BACANORA MINERALS LTD.
Condensed Consolidated Interim Financial Statements
March 31, 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 nine months ended March 31, 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	March 31, 2016	June 30, 2015
Assets		
Current		
Cash	**$ 20,374,930**	$ 9,820,069
Cash held in trust	**-**	170,968
Other receivables (Note 4(a))	**319,708**	240,810
Deferred costs	**134,299**	18,506
Total current assets	**20,828,937**	10,250,353
Non-current assets		
Property and equipment (Note 6)	**2,341,675**	2,570,803
Exploration and evaluation assets (Note 7)	**16,217,985**	11,907,427
Total non-current assets	**18,559,660**	14,478,230
Total assets	**39,388,597**	24,728,583
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**921,934**	740,057
Due to related parties (Note 12)	**150,676**	58,706
Total current liabilities	**1,072,610**	798,763
Non-current liabilities		
Rehabilitation provision (Note 8)	**-**	150,000
Deferred tax liability	**135,000**	135,000
Total non-current liabilities	**135,000**	285,000
Total liabilities	**1,207,610**	1,083,763
Shareholders' Equity		
Share capital (Note 9)	**42,591,918**	24,827,911
Contributed surplus (Note 9(e))	**3,293,495**	657,254
Foreign currency translation reserve	**1,321,975**	1,695,333
Deficit	**(8,120,104)**	(2,855,397)
Attributed to Shareholders of Bacanora Minerals Ltd.	**39,087,284**	24,325,101
Non-controlling interest	**(906,297)**	(680,281)
Total shareholders' equity	**38,180,987**	23,644,820
Total Liabilities and Shareholders' Equity	**$ 39,388,597**	$ 24,728,583

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.
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss, Deficit and Accumulated Other Comprehensive Loss (Unaudited)
Expressed in Canadian Dollars

	Three month ended		Nine months ended	
	Mar. 31, 2016	Mar. 31, 2015	**Mar. 31, 2016**	Mar. 31, 2015
Revenue				
Interest income	**$ 45,242**	$ 18,108	**$ 89,870**	$ 52,920
Expenses				
General and administrative (Note 10)	**1,068,083**	567,525	**2,500,700**	1,601,701
Depreciation	**17,233**	49,480	**78,612**	102,752
Share based compensation (Note 9(c), 9(f))	**1,347,749**	-	**2,723,081**	55,000
	2,433,065	617,005	**5,302,393**	1,759,453
Loss before other items	**(2,387,823)**	(598,897)	**(5,212,523)**	(1,706,533)
Foreign exchange gain (loss)	**819,573**	697,193	**(312,160)**	554,386
Net income (loss)	**(1,568,250)**	98,296	**(5,524,683)**	(1,152,147)
Foreign currency translation adjustment	**(953,850)**	3,883	**(373,358)**	(35,335)
Total comprehensive income (loss)	**$(2,522,100)**	$ 102,179	**$(5,898,041)**	$ (1,187,482)
Net loss attributable to shareholders of Bacanora Minerals Ltd.	**(1,496,568)**	87,047	**(5,264,707)**	(1,117,163)
Net income (loss) loss attributable to non-controlling interest	**(71,682)**	11,248	**(259,976)**	(34,984)
Net loss	**$ (1,568,250)**	$ 98,296	**(5,524,683)**	$ (1,152,147)
Total comprehensive loss attributable to shareholders of Bacanora Minerals Ltd.	**(2,450,418)**	90,931	**(5,638,065)**	(1,152,498)
Total comprehensive income (loss) attributable to non-controlling interest	**(71,682)**	11,248	**(259,976)**	(34,984)
Total comprehensive income (loss)	**$(2,522,100)**	$ 102,179	**$(5,898,041)**	$ (1,187,482)
Net income (loss) per share (basic and diluted)	**$ (0.02)**	$ 0.00	**$ (0.06)**	$ (0.02)

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, 2014	**63,780,812**	**$13,713,743**	**$890,017**	**$248,098**	**$(1,750,287)**	**$(657,414)**	**$12,444,157**
Brokered placement	14,393,940	7,583,281	-	-	-	-	7,583,281
Shares issued as broker's compensation	90,909	-	55,000	-	-	-	55,000
Share issued on exercise of options	900,000	585,694	(232,763)	-	-	-	352,931
Share issued on exercise of warrants	5,200,000	2,371,000	-	-	-	-	2,371,000
Foreign currency translation adjustment	-	-	-	(5,756)	-	-	(5,756)
Disposition of interest in subsidiary	-	-	-	-	1,635,187	-	1,635,187
Loss for the period	-	-	-	-	(1,117,163)	2,305	(1,114,858)
Balance, March 31, 2015	**84,365,661**	**$24,253,718**	**$712,254**	**$242,342**	**$(1,232,263)**	**$(655,109)**	**$23,320,942**
Share issued on exercise of warrants	581,748	574,193	(55,000)	-	-	-	519,193
Foreign currency translation adjustment	-	-	-	1,452,991	-	-	1,452,991
Loss for the period	-	-	-	-	(1,623,134)	(25,172)	(1,648,306)
Balance, June 30, 2015	**84,947,409**	**$24,827,911**	**$657,254**	**$1,695,333**	**$(2,855,397)**	**$(680,281)**	**$23,644,820**
Brokered placement	11,476,944	17,461,167	-	-	-	-	17,461,167
Share issued on exercise of options	850,000	302,840	(86,840)	-	-	-	216,000
Stock-based compensation expense	-	-	2,723,081	-	-	-	2,723,081
Foreign currency translation adjustment	-	-	-	(373,358)	-	-	(373,358)
Loss for the period	-	-	-	-	(5,264,707)	(226,016)	(5,490,723)
Balance, March 31, 2016	**97,274,353**	**$42,591,918**	**$3,293,495**	**$1,321,975**	**$(8,120,104)**	**$(906,297)**	**$38,180,987**

BACANORA MINERALS LTD.

Condensed Consolidated Interim Statement of Cash Flows (Unaudited)

Expressed in Canadian Dollars

	Three months ended		Nine months ended	
	Mar. 31, 2016	Mar. 31, 2015	**Mar. 31, 2016**	Mar. 31, 2015
Cash provided by (used in)				
Operating activities:				
Net loss for the period	**$(1,568,250)**	$ 98,296	**$(5,524,683)**	$ (1,152,147)
Depreciation	**17,233**	49,480	**78,612**	102,752
Unrealized foreign exchange adjustment	**(1,722,929)**	3,883	**(1,204,569)**	(35,335)
Share based compensation	**1,347,749**	-	**2,723,081**	55,000
	(1,926,197)	151,660	**(3,927,559)**	(1,029,730)
Changes in non-cash working capital	**419,166**	548,255	**(12,812)**	869,425
Total cash flows from operating activities	**(1,507,031)**	699,915	**(3,940,371)**	(160,305)
Financing activities				
Issue of shares, net of expenses	**-**	-	**17,461,167**	7,583,281
Related party (payments) advances	**46,863**	16,679	**91,969**	(30,707)
Warrants exercise proceeds	**-**	-	**-**	2,371,000
Options exercise proceeds	**-**	-	**216,000**	361,000
Disposition of interest in subsidiary	**-**	-	**-**	1,090,787
Total cash flows from financing activities	**46,863**	16,679	**17,769,136**	11,375,361
Cash flows from investing activities				
Additions to mineral properties	**(1,507,200)**	(341,835)	**(3,674,000)**	(1,440,866)
Disposals of equipment	**112,285**	(665,377)	**229,128**	(614,191)
Total cash flows from investing activities	**(1,394,915)**	(1,007,212)	**(3,444,872)**	(2,055,057)
Total increase (decrease) in cash and cash equivalents during the period	**(2,855,083)**	(290,618)	**10,383,893**	9,159,999
Cash and cash equivalents, beginning of the period	**23,230,013**	11,940,054	**9,991,037**	2,489,437
Cash and cash equivalents, end of the period	**$20,374,930**	$11,649,436	**$20,374,930**	$11,649,436

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, 6th Avenue N.W. Calgary, AB T2N 0W9.

The Company is a development 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.

The Company has generated accumulated losses of $8,120,104 and the shareholders' equity of two of the Company's subsidiaries incorporated in Mexico have decreased to an amount less than one third of their share capital which, according to Mexican laws, may be a cause for dissolving a company at the request of any interested third party. If the Company is not able to generate income producing transactions through the identification and exploitation of ores, and continue to raise sufficient capital to continue exploration activities, there is a risk that the rights to the mining concessions could be challenged.

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, 2015, 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 annual consolidated financial statements for the year ended June 30, 2015.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 30th, 2016.

b) Basis of measurement

These consolidated 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 Canadian dollars and for its subsidiaries is the US dollar.

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 March 31, 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 8.

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) Contingencies

Contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

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.

f) Income taxes

The Company is subject to income tax in several jurisdictions and significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. In the prior year these transactions included the transfer of properties between Mexican subsidiaries. Transactions between the Company's Mexican subsidiaries are required by Mexican tax rules to be recorded on an arms' length basis and the Company made estimates as to the measurement of these transactions. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. Despite the Company's belief that its tax return positions are supportable, the Company acknowledges that certain positions may potentially be challenged and may not be fully sustained upon review by tax authorities. The Company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretation of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities, and such differences will impact income tax expense in the period in which such determination is made.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized.

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 is the risk of financial loss if a counterparty fails to meet its contractual obligations. The Company's credit risk relates primarily to Input Tax Credits ("**ITC**") receivables in Canada and Value Added Tax ("**VAT**") receivables in Mexico. The Company works to continue to collect the refunds on regular and complete basis. 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 represents 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, Mexican and UK 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.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they became 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.

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 $35,793,789 at March 31, 2016 (June 30, 2015 - $23,667,847), 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 other than those disclosed in Note 1.

Expressed in Canadian dollars

6. PROPERTY AND EQUIPMENT

Cost	Building and equipment	Office furniture and equipment	Computer equipment	Transportation equipment	**Total**
Balance, June 30, 2014	$1,640,127	$3,147	$7,992	$132,939	**$1,784,205**
Additions	1,291,927	-	3,472	13,457	**1,308,856**
Balance, June 30, 2015	$2,932,054	$3,147	$11,464	$146,396	**$3,093,061**
Additions	(142,990)	-	(602)	(6,924)	**(150,516)**
Balance, Mar. 31, 2016	**$2,789,064**	**$3,147**	**$10,862**	**$139,472**	**$2,942,545**

Accumulated depreciation	Building and equipment	Office furniture and equipment	Computer equipment	Transportation equipment	**Total**
Balance, June 30, 2014	$133,512	$2,432	$6,513	$92,274	**$234,731**
Additions	278,524	715	1,330	6,958	**287,527**
Balance, June 30, 2015	$412,036	$3,147	$7,843	$99,232	**$522,258**
Additions	74,681	-	314	3,617	**78,612**
Balance, Mar. 31, 2016	**$486,717**	**$3,147**	**$8,157**	**$102,849**	**$600,870**

Carrying amounts	Building and equipment	Office furniture and equipment	Computer equipment	Transportation equipment	**Total**
At June 30, 2014	$ 1,506,615	$ 715	$ 1,479	$ 40,665	$1,549,474
At June 30, 2015	$ 2,520,018	$ -	$ 3,621	$ 47,164	$2,570,803
At Mar. 31, 2016	**$ 2,302,347**	**$ -**	**$ 2,705**	**$ 36,623**	**$2,341,675**

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) Tubutama Borate property

Originally referred to as the Carlos Project, Tubutama Borate project consists of four mining concessions with a total area of 766 hectares. The concessions are located 15 kilometers from the town of Tubutama, and are 100% owned by MIT. During the prior year, the Company allowed two mining concessions to

lapse. The Tubutama property is subject to a 3% gross overriding royalty payable to Mr. Colin Orr-Ewing, Chairman of the Company on sales of borate produced from this property.

For the year ended June 30, 2014 an impairment charge of $1,220,826 was recognized in respect of the Tubutama Borate property. As a result of the Company's decision to let certain Tubutama concessions lapse, and the Company's focus on the other mining claims, an impairment test was performed. The recoverable amount is its value in use and is determined to be $nil as the Company expects no cash inflows to arise related to this property.

Expressed in Canadian dollars

b) Magdalena Borate property

Originally referred to as San Francisco and El Represo projects, Magdalena Borate project consists of seven concessions, with a total area of 7,095 hectares. The concessions are located 15 kilometers from the cities of Magdalena and Santa Ana, and are 100% owned by MSB. The Magdalena property is subject to a 3% gross overriding royalty payable to an unrelated third party, and a 3% gross overriding royalty payable to Mr. Colin Orr-Ewing, Chairman of the Company on sales of mineral products produced from this property.

c) Sonora Lithium property

The Sonora Lithium Project consists of ten contiguous mineral concessions. The Company through its wholly-owned Mexican subsidiary, Minera Sonora Borax, S.A de C.V., has a 100% interest in two of these concessions: La Ventana and La Ventana 1, covering 1,775 hectares. The remaining concessions, El Sauz, El Sauz 1, El Sauz 2, Fleur and Fleur 2 covering 5,325 hectares are held by the Company's subsidiary, Mexilit S.A. de C.V.. Mexilit S.A. de C.V. 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. As at December 31, 2015, Buenavista and San Gabriel are held by the Company's subsidiary, Minera Megalit S.A. de C.V. with the requirement to transfer Megalit concession per the agreement with REM. Megalit S.A. de C.V. is owned 70% by Bacanora and 30% by REM.

Of the original USD$3,000,000 (CAD$3,225,037) received from REM, and restricted to the Mexilit's and Megalit's concession expenditures, approximately USD$nil (CAD$nil) remains to be spend on the concessions as at March 31, 2016 (June 30, 2015 – USD$697,694, CAD$862,095).

The Sonora Lithium property is subject to a 3% gross overriding royalty payable to Mr. Colin Orr-Ewing, Chairman of the Company, on sales of mineral products produced from this property.

The balance of investment in mining claims as of December 31, and June 30, 2015 corresponds to concession payments to the federal government, deferred costs of exploration, and consists of the following:

	Magdalena Borate	La Ventana Lithium	Mexilit Lithium	Megalit Lithium	Total
Balance, June 30, 2014	**$6,179,591**	**$ 610,661**	**$ 2,051,522**	**$ -**	**$ 8,841,774**
Additions	1,066,567	1,321,176	40,005	637,905	3,065,653
Balance, June 30, 2015	**$7,246,158**	**$ 1,931,837**	**$ 2,091,527**	**$ 637,905**	**$ 11,907,427**
Additions	416,931	2,531,530	1,148,966	213,131	4,310,558
Balance, March 31, 2016	**$7,663,089**	**$ 4,463,367**	**$ 3,240,493**	**$ 851,036**	**$16,217,985**

8. REHABILITATION PROVISION

The Company records a liability for the estimated site rehabilitation costs. The Company completed the site rehabilitation work on its Magdalena Borate property during the three month period ended March 31, 2016. The present value of the obligation at March 31, 2016 was estimated at $Nil (2014 - $27,400).

Expressed in Canadian dollars

9. SHARE CAPITAL

a) Authorized

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, 2014	**63,780,812**	**$ 13,713,743**
Shares issued in Brokered placement issued for cash	14,393,940	8,610,601
Shares issued for share issuance	90,909	141,115
Share issue costs	-	(2,009,435)
Shares issued on exercise of warrants	5,781,748	3,793,125
Shares issued on exercise of options	900,000	578,762
Balance, June 30, 2015	**84,947,409**	**$ 24,827,911**
Shares issued on exercise of options	850,000	302,840
Shares issued in private placement for cash(1)	11,476,944	17,871,564
Share issue costs	-	(410,397)
Balance, March 31, 2016	**97,274,353**	**42,591,918**

(1) On November 13, 2015, the Company completed a private financing of 11,476,944 common shares at a price of £0.77 (CAD$1.55) per share for aggregate gross proceeds of £8,837,247 (CAD$17,871,564). 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 related party as defined by MI 61-101.

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 March 31, 2016.

	Number of options	Weighted average exercise price
Balance, June 30, 2014	**3,425,000**	**$ 0.35**
Exercised	(900,000)	0.42
Expired	(50,000)	0.25
Balance, June 30, 2015	**2,475,000**	**$ 0.38**
Exercised	(850,000)	0.24
Issued	2,250,000	1.58
Balance, March 31, 2016	**3,875,000(1)**	**$ 1.09**

(1) All options outstanding at June 30, 2015 and March 31, 2016 were exercisable.

Grant date	Number outstanding at Mar. 31, 2016	Exercise price	Weighted average remaining contractual life (Years)	Expiry date	Number exercisable at Mar. 31, 2016
June 19, 2011	350,000	0.50	1.3	Jun. 19, 2016	350,000
July 19, 2011	500,000	0.50	1.3	July 19, 2016	500,000
September 28, 2012	50,000	0.25	2.5	Sept. 28, 2017	50,000
September 11, 2013	725,000	0.30	3.2	Sept. 11, 2018	725,000
December 2, 2015	1,250,000	1.58	5.0	Dec. 2, 2020	1,250,000
January 22, 2016	1,000,000	1.56[1]	2.0	Jan. 22, 2018	1,000,000
	3,875,000				3,875,000

(1) These options are exercisable in British Pound, at a price of £0.77.

d) Warrants

The fair value of these broker warrants issued during the period ended June 30, 2015 was determined at the date of grant using the Black-Scholes option pricing model with the assumptions as follows; risk-free interest rate of 1.91%, expected volatility of 109%, expected life of 5 years, which resulted in a fair value per option of $1.36.

The following tables summarize the activities and status of the Company's warrants as at and during the year ended June 30, 2015 and as at and during the period ended March 31, 2016.

	Number of warrants	Remaining contractual life (Years)	Expiry date	Weighted Average Exercise price
Balance, June 30, 2014	5,833,333	2.6	March 26, 2018	$ 0.45
Issued	781,748	3.9	July 25, 2019	$ 0.61
Exercised	(5,781,748)	-	-	$ 0.45
Balance, June 30, 2015 and March 31, 2016	**833,333**	**2.8**		**$ 0.51**

e) Contributed surplus

	March 31, 2016	June 30, 2015
Balance, beginning of period	**$ 657,254**	$ 890,017
Granting of warrants	**-**	1,061,000
Exercise of warrants	**-**	(1,061,000)
Exercise of stock options	**(86,840)**	(232,763)
Granting of stock options	**2,723,081**	-
Balance, end of period	**$ 3,293,495**	$ 657,254

f) Stock-based compensation expense

During the period ended March 31, 2016, the Company recognized $2,723,081 (2014 - $55,000) 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 March 31, 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 1.37%, expected volatility of 129% and 123%, and expected life of 5 and 2 years. The fair value of each stock option was $1.10 and $1.03. Expected volatility is based on historical volatility of the Company's stock prices and comparable peers.

Expressed in Canadian dollars

g) Per share amounts

Basic loss per share is calculated using the weighted average number of shares of 97,274,353 and 91,201,755 for the three and nine months ended March 31, 2016, respectively (2015 – 84,365,661 and 82,910,748, respectively). Options and warrants were excluded from the dilution calculation as they were anti-dilutive.

10. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended		Nine months ended	
	Mar. 31, 2016	Mar. 31, 2015	**Mar. 31, 2016**	Mar. 31, 2015
Management fees	**$ 435,982**	$ 177,526	**$ 1,161,623**	$ 402,273
Legal and accounting fees	**410,002**	167,072	**650,777**	466,893
Investor relations	**95,463**	128,401	**322,130**	320,916
Office expenses	**38,181**	49,998	**177,008**	162,443
Travel and insurance	**88,455**	44,528	**189,162**	249,176
Total	**$ 1,068,083**	$ 567,525	**$ 2,500,700**	$ 1,601,701

11. 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:

	Mexico		Unattributed head office costs		Consolidated	
	Mar. 31, 2016	Mar. 31, 2015	**Mar. 31, 2016**	Mar. 31, 2015	**Mar. 31, 2016**	Mar. 31, 2015
Property and equipment	**$ 2,341,675**	$ 2,060,913	$ **-**	$ -	**$ 2,341,675**	$ 2,060,913
Exploration and evaluation assets	**$16,217,985**	$10,382,639	$ **-**	$ -	**$16,217,985**	$ 10,382,639

12. RELATED PARTY TRANSACTIONS

a. Related party expenses

The Company's related parties include directors and officers and companies which have directors in common.

During the three and nine months ended March 31, 2016, directors and management fees in the amount of $377,109 and $974,763 respectively (2015 - $146,000 and $390,645, respectively) were paid to directors and officers of the Company. Of this amount, $Nil (2015 - $Nil and $72,900, respectively) was capitalized to exploration and evaluation assets, and $377,109 and $974,763 respectively (2015 - $146,000 and $317,745, respectively) was expensed as general and administrative costs. Of the total amount incurred as directors and management fees, $73,538 (2015 – $56,320) remains in due to related parties on March 31, 2016.

Expressed in Canadian dollars

During the three and nine months ended March 31, 2016, the Company paid $Nil and $Nil respectively (2015 - $17,170 and $56,255, respectively) to a daughter of the Chairman of the Board of Directors of the Company. These services were incurred in the normal course of operations for office administrative services. As of March 31, 2016, $Nil (2015 - $5,536) remains in due to this related party.

During the three and nine months ended March 31, 2016, the Company paid $260,533 and $756,607 respectively (2015 - $298,336 and $605,640 respectively) 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 services, as such the entire amount has been capitalized. As of March 31, 2016, $77,138 (2015 - $66,606) remains in due to related parties.

b. Key management personnel compensation

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

	Three months ended		**Nine months ended**	
	Mar. 31, 2016	Mar. 31, 2015	**Mar. 31, 2016**	Mar. 31, 2015
Director's fees:				
Colin Orr-Ewing	**$ 14,732**	$ 15,000	**$ 63,977**	$ 45,000
James Leahy	**5,000**	5,000	**15,000**	15,000
Guy Walker	**-**	5,000	**-**	15,000
Shane Shircliff	**4,375**	4,375	**13,125**	13,125
Derek Batorowski	**4,375**	4,375	**13,125**	13,125
Kiran Morzaria	**4,375**	-	**12,419**	-
Total director's fees:	**$ 32,857**	$ 33,750	**$ 117,646**	$ 101,250
Management and consulting fees:				
Peter Secker	**122,040**	-	**378,007**	-
Martin Vidal	**62,171**	45,000	**187,847**	153,045
Shane Shircliff	**-**	21,000	**-**	52,000
Derek Batorowski	**60,625**	46,250	**157,847**	84,350
Mark Hohnen	**99,416**	-	**133,416**	-
Total management and consulting fees	**$ 344,252**	$ 112,250	**$ 857,117**	$ 289,395
Employee's salaries:				
Cordelia Orr-Ewing	**$ -**	$ 17,170	**$ 53,559**	$ 56,255
Total employee's salaries	**$ -**	$ 17,170	**$ 53,559**	$ 56,255
Total director's, management's, consultant's and employee's salaries and fees	**$ 377,109**	$ 163,170	**$1,028,322**	$446,900
Operational consulting fees:				
Groupo Ornelas Vidal S.A. de C.V.	**$ 260,533**	$ 298,336	**$ 756,607**	$605,640
Stock-based compensation	**$ 777,536**	$ -	**$2,152,869**	$ -

13. COMMITMENTS AND CONTINGENCIES

The Company has commitments for lease payments for offices in London, UK and field office in Mexico. The total annual financial commitment resulting from these agreements is approximately $140,000.

The properties in Mexico are subject to spending requirements in order to maintain title of the concessions. The capital spending requirement for 2016 is $105,200. The properties are also subject to semi-annual payments to the Mexican government for concession taxes.

14. SUBSEQUENT EVENTS

On April 27, 2016, in conjunction of appointing Mr. Mark Hohnen as a director of the Company, an aggregate of 2,000,000 options to acquire common shares in the capital to the Company have been granted to Mr. Hohnen, each such option being exercisable into one common share at a price of £0.96 (CAD$1.94) per share for a period of twenty-four months from the vesting date. Of the foregoing options, the first 1,000,000 options shall vest and become exercisable on the date that is the earlier of: (i) 12 months from Mr. Hohnen's appointment as a director of the Company; and (ii) either: (a) the entering into by the Company of an offtaker agreement with a customer that has been procured by Mr. Hohnen or the participation by a potential offtake partner that has been procured by Mr. Hohnen in an equity financing of the Company that results in such party holding in excess of three percent (3%) of the voting shares of the Company; or (b) the provision by a potential offtake partner (that has been procured by Mr. Hohnen) of funding for project development as approved by the Board of Directors of the Company. The remaining 1,000,000 options shall vest and become exercisable on the date that is the earlier of: (i) 18 months from Mr. Hohnen's appointment as a director of the Company; and either: (a) the Company commences commercial production of lithium products; and (b) the Company's shares trade on the AIM Market of the London Stock Exchange at a volume weighted average price (VWAP) of not less than £1.25 for five consecutive trading days.

On April 28, 2016, 850,000 of the Company’s common share options were exercised at a price of $0.50 each for gross proceeds of $425,000.

On May 20, 2016, the Company announced that it has raised £7,702,500 (approximately CAD$14.7 million) via the placing of 9,750,000 units (the "Placing Units") at a price of £0.79 per Placing Unit (the "Placing"). 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 £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.