of Directors.

(2) On May 20, 2016, the Company completed a private financing that raised approximately $14,681,700 (£7,702,500) via the placing of 9,750,000 units (the "Placing Units") at a price of approximately $1.48 (£0.79) per Placing Unit (the "Placing"). The Company paid commission of $440,500 and other share issue expenses of $64,893. Each Placing Unit is comprised of one new common share of the Company (a "Placing Share") and 0.3 of one common share purchase warrant, with each whole warrant (a "Placing Warrant") being exercisable into one common share at a price of approximately $1.48 (£0.79) at any time subsequent to July 25, 2016, but on or before September 30, 2016. Accordingly, an aggregate of 9,750,000 Placing Shares and 2,925,000 Placing Warrants were issued under this Placing.

The Placing Warrants are denominated in a currency different than the functional currency and are recorded as warrant liability of $453,299, which was measured using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate: 0.39%; expected volatility: 38%; expected life: 4 months; fair value per warrant: $0.15.

The fair value of the warrant liability was re-measured as at June 30, 2016 to be $897,323 using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate: 0.25%; expected volatility: 44%; expected life: 3 months; fair value per warrant: $0.31.

c) Stock options

The following tables summarize the activities and status of the Company's stock option plan as at and during the period ended September 30, 2016.

	Number of options	Weighted average exercise price
Balance, June 30, 2015	**2,475,000**	**$ 0.38**
Exercised	(1,700,000)	0.33
Expired	(50,000)	1.58
Issued	4,250,000	1.75
Balance, June 30, and September 30, 2016	**4,975,000**	**$ 1.52**

Expressed in Canadian Dollars, unless otherwise stated

Grant date	Number outstanding at Sept. 30, 2016	Exercise price	Weighted average remaining contractual life (Years)	Expiry date	Number exercisable at Sept. 30, 2016
September 28, 2012	50,000	0.25	1.3	Sept. 28, 2017	50,000
September 11, 2013	725,000	0.30	2.0	Sept. 11, 2018	725,000
December 2, 2015	1,200,000	1.58	4.2	Dec. 2, 2020	1,200,000
January 22, 2016	1,000,000	1.56(1)	1.4	Jan. 22, 2018	1,000,000
April 27, 2016	2,000,000	1.94(2)	2.7	May 27, 2019	-
	4,975,000				2,975,000

(1) Exercise price of £0.77 per share
(2) Exercise price of £0.96 per share

d) Warrants

The following tables summarize the activities and status of the Company's warrants as at and during the period ended September 30, 2016.

	Number of warrants	Remaining contractual life (Years)	Expiry date	Weighted Average Exercise price
Balance, June 30, 2015	833,333	2.8	March 26, 2018	$ 0.45
Issued	2,925,000	0.3	September 30, 2016	$ 1.51
Balance, June 30, 2016	3,758,333	-	-	$ 1.27
Exercised	(2,925,000)	-	-	1.35
Balance, September 30, 2016	**833,333**	**1.6**		**$ 0.45**

Grant date	Number outstanding at Sept. 30, 2016	Exercise price	Weighted average remaining contractual life (Years)	Expiry date	Financing warrants
March 26, 2013	833,333	$ 0.45	2.8	March 26, 2018	833,333
September 30, 2016	**833,333**	**-**	**-**	**-**	**833,333**

e) Contributed surplus

The following table presents changes in the Company's contributed surplus.

	September 30, 2016	June 30, 2016
Balance, beginning of the period	**$ 3,528,990**	$ 657,254
Exercise of stock options	**-**	(405,879)
Stock-based compensation expense	**784,743**	3,277,615
Balance, end of the period	**$ 4,313,733**	$ 3,528,990

Expressed in Canadian Dollars, unless otherwise stated

f) Stock-based compensation expense

During the period ended September 30, 2016, the Company recognized $784,743 (2015 - $Nil) of stock-based compensation expense for options granted under the Company's stock option plan. The fair value of stock options granted during the period ended June 30, 2016 was estimated on the dates of grant using the Black-Scholes option pricing model with the following weighted average assumptions, risk-free interest rate of 0.73%, expected volatility of 138%, and expected life of 3 years. The fair value of each stock option was $1.21. Expected volatility is based on historical volatility of the Company's stock prices and comparable peers.

g) Per share amounts

Basic loss per share is calculated using the weighted average number of shares of 102,255,672 for the period ended September 30, 2016 (2015 – 85,049,583). Options and warrants were excluded from the dilution calculation as they were anti-dilutive.

9. GENERAL AND ADMINISTRATIVE EXPENSES

The Company's general and administrative expenses include the following:

For the year ended,	**September 30, 2016**	September 30, 2015
Management fees (Note 14)	**$ 397,380**	$ 201,497
Legal and accounting fees	**564,316**	132,222
Investor relations	**74,941**	76,731
Office expenses	**124,820**	51,271
Travel and other expenses	**121,632**	61,642
Total	**$ 1,283,089**	$ 523,363

10. SEGMENTED INFORMATION

The Company currently operates in one operating segment, the exploration and development of mineral properties in Mexico. The Company has an office in Calgary, and London but it does not generate any revenues or hold any non-current assets at these locations. Management of the Company makes decisions about allocating resources based on the one geographic operating segment. A geographic summary of the identifiable assets by country is as follows:

	Exploration and Evaluation Activities		**Consolidated**	
	Sept. 30, 2016	June 30, 2016	**Sept. 30, 2016**	June 30, 2016
Property and equipment	**$ 2,370,977**	$ 2,364,371	**$ 2,370,977**	$ 2,364,371
Exploration and evaluation assets	**$ 19,415,111**	$ 17,816,713	**$ 19,415,111**	$ 17,816,713

11. RELATED PARTY TRANSACTIONS

a. Related party expenses

Expressed in Canadian Dollars, unless otherwise stated

The Company's related parties include directors and officers and companies which have directors in common. Transactions made with related parties are made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the period ended September 30, 2016, directors and management fees in the amount of $351,168 (2015 - $254,937) were paid to directors and officers of the Company. Of this amount, $Nil (2015 - $Nil) was capitalized to exploration and evaluation assets, and $351,168 (2015 - $254,937) was expensed as general and administrative costs. Of the total amount incurred as directors and management fees, $56,574 (June 30, 2016 – $38,075) remains in accounts payables and accrued liabilities on September 30, 2016.

During the period ended September 30, 2016, the Company paid $Nil (2015 - $18,263) to a daughter of the past Chairman of the Company. These services were incurred in the normal course of operations for office administrative services. As of September 30, 2016, $Nil (June 30, 2016 - $Nil) remains in accounts payables and accrued liabilities.

During the period ended September 30, 2016, the Company paid $257,654 (2015 - $235,541) to Grupo Ornelas Vidal S.A. de C.V., a consulting firm of which Martin Vidal, director of the Company and president of MSB, is a partner. These services were incurred in the normal course of operations for geological exploration and pilot plant operation. As of September 30, 2016, $107,906 (June 30, 2016 - $77,416) remains in accounts payable and accrued liabilities.

b. Key management personnel compensation

Key management of the Company are directors and officers of the Company and their remuneration includes the following:

For the period ended,	**September 30, 2016**	September 30, 2015
Directors' fees:		
Colin Orr-Ewing	**$ 10,056**	$ 15,000
James Leahy	**12,863**	5,000
Shane Shircliff	**3,546**	4,375
Derek Batorowski	**3,546**	4,375
Kiran Morzaria	**4,375**	3,750
Mark Hohnen	**87,852**	-
Total directors' fees:	**$ 122,238**	$ 32,500
Management and consulting fees:		
Peter Secker	**107,118**	119,908
Martin Vidal	**58,689**	62,182
Derek Batorowski	**63,125**	40,347
Total management and consulting fees	**$ 228,932**	$ 222,437
Employee's salary:		
Cordelia Orr-Ewing	**$ -**	$ 18,263
Total employee's salary	**$ -**	$ 18,263
Total director's, management's, consultant's and employee's salaries and fees	**$ 351,170**	$ 273,200

Expressed in Canadian Dollars, unless otherwise stated

Operational consulting fees:		
Groupo Ornelas Vidal S.A. de C.V.	**$ 257,654**	$ 235,541
Stock-based compensation	**$ 784,743**	$ -

15. COMMITMENTS AND CONTINGENCIES

The Company has commitments for lease payments for field offices with no specific expiry dates. The total annual financial commitments resulting from these agreements is $10,735. Additionally, the Company has commitments for lease payments for its UK office in the amount of $49,000 per year until July, 2018.

The properties in Mexico are subject to spending requirements in order to maintain title of the concessions. The capital spending requirement for 2017 is $333,180. The properties are also subject to semi-annual payments to the Mexican government for concession taxes.

16. SUBSEQUENT EVENTS

Subsequent to September 30, 2016, the Company received the remaining balance of the warrants exercise proceeds of $3,892,459.