CAMINO MINERALS CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2016
(Expressed in Canadian Dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Camino Minerals Corporation,

We have audited the accompanying consolidated financial statements of Camino Minerals Corporation ("the Company"), which comprise the consolidated statement of financial position as at July 31, 2016, and the consolidated statements of loss, comprehensive loss, cash flows and changes in equity for the year 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 as issued by the International Accounting Standards Board, 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 audit. We conducted our audit 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 whether the consolidated financial statements are free of 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 auditor's 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 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 Camino Minerals Corporation as at July 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company is dependent upon its ability to raise adequate financing and generate profitable operations in the future. These conditions indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern.

Other Matter

The financial statements of Camino Minerals Corporation for the year ended July 31, 2015, were audited by other auditors who expressed an unmodified opinion on those statements in their report to the shareholders dated November 27, 2015.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
November 28, 2016

CAMINO MINERALS CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Expressed in Canadian dollars

	Notes	July 31, 2016	July 31, 2015
		$	$
ASSETS			
Current assets			
Cash and cash equivalents		791,638	943,310
Receivables	5	7,207	329,053
Deposits and prepaid expenses		35,636	56,428
Total current assets		834,481	1,328,791
Non-current assets			
Fixed assets	7	49,961	79,919
Mineral interests	8	1,910,261	1,224,385
Total non-current assets		1,960,222	1,304,304
Total Assets		2,794,703	2,633,095
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		80,496	165,598
Loan payable	10	501,808	-
Total liabilities		582,304	165,598
EQUITY			
Share capital	9	17,897,236	17,872,736
Subscription receivable	9	-	(24,100)
Reserves	9	12,220,615	12,220,615
Share based payment reserves	9	1,917,329	1,840,101
Warrant reserves	9	787,370	787,370
Accumulated other comprehensive income		6,930	59,964
Deficit		(30,617,081)	(30,289,189)
Total equity		2,212,399	2,467,497
Total Equity and Liabilities		2,794,703	2,633,095

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

Subsequent event (see Note 14).

These consolidated financial statements are authorized for issuance by the Board of Directors on November 28, 2016

On behalf of the Board:

Peter de Visser	*Ken McNaughton*
Peter de Visser	Ken McNaughton
(Director)	(Director)

CAMINO MINERALS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
Expressed in Canadian dollars

	Notes	Year ended July 31, 2016	Year ended July 31, 2015
		$	$
EXPENSES			
Amortization	7	496	1,861
Consulting		2,571	4,436
General and administrative		32,145	21,486
General exploration		22,268	75,121
Insurance		22,393	35,650
Investor relations		86,985	3,631
Interest expense		1,808	-
Listing and filing fees		11,512	11,900
Management fees		2,500	-
Professional fees		74,650	43,998
Rent		-	38,018
Salaries and wages		3,717	43,182
Share-based compensation	9	65,644	144,083
Shareholder relations		2,090	10,200
Transfer agents		3,055	23,615
Travel		5,152	-
Loss before other items		(336,986)	(457,181)
Gain on disposal of assets	7	-	8,438
Gain on disposal of subsidiaries	6	-	592,014
Foreign exchange gain (loss)		(9,327)	243,523
Interest income		1,825	326
Recovery of previously written-off expenditures		16,596	-
Net income (loss) for the year		(327,892)	387,120
Basic and diluted income (loss) per common share	9	(0.01)	0.03

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

CAMINO MINERALS CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
Expressed in Canadian dollars

	Year ended July 31, 2016	Year ended July 31, 2015
	$	$
Net income (loss) for the year	(327,892)	387,120
Other comprehensive loss for the year – items that may be reclassified to the statement of loss:		
Currency translation adjustment	(53,034)	43,607
Reclassification to profit and loss on disposal of subsidiaries	-	(222,194)
Net comprehensive income (loss) for the year	(380,926)	208,533

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

CAMINO MINERALS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Expressed in Canadian dollars

	Notes	Year ended July 31, 2016	Year ended July 31, 2015
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss) for the year		(327,892)	387,120
Items not affecting cash:			
Amortization	7	496	1,861
Gain on disposal of subsidiaries	6	-	(592,014)
Foreign exchange		(72,512)	(4,231)
Foreign exchange on disposal of subsidiaries	6	-	(222,194)
Interest accrued on loan payable		1,808	-
Share based compensation	9	65,664	144,083
Gain on disposition of fixed assets	7	-	(8,438)
Change in non-cash working capital items:			
Receivables		21,085	(8,809)
Prepaid expenses		20,792	(1,232)
Accounts payable and accrued liabilities		(48,664)	(111,303)
Net cash used in operating activities		(339,223)	(415,157)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received on acquisition of Minquest	4	-	6,603
Expenditures on mineral interests	8	(634,948)	(488,320)
Proceeds on sale of subsidiaries	6	300,761	291,253
Proceeds on sale of property, plant and equipment	7	-	41,516
Purchase of property, plant and equipment	7	(2,362)	(30,611)
Net cash used in investing activities		(336,549)	(179,559)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares issued	9	-	1,341,400
Share issue costs	9	-	(53,211)
Subscriptions receivable	9	24,100	-
Loan payable	10	500,000	-
Net cash provided by investing activities		524,100	1,288,189
Change in cash and cash equivalents for the year		(151,672)	693,473
Cash and cash equivalents, beginning of year		943,310	249,837
Cash and cash equivalents, end of year		791,638	943,310

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

During the year ended July 31, 2016, $58,982 (2015 - $95,420) of mineral property expenditures are included in accounts payable.

CAMINO MINERALS CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Expressed in Canadian dollars

	Common Shares								
	Number of shares	Share capital	Subscription receivable	Reserves	Share-based payments reserve	Warrant reserves	Accumulated currency translation difference	Deficit	Total
		$	$	$	$	$	$	$	$
Balance – August 1, 2014	9,626,509	16,388,981	-	12,220,615	1,662,116	458,836	238,551	(30,676,309)	292,790
Value assigned to options granted	-	-	-	-	177,985	-	-	-	177,985
Private placements	9,652,500	1,029,806	(24,100)	-	-	335,694	-	-	1,341,400
Issuance costs	-	(46,051)	-	-	-	(7,160)	-	-	(53,211)
Acquisition of Minquest (Note 4)	5,000,000	500,000	-	-	-	-	-	-	500,000
Allocation to AOCI on disposal of subsidiaries	-	-	-	-	-	-	(222,194)	-	(222,194)
Other comprehensive gain	-	-	-	-	-	-	43,607	-	43,607
Income for the year	-	-	-	-	-	-	-	387,120	387,120
Balance – July 31, 2015	24,279,009	17,872,736	(24,100)	12,220,615	1,840,101	787,370	59,964	(30,289,189)	2,467,497
Value assigned to options granted	-	-	-	-	77,228	-	-	-	77,228
Subscriptions received	-	-	24,100	-	-	-	-	-	24,100
Shares issued for mineral property	250,000	24,500	-	-	-	-	-	-	24,500
Other comprehensive loss	-	-	-	-	-	-	(53,034)	-	(53,034)
Loss for the year	-	-	-	-	-	-	-	(327,892)	(327,892)
Balance – July 31, 2016	**24,529,009**	**17,897,236**	**-**	**12,220,615**	**1,917,329**	**787,370**	**6,930**	**(30,617,081)**	**2,212,399**

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

Expressed in Canadian dollars

1. NATURE OF OPERATIONS

Camino Minerals Corporation ("Camino" or "the Company") is an exploration stage company that is engaged in the exploration and development of mineral properties. The Company is incorporated and domiciled in British Columbia, Canada. The address of its registered and head office is Suite 500, 666 Burrard Street, Vancouver, B.C., Canada, V6C 3P6.

These consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and settlement of liabilities in the normal course of business. At July 31, 2016, the Company has a working capital of $252,177 (2015 - $1,163,193), an accumulated deficit of $30,617,081 (2015 - $30,289,189) and has incurred losses since inception. The continuing operations of the Company are dependent upon obtaining necessary financing to meet the Company's commitments as they come due and to finance future exploration and development of mineral interest, secure and maintain title to properties and upon future profitable production. There can be no assurance that the Company will be able to raise additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations, exploration and evaluation activities.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated annual financial statements have been prepared on a historical cost basis and includes the accounts of the Company and the entities it controls.

b) Basis of Consolidation

These consolidated financial statements include the accounts of the Company, and its wholly owned subsidiaries Minquest Peru SAC ("Minquest"), Recursos Mineros Rojo S.A. de C.V. ("RMR"), Camino Resources SAC ("CRM"), and Mining Activities SAC ("MinAc"). All intercompany transactions and balances have been eliminated.

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Minquest Peru SAC	Peru	100%	Holds mineral interests in Peru
Camino Resources SAC	Peru	100%	Holds mineral interests in Peru
Mining Activities SAC	Peru	100%	Holding company
Recursos Mineros Rojo S.A. de C.V.	Mexico	100%	Holding company

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

c) Significant Accounting Estimates and Judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period relate to, but are not limited to, the following:

i. *Impairment of Mineral Interests* - The assessment of impairment indicators 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 to date.

d) Segment Reporting

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral interests.

e) Property, plant and equipment

Property, plant and equipment are carried at cost, less accumulated amortization and accumulated impairment losses. Cost comprises the fair value of consideration given to acquire an asset and includes the direct expenditures associated with bringing the asset to the location and condition necessary for putting it into use along with the future cost of dismantling and removing the asset. When parts of an item of fixed assets have different useful lives, they are accounted for as separate items (major components) of fixed assets.

Amortization is calculated over the useful life of the asset at rates ranging from 15% to 30% per annum once the asset is available for use. Amortization charges on assets that are directly related to mineral properties are allocated to that mineral property.

f) Foreign currencies

The Company's functional and reporting currency is the Canadian dollar. The functional currency of Minquest, CRM, and MinAc is the Peruvian Sol and the functional currency of RMR and is the Mexican Peso.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of Minquest, Camino SAC, MinAc, and RMR are translated into the Canadian dollar using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences are recognized in other comprehensive income and accumulated in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

g) Mineral interests

Expenditures on mineral exploration or evaluation incurred in respect of a property before the acquisition of a license to explore are expensed as incurred, to general exploration. Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration and evaluation assets

Mineral property acquisition costs are included in exploration and evaluation and include any cash consideration and advance royalties paid, and the fair market value of shares issued, if any, on the acquisition of the mineral property interest. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made.

Exploration expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest, as described in note 2(i). Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to property, plant and equipment.

h) Impairment of non-current assets

At each reporting period, management reviews mineral interests and property, plant and equipment for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which that asset belongs.

Past impairments are also considered at each reporting period and where there is an indication that an impairment loss may have decreased, the recoverable amount is calculated as outlined above to determine the extent of the recovery. If the recoverable amount of the asset is more than its carrying amount, the carrying amount of the asset is increased to its recoverable amount and the impairment loss is reversed in the profit or loss for that period. The increased carrying amount due to reversal will not be more than what the depreciated historical cost would have been if the impairment had not been recognized.

i) Share-based payment transactions

The Company's Stock Option Plan allows employees and consultants to acquire shares of the Company. Share-based payments to employees are measured at the fair value of the instruments issued and recorded as an expense over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of the share-based payment is measured using the Black-Scholes option pricing model. The fair value of the share based payment is recognized as an expense or capitalized to mineral interests with a corresponding increase in share-based payment reserves. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payment reserves amount is transferred to share capital.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

j) Provision for closure and reclamation

A liability for site reclamation is recognized on a discounted cash flow basis when it is probable that the Company will have a future obligation for remediation and a reasonable estimate of the obligation can be made. The provision is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expense using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time, adjustments for changes in the current market-based discount rate and from revisions to either expected payment dates or the amounts comprising the original estimate of the obligation.

The Company has no material restoration, rehabilitation and environmental costs as disturbances to date are minimal.

k) Loss per share

Loss per common share is calculated using the weighted average number of common shares outstanding. Diluted loss per share is not presented as it is anti-dilutive. For the year ended July 31, 2016, 1,597,000 outstanding stock options (2015 – 2,021,000) and 4,002,500 (2015 – 4,002,500) outstanding warrants were not included in the calculation of diluted earnings (loss) per share as their inclusion would be anti-dilutive.

l) Value added tax ("VAT")

Valued added tax ("VAT") credit refundable is from the Government of Peru. VAT receivables from Peru are capitalized to mineral interests given the uncertainty in collection.

m) Share Capital

The Company records proceeds from share issuances net of issue costs. Common shares issued for consideration other than cash are valued based on their market value at the date the agreement to issue shares was concluded. Proceeds, and issue costs, from unit placements are allocated between shares and warrants issued according to their relative fair value. The Fair value of the warrant is determined using the Black-Scholes option pricing model, while fair value of the share is based on the market value at the time of issuance. The relative value of the share component is credited to share capital and the relative value of the warrant component is credited to warrant reserves. Upon exercise of the warrant, consideration paid by the warrant holder together with the amount previously recognized in the warrant reserve is recorded as an increase to share capital. For those warrants that expire, the recorded value is transferred from reserve for warrant reserves to contributed surplus.

n) Income taxes

Any income tax on profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not recognized on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates at the end of the reporting year applicable to the year of expected realization.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

o) Financial instruments

Financial assets

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

i. Financial assets at fair value through profit or loss

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

ii. 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 carried at amortized cost using the effective interest method less any impairment. Loans and receivables are comprised of cash and cash equivalents and trade and other receivables.

iii. Available-for-sale financial assets

Available-for-sale (AFS) financial assets are non-derivative assets that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized in other comprehensive income and classified as a component of equity. AFS assets include marketable securities and other investments consisting of shares of other entities.

Management assesses the carrying value of AFS financial assets at each reporting period and any impairment charges are also recognized in profit or loss. When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are included in profit or loss.

iv. Financial liabilities

The Company's financial liabilities are classified as borrowings and other financial liabilities.

Borrowings and other financial liabilities are non-derivative liabilities 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 the income statement over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

Expressed in Canadian dollars

3. NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS

New standards, amendments and interpretations to existing standards not adopted by the Company

Accounting policies adopted during the current year

Effective August 1, 2015, the Company has applied the following new accounting standards or amendments which were issued by the IASB:

- Amendments to IFRS 2, Share-based Payment
- Amendments to IFRS 8, Operating Segments
- Amendments to IFRS 13, Fair Value Measurement
- Amendments to IAS 16, Property, Plant and Equipment
- Amendments to IAS 24, Related Party Disclosures

The adoption of these new standards or amendments had no material impact on the Company's consolidated financial statements.

Accounting standards issued but not yet effective

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for accounting periods beginning on or after August 1, 2016 or later periods.

(i) Effective for annual periods beginning on or after January 1, 2018
- New standard IFRS 9, *Financial Instruments, Classification and Measurement,* addresses classification and measurement of financial assets and will replace IAS 39, *"Financial Instruments: Recognition and Measurement."* IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise, it is at fair value through profit and loss.

The Company plans to adopt these standards as soon as they become effective for the Company's. Adoption of this standard is expected to have minimal impact on the Company's financial statements.

4. ACQUISITION OF MINQUEST

On November 18, 2014, the Company announced that it has entered into an agreement (the "Agreement") to acquire all of the issued and outstanding shares of Minquest Peru SAC ("Minquest"). Minquest is a Peruvian corporation that owns the Plata Dorada copper, gold, silver property in the Department of Cuzco, Peru.

Under the terms of the Agreement, the Company acquired all the shares of Minquest for consideration of 5,000,000 common shares of Camino. The transaction closed on January 22, 2015 and was accounted for as an asset acquisition.

The purchase consideration consisted of 5,000,000 shares of Camino valued at $500,000 and transaction costs of $126,479 for total purchase consideration of $626,479. The total purchase consideration has been allocated as follows:

Cash and cash equivalents	$ 6,603
Accounts receivable and prepaids	7,497
VAT receivable	59,723
Equipment	62,834
Plata Dorada property	563,488
Accounts payable	(73,666)
Purchase price	$ 626,479

Expressed in Canadian dollars

5. RECEIVABLES

The Company's receivables and advances are as follows:

	July 31, 2016	July 31, 2015
	$	$
GST receivable	7,207	20,336
Other receivables	-	7,956
Receivable on disposal of subsidiary (Note 6)	-	300,761
Total	7,207	329,053

6. DISPOSITION OF SUBSIDIARIES

During the year ended July 31, 2015, the Company sold Rojo Resources, a wholly owned Mexican subsidiary, to a private mining syndicate for total consideration of $473,974 to be received in monthly installments through December 22, 2015. As at July 31, 2016, all of the consideration has been received.

In a separate transaction, the Company sold certain assets held by its subsidiary in Compania Minera El Secreto S.A. de C.V. ("CMES") to a private Mexican Company for approximately $118,040. Subsequent to this transaction, the Company's interest in CMES was disposed for no consideration.

Total proceeds on the disposal of these interests were $592,014, which is recognized as a gain on disposal of subsidiaries. As a result of this disposal, $222,194 of cumulative translation adjustments were released from accumulated other comprehensive income and recognized as foreign exchange gain on the statement of profit and loss.

7. FIXED ASSETS

	Computer Equipment	Furniture and office	Machinery and equipment	Total
	$	**$**	**$**	**$**
Balance, July 31, 2014	**1,514**	**741**	**31,906**	**34,161**
Additions	4,224	5,729	83,492	93,445
Depreciation	(740)	(312)	(16,192)	(17,244)
Disposal	(1,445)	(707)	(28,750)	(30,902)
Foreign exchange	472	225	(238)	459
Balance, July 31, 2015	**4,025**	**5,676**	**70,218**	**79,919**
Additions	-	2,362	-	2,362
Depreciation	(553)	(879)	(28,629)	(30,061)
Foreign exchange	(149)	(236)	(1,874)	(2,259)
Balance, July 31, 2016	**3,323**	**6,923**	**39,715**	**49,961**

During the year ended July 31, 2016, the Company received proceeds of $nil (2015 - $41,516) primarily from the sale of assets in Mexico.

During the year ended July 31, 2016, depreciation of $496 (2015 - $1,861) was recognized in profit and loss and $29,565 (2015 - $15,383) was capitalized to mineral interests.

Expressed in Canadian dollars

8. MINERAL INTERESTS

Expenditures on the Company's mineral interests are summarized as follows:

	Plata Dorado	**Red Beds**	**Los Chapitos**	**Lost Cabins**	**Total**
	$	$	$	$	$
Balance, July 31, 2015	654,789	567,966	-	1,630	1,224,385
Acquisition	-	-	72,793	16,000	88,793
Amortization	3,262	26,244	-	-	29,506
Assaying	-	6,871	-	6,802	13,673
Community relations	-	23,187	-	-	23,187
Consulting	107,500	6,756	-	10,992	125,248
Equipment and supplies	-	21,863	101	-	21,964
Field and office supplies	18	21,253	49	-	21,320
Field work	-	10,561	-	-	10,561
Geology and prospecting	880	-	11,712	330	12,922
Mining rights and fees	38,051	7,675	21,805	10,200	77,731
Salaries	-	8,036	-	-	8,036
Share-based compensation	4,913	6,671	-	-	11,584
Subsidiary overhead allocation	12,303	153,322	7,161	-	172,786
Travel	4,037	57,396	43	6,224	67,700
Exploration costs for the year	170,964	349,835	40,871	34,548	596,218
Valued-added tax	2,430	19,552	618	-	22,600
Currency translation adjustment	2,421	(23,844)	(312)	-	(21,735)
Balance, July 31, 2016	**830,604**	**913,509**	**113,970**	**52,178**	**1,910,261**

Expressed in Canadian dollars

8. MINERAL INTERESTS (Cont'd)

	Plata Dorado	Red Beds	Lost Cabins	Total
	$	$	$	$
Balance, July 31, 2014	-	-	-	-
Acquisition	563,489	46,633	1,630	611,752
Amortization	737	14,646	-	15,383
Assaying	-	17,528	-	17,528
Community relations	2,694	68,185	-	70,879
Consulting	32,400	18,290	-	50,690
Drilling	10,747	-	-	10,747
Field and office supplies	-	48,062	-	48,062
Field work	-	42,386	-	42,386
Geology and prospecting	28,708	3,048	-	31,756
Mining rights and fees	14,798	88,743	-	103,541
Salaries	37	73	-	110
Share-based compensation	1,624	32,278	-	33,902
Subsidiary overhead allocation	3,508	87,438	-	90,946
Travel	299	26,054	-	26,353
Exploration costs for the year	95,552	446,731	-	542,283
Valued-added tax	16,255	75,997	-	92,252
Currency translation adjustment	(20,507)	(1,395)	-	(21,902)
Balance, July 31, 2015	654,789	567,966	1,630	1,224,385

Los Chapitos, Peru

On July 19, 2016, the Company entered into an option agreement with Minas Andinas SA, pursuant to which it can acquire a 100% interest in the Los Chapitos copper, gold and silver project located in the Department of Arequipa, Peru.

Under the terms of the option agreement, the Company has the right to earn 100% interest in the Project, subject to a 1.5% Net Smelter Royalty ("NSR"), by making staged option payments and issuing common shares of the Company as follows:

Date for option payment	Amount USD	Shares
	$	
On execution of the option agreement ("effective date") (paid)	50,000	50,000
12 months after effective date	75,000	75,000
24 months after effective date	100,000	100,000
36 months after effective date	125,000	125,000
48 months after effective date	150,000	150,000
TOTAL:	**500,000**	**500,000**

The 1.5% NSR is payable up to a maximum of US$10 million. The Company retains the right of first offer to purchase the NSR. Advance royalty payments of US$500,000 will also be payable for each 500 million pounds of copper equivalent ("CuEQ") related to any incremental increase in measured and indicated resources. For the

Expressed in Canadian dollars

8. MINERAL INTERESTS (Cont'd)

purpose of this agreement, CuEQ will be based on the contained pounds of copper, contained ounces of gold and silver, and the LME closing spot price on the date of release of each applicable resource estimate.

Plata Dorado, Peru

On January 22, 2015, the Company completed the acquisition of Minquest, which owns the Plata Dorado copper, gold, silver property located in the Department of Cuzco, Peru (Note 4).

Red Beds, Peru

On January 26, 2015, the Company entered into an option agreement pursuant to which it may acquire a 100% interest in the Red Beds copper and silver project ("Red Beds") located in the Department of Cuzco, Peru.

Under the terms of the option agreement, the Company has agreed to make a total of US $280,000 in staged cash payments as follows:

Date for option payment	**Amount USD**
	$
On execution of the option agreement (paid)	40,000
Upon final registration of the claims (paid)	40,000
12 months after the date of the final registration of the claims	100,000
24 months after the date of the final registration of the claims	100,000
TOTAL:	**280,000**

Saddleback and Lost Cabin, U.S.A

On February 3, 2015, the Company signed option agreements with La Cuesta International Inc., pursuant to which it may acquire a 100% interest in the Saddleback Project ("Saddleback") located in the states of Arizona and New Mexico, and the Lost Cabin Project ("Lost Cabin") located in the state of Oregon. The terms of the individual property option agreements are the same for both Saddleback and Lost Cabins ("the Properties"). Under the terms of each of the agreements, the Company has the right to earn 100% interest in the Properties, subject to a 1.5% NSR, by issuing 200,000 common shares of the Company and by making staged advance NSR payments as follows:

Date for option payment	**Amount USD**
	$
On execution of the option agreement ("effective date") (paid)	1,500
12 months after effective date (paid)	5,000
18 months after effective date (paid)	5,000
24 months after effective date	10,000
30 months after effective date	10,000
36 months after effective date	15,000
40 months after effective date	20,000
48 months after effective date and every 6 months after	20,000

When the aggregate NSR payments, including advance and productions payments, exceed US$5,000,000, the NSR payable will reduce from 1.5% to 0.75%.

Expressed in Canadian dollars

8. MINERAL INTERESTS (Cont'd)

During the year ended July 31, 2015, the Company decided not to pursue the Saddleback project and has consequently expensed all Saddleback-related costs as general exploration expenditures.

During the year ended July 31, 2016, the Company issued 200,000 common shares for the Lost Cabins project.

9. CAPITAL AND RESERVES

Authorized Share Capital

At July 31, 2016, the Company's authorized share capital consisted of an unlimited number of common shares without par value and an unlimited number of preferred shares with no par value.

During the year ended July 31, 2016, the Company issued 50,000 shares in accordance with the Los Chapitos option agreement (see Note 8).

On January 22, 2015, the Company completed a non-brokered private placement consisting of 5,650,000 common shares at $0.10 per share, for aggregate gross proceeds of $565,000.

On July 16, 2015, the Company completed a non-brokered private placement consisting of 4,002,500 units at a price of $0.20 per unit for gross proceeds of $800,500, with each unit comprised of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.25 until January 17, 2017. The warrants are subject to this acceleration right in favour of the Company: should the closing price of the common shares of the Company on the TSX Venture Exchange be $0.35 or higher for ten consecutive trading days, the Company will be entitled to accelerate the expiry of the warrants to the date that is 30 business days from the date of the issuance of a news release by the Company announcing the exercise of the acceleration right.

Total cash share issuance costs of $53,211 were paid in connection with the private placements during the year ended July 31, 2015.

Basic and diluted earnings/(loss) per share

The calculation of basic and diluted loss per share is based on the following:

	Year ended July 31, 2016	Year ended July 31, 2015
	$	$
Income (loss) attributable to common shareholders	(327,892)	387,120
Weighted average number of common shares outstanding for calculation of earnings/(loss) per share	24,417,943	14,588,910

Share Option Plan

The Company has a share option plan for its employees, directors, officers and consultants. The plan provides for the issuance of incentive options to acquire up to a total of 10% of the issued and outstanding common shares of the Company. The exercise price of each option shall not be less than the minimum prescribed amount allowed under the TSX. The options can be granted for a maximum term of 5 years with vesting provisions determined by the Company.

For the year ended July 31, 2016, the Company granted nil (2015 – 1,575,000) stock options at an exercise price of $nil (2014 - $0.20) to employees, directors and consultants for a life of 5 years and a vesting period of 1.5 years, with 25% vesting immediately and 25% vesting every six months from the date of grant.

Expressed in Canadian dollars

9. CAPITAL AND RESERVES (Cont'd)

For the year ended July 31, 2016, stock based compensation of $65,644 (2015 - $144,083) was recognized in profit and loss. In addition, stock based compensation of $11,564 (2015 - $33,902) was capitalized to mineral interests.

Continuity of share purchase options for the years ended July 31, 2016 and 2015 are as follows:

	Options Outstanding	Weighted Average Exercise Price
		$
At July 31, 2014	558,500	1.90
Granted	1,575,000	0.20
Forfeited	(112,500)	2.06
At July 31, 2015	2,021,000	0.57
Granted	-	-
Forfeited	(424,000)	0.40
At July 31, 2016	1,597,000	0.25

The fair value of stock options granted in 2016 was estimated based on the Black-Scholes option pricing model using a share price of $nil (2015- $0.20), volatility of nil% (2015 – 198.83%) risk free interest rate of nil% (2015 – 0.59%), expected life of nil years (2015 - 5 years) and expected dividend yield of nil (2015 – nil). The weighted average fair value of options granted in 2015 was $nil (2015 - $0.19).

Option pricing models require the input of subjective assumptions including the expected price volatility, and expected option life. Changes in these assumptions could have a significant impact on the grant date fair value calculation.

The following table summarizes information about stock options outstanding and exercisable at July 31, 2015:

Exercise Price	Option Outstanding	Weighted Average Remaining Life (years)	Expiry Dates (mm/dd/yyyy)	Options exercisable
$				
0.20	1,500,000	3.50	4/20/2020	1,125,000
0.70	49,000	0.07	11/26/2018	49,000
1.00	29,500	0.03	1/24/2018	29,500
1.80	18,500	0.00	11/3/2016*	18,500
At July 31, 2016	**1,597,000**	**4.33**		**1,222,000**

**Subsequently expired unexercised after year end*

During the year ended July 31, 2016, the Company issued nil warrants (2015 – 4,002,500). The Company has recorded the value of these warrants at $nil (2015 - $328,534), net of share issuance costs of $nil (2015 - $7,159) based on the relative fair value method against warrant reserves.

The fair value of warrants granted in 2015 was estimated using the Black-Scholes option pricing model using a weighted average volatility of 183.84%, a risk free interest rate of 0.40%, expected life of 1.5 years and expected dividend yield of nil. The weighted average fair value of warrants granted in 2015 was $0.13.

Expressed in Canadian dollars

9. CAPITAL AND RESERVES (Cont'd)

Continuity of share purchase warrants for the year ended July 31, 2016 is as follows:

	Warrants Outstanding	Weighted Average Exercise Price
		$
At July 31, 2014	1,561,000	1.00
Issued	4,002,500	0.25
Expired	(1,561,000)	1.00
At July 31, 2015 and 2016	4,002,500	0.25

10. RELATED PARTIES

Key management personnel compensation

Compensation	2016	2015
	$	$
Management fees (i)	2,500	-
Share-based payments (i)	15,469	118,283
	17,969	118,283

(i) Management fees are compensation paid to an officer of the Company.
(ii) Share-based payment is the fair value of options granted and vested.

Key management personnel include the Company's directors and officers.

During the year ended July 31, 2016, the Company incurred $nil (2015 - $102,327) in expense reimbursements to the Company's CEO in relation to the acquisition of Minquest (Note 4). These costs were classified as part of transaction costs. As at July 31, 2016, nil (2015 - $50,925) of expense reimbursements remain in accounts payable.

Loan Payable

During the year ended July 31, 2016, the President of the Company entered into a loan agreement with the Company. Under the terms of the agreement, the President provided the Company with CDN$500,000 as a demand loan with an annual interest rate of 3%. During the year, interest expense of $1,808 was incurred. As at July 31, 2016, no payments have been made on the loan or the accrued interest thereon.

Expressed in Canadian dollars

11. DEFERRED INCOME TAXES

The following is a reconciliation of income taxes using the Canadian federal and provincial statutory income tax rates:

	2016	2015
	$	$
Net income/(loss) for the year, before taxes	(327,892)	389,120
Statutory tax rate	26%	26%
Expected income tax expense/(recovery)	(85,252)	100,651
Net adjustment for deductible/non-deductible amounts	14,449	(952,443)
Change in tax rate	-	948
Unrecognized benefit of non-capital losses	70,803	850,844
Income tax expense (recovery), net	-	-

The significant components of the Company's deferred income tax assets (liabilities) are as follows:

	2016	2015
	$	$
Deferred income tax assets (liabilities):		
Mineral interests	(497,000)	(163,000)
Equipment	-	1,000
Tax loss carry-forwards	1,786,000	1,749,000
Capital losses	786,000	786,000
Share issuance costs	8,000	10,000
Amounts not recognized	(2,083,000)	(2,383,000)
Net deferred income tax liabilities	-	-

The Company has Canadian capital losses of approximately $3 million (2015 - $3 million) and non-capital losses of approximately $5 million (2015 - $4.8 million), Peru non-capital losses of approximately $1 million (2015- $1 million) and Mexican non-capital losses of approximately $600,000 (2015 - $600,000), which are available to reduce future taxable income and which expire between 2031 and 2036.

12. FINANCIAL RISK MANAGEMENT

(a) Overview

The Company has exposure to credit risk, liquidity risk and interest rate risk from its use of financial instruments.

This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

12. FINANCIAL RISK MANAGEMENT (Cont`d)

(b) Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets recorded in the financial statements (excluding cash) represents the Company’s maximum exposure to credit risk

The Company limits its exposure to credit risk on liquid financial assets through investing its cash and cash equivalents with high-credit quality financial institutions.

None of the financial assets of the Company are either past due or impaired.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company seeks to ensure that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. For additional information related to liquidity reference should be made to Note 1.

(d) Interest Rate Risk

The Company is subject to interest rate risk with respect to its investments in cash and cash equivalents. The Company’s current policy is to invest cash at floating rates of interest and cash reserves are to be maintained in cash and cash equivalents in order to maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates when cash and cash equivalents mature impact interest income earned. As at the statement date, a 1% change in interest rates would not be material to the financial statements.

(e) Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, which comprises of share capital, net of accumulated deficit. The Company manages its capital structure through the preparation of operating budgets, which are approved by the Board of Directors. From time to time the Company may issue additional equity to meet its capital requirements.

(f) Fair Value

The carrying value of the Company’s financial assets and liabilities approximate their fair value due to their short-term maturity or capacity of prompt liquidation.

(g) Foreign Currency Risk

Foreign exchange risk is the risk arising from changes in foreign currency fluctuations. The Company does not use any derivative instruments to reduce its exposure to fluctuations in foreign currency rates. The Company operates projects in more than one country. As a result a portion of the Company’s cash, accounts receivable, accounts payable and accruals are denominated in U.S. Dollars, Mexican Pesos and Peruvian Solas and are therefore subject to fluctuation in exchange rates. As at July 31, 2016, a 1% change in the exchange rate between the Canadian and U.S. dollar or the Canadian dollar and Peruvian Solas and Mexican Pesos would not be material.

Expressed in Canadian dollars

12. FINANCIAL INSTRUMENTS (Cont`d...)

The Company's financial instruments consist of cash, amounts receivable and accounts payable. They are designed as follows:

- Loans and receivables: cash and cash equivalents, amounts receivable
- Other financial liabilities: accounts payable

Fair value hierarchy

Financial instruments recognized at fair value on the consolidated balance sheets must be classified into one of the three following fair value hierarchy levels:

Level 1 – measurement based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities;

Level 2 – measurement based on inputs other than quoted prices included in Level 1, that are observable for the asset or liability;

Level 3 – measurement based on inputs that are not observable (supported by little or no market activity) for the asset or liability.

The Company currently does not have any financial instruments recorded at fair value. The carrying value of cash and cash equivalents, accounts receivable and accounts payable approximate fair value.

13. SEGMENT INFORMATION

The Company operates in the acquisition and exploration of mineral properties. Non-current assets by geographic location are as follows:

	July 31, 2016	July 31, 2015
	$	$
Canada	-	-
U.S.A	52,178	1,630
Mexico	-	-
Peru	1,908,044	1,222,755
Total	1,960,222	1,224,385

14. SUBSEQUENT EVENT

Subsequent to year end, the Company issued 925,000 incentive stock options to directors, officers, employees, and consultants. The stock options are exercisable for a period of five years at an exercise price of $0.20 per share. The options were granted under and are subject to the terms and conditions of the Company's Stock Option Plan.