



## **CAMINO MINERALS CORPORATION**

### **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS SIX MONTHS ENDED JANUARY 31, 2016**

*(Expressed in Canadian Dollars)*

*(Unaudited)*

Suite 500, 666 Burrard Street, Vancouver, BC., CANADA, V6C 3P6  
Phone: (604) 566-8778

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**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsections 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that these condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

	Notes	January 31, 2016	July 31, 2015 (audited)
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 689,159	\$ 943,310
Receivables		48,096	329,053
Deposits and prepaid expenses		11,652	56,428
<b>Total current assets</b>		<b>748,907</b>	<b>1,328,791</b>
<b>Non-current assets</b>			
Fixed assets		70,148	79,919
Mineral interests	3	1,609,453	1,224,385
		1,679,601	1,304,304
<b>Total Assets</b>		<b>\$ 2,428,508</b>	<b>\$ 2,633,095</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 142,397	\$ 165,598
<b>Total liabilities</b>		<b>142,397</b>	<b>165,598</b>
<b>EQUITY</b>			
Share capital	4	17,888,736	17,872,736
Subscription receivable	4	-	(24,100)
Reserves	4	12,220,615	12,220,615
Share based payment reserves	4	1,928,637	1,840,101
Warrant reserves	4	787,370	787,370
Accumulated other comprehensive income (loss)	4	(11,102)	59,964
Deficit		(30,528,145)	(30,289,189)
<b>Total equity</b>		<b>2,286,111</b>	<b>2,467,497</b>
<b>Total Equity and Liabilities</b>		<b>\$ 2,428,508</b>	<b>\$ 2,633,095</b>

These condensed consolidated interim financial statements are authorized for issuance by the Board of Directors on March 31, 2016.

**On behalf of the Board:**

Peter DeVisser  
Peter DeVisser  
(Chairman of Audit Committee)

Ken McNaughton  
Ken McNaughton  
(Director)

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

**CAMINO MINERALS CORPORATION**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS**  
Expressed in Canadian dollars  
(unaudited)

	Notes	Three months ended January 31, 2016 \$	Three months ended January 31, 2015 \$	Six months ended January 31, 2016 \$	Six months ended January 31, 2015 \$
<b>EXPENSES</b>					
Amortization		\$ -	\$ 539	\$ -	\$ 1,137
Consulting		475	3,000	1,037	3,000
General and administrative		2,152	4,895	1,866	13,128
General exploration		3,126	26,888	31,635	35,958
Insurance		5,723	14,828	11,446	21,365
Investor relations		29,135	378	73,347	753
Listing and filing fees		2,348	5,888	2,348	6,799
Professional fees		12,602	12,366	49,852	26,366
Rent		-	5,730	-	33,761
Salaries and benefits		1,095	19,276	2,191	37,602
Share based compensation	4	24,136	1,919	71,488	5,953
Shareholder relations		-	6,843	2,223	6,843
Transfer agents		2,453	6,714	(2,229)	7,321
Travel		2,406	-	5,152	-
<b>Loss from operations</b>		<b>85,651</b>	<b>109,264</b>	<b>250,356</b>	<b>199,986</b>
<b>OTHER ITEMS</b>					
Foreign exchange loss (gain)		42,303	704	(12,220)	10,537
Interest income		-	(1)	-	(328)
Gain on disposal of assets		-	-	-	(10,051)
<b>Net loss for the period</b>		<b>\$ 127,954</b>	<b>\$ 109,967</b>	<b>\$ 238,136</b>	<b>\$ 200,144</b>
<b>Basic and diluted loss per common share</b>	4	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>

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

**CAMINO MINERALS CORPORATION**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
Expressed in Canadian dollars

	Three months ended January 31, 2016 \$	Three months ended January 31, 2015 \$	Six months ended January 31, 2016 \$	Six months ended January 31, 2015 \$
<b>Net loss for the period</b>	\$ 127,954	\$ 109,967	\$ 238,136	\$ 200,144
Other comprehensive loss for the period:				
Currency translation difference	33,412	(14,409)	71,066	(25,020)
<b>Net comprehensive loss for the period</b>	\$ 161,366	\$ 95,558	\$ 309,202	\$ 175,124

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

**CAMINO MINERALS CORPORATION**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
Expressed in Canadian dollars  
(unaudited)

	Notes	Six months ended January 31, 2016 \$	Six months ended January 31, 2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss for the period from operations		\$ (238,956)	\$ (200,144)
Items not affecting cash:			
Amortization		-	1,137
Share-based compensation	4	71,488	5,953
Gain on disposal of assets		-	(10,051)
Foreign exchange		(130,905)	16,354
Change in non-cash working capital items:			
Receivables		12,538	(6,089)
Prepaid expenses		44,776	48,156
Accounts payable and accrued liabilities		(16,792)	(6,252)
Net cash used in operating activities		(257,851)	(150,936)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Expenditures on mineral interests		(288,819)	(158,322)
Proceeds received on disposition of subsidiaries		268,419	-
Proceeds on sale of property, plant and equipment		-	41,516
Net cash used in investing activities		(20,400)	(116,806)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Shares issued	4	-	515,000
Subscription receivable	4	24,100	-
Share issue costs	4	-	(14,400)
Cash received on acquisition of Minquest		-	6,315
Net cash from financing activities		24,100	506,915
<b>Change in cash and cash equivalents for the period</b>		<b>(254,151)</b>	<b>239,173</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>943,310</b>	<b>249,837</b>
<b>Cash and cash equivalents, end of period</b>		<b>\$ 689,159</b>	<b>\$ 489,010</b>

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**CAMINO MINERALS CORPORATION**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
Expressed in Canadian dollars  
(unaudited)

Common shares									
	Number of shares	Amount \$	Subscription receivable \$	Reserves \$	Share-based payments reserve \$	Warrant reserves \$	Accumulated currency translation difference \$	Deficit \$	Total \$
Balance – August 1, 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	-	-	-	-	88,536	-	-	-	88,536
Subscriptions received	-	-	24,100	-	-	-	-	-	24,100
Shares issued per mineral property agreement	200,000	16,000	-	-	-	-	-	-	16,000
Other comprehensive gain	-	-	-	-	-	-	(71,066)	-	(71,066)
Income for the year	-	-	-	-	-	-	-	(238,956)	(238,956)
<b>Balance – January 31, 2016</b>	<b>24,479,009</b>	<b>\$ 17,888,736</b>	<b>\$ -</b>	<b>\$ 12,220,615</b>	<b>\$ 1,928,637</b>	<b>\$ 787,370</b>	<b>\$(11,102)</b>	<b>\$(30,528,145)</b>	<b>\$2,286,111</b>

Common shares									
	Number of shares	Amount \$	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	-	-	-	-	5,953	-	-	-	5,953
Private placement	5,650,000	565,000	(50,000)	-	-	-	-	-	515,000
Share issuance costs	-	(14,400)	-	-	-	-	-	-	(14,400)
Acquisition of Minquest (Note 3)	5,000,000	500,000	-	-	-	-	-	-	500,000
Other comprehensive income	-	-	-	-	-	-	25,020	-	25,020
Loss for the period	-	-	-	-	-	-	-	(200,144)	(200,144)
<b>Balance – January 31, 2015</b>	<b>20,276,509</b>	<b>\$ 17,439,581</b>	<b>\$ (50,000)</b>	<b>\$ 12,220,615</b>	<b>\$ 1,668,069</b>	<b>\$ 458,836</b>	<b>\$ 263,571</b>	<b>\$( 30,876,453)</b>	<b>\$ 1,124,219</b>

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

**1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION**

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

**2. SIGNIFICANT ACCOUNTING POLICIES**

**a) Statement of Compliance**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board. Accordingly, these condensed consolidated interim financial statements do not include all of the information and footnotes required by International Financial Reporting Standards (“IFRS”) for complete financial statements for year-end reporting purposes. These condensed consolidated interim financial statements should be read in conjunction as our annual consolidated financial statements for the year ended July 31, 2015 as they follow the same accounting policies under IFRS.

**b) Basis of Consolidation**

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

<b>Name of Subsidiary</b>	<b>Place of Incorporation</b>	<b>Proportion of Ownership Interest</b>	<b>Principal Activity</b>
Minquest Peru SAC	Peru	100%	Holds mineral interests in Peru
Recursos Mineros Rojo S.A. de C.V.	Mexico	100%	Holds Rodeo claim in Mexico



**2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**c) Significant Accounting Estimates and Judgments**

The preparation of these condensed consolidated interim 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 condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the condensed consolidated interim 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. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Critical accounting estimates**

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. In the year-ended July 30, 2014, the Company ceased exploration activities in Mexico and wrote down the carrying value of its mineral interests to \$1.

*New standards, amendments and interpretations adopted by the Company*

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 July 1, 2015 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.

**CAMINO MINERALS CORPORATION****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended January 31, 2016

Expressed in Canadian dollars

(unaudited)

**3. MINERAL INTERESTS**

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

**Six months ended January 31, 2016**

	<b>Plata Dorado</b>	<b>Red Beds</b>	<b>Lost Cabins</b>	<b>Rodeo</b>	<b>Total</b>
Balance, July 31, 2015	\$ 654,788	\$ 567,966	\$ 1,630	\$ 1	\$ 1,224,385
Acquisition	-	-	-	-	-
Acquisition costs	-	-	16,000	-	16,000
Amortization	-	12,842	-	-	12,842
Assaying	-	6,871	-	-	6,871
Claim taxes and government fees	-	-	17,002	-	17,002
Community relations	-	9,684	-	-	9,684
Consulting	55,000	1,355	10,992	-	67,347
Equipment and supplies	-	20,318	-	-	20,318
Field and office supplies	-	20,349	-	-	20,349
Field work	-	5,231	-	-	5,231
Mining rights and fees	20,105	5,328	-	-	25,433
Salaries	-	8,036	-	-	8,036
Share-based compensation	6,039	11,009	-	-	17,048
Other	-	40,982	-	-	40,982
Travel	2,274	33,444	6,224	-	41,942
Exploration costs for the period	83,418	175,449	50,218	-	309,085
Value-added tax	4,534	9,536	-	-	14,070
Currency translation difference	14,503	47,410	-	-	61,913
Balance, January 31, 2016	\$ 757,243	\$ 800,361	\$ 51,848	\$ 1	\$ 1,609,453

Value-added tax includes tax credits receivable from the Government of Peru and is deferred as mineral interests as recoverability is uncertain.

**CAMINO MINERALS CORPORATION****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended January 31, 2016

Expressed in Canadian dollars

(unaudited)

**3. MINERAL INTERESTS (Cont'd)****Year ended July 31, 2015**

	<b>Plata Dorado</b>	<b>Red Beds</b>	<b>Lost Cabins</b>	<b>Rodeo</b>	<b>Total</b>
Balance, July 31, 2014	-	-	-	\$ 1	\$ 1
Acquisition	\$ 563,488	\$ 46,633	\$ 1,630	-	\$ 611,751
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	\$ 654,788	\$ 567,966	\$ 1,630	\$ 1	\$ 1,224,385

**3. MINERAL INTERESTS (Cont'd)**

**Plata Dorada, Peru**

On January 22, 2015, the Company completed the acquisition of Minquest which owns the Plata Dorada copper, gold, silver property in the Department of Cuzco, Peru.

**Red Beds, Peru**

On January 26, 2015, the Company entered into an option agreement pursuant to which the Company 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 pay a total of US \$280,000 in staged cash payments as follows:

<b>Date for option payment</b>	<b>Amount USD</b>
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
<b>TOTAL:</b>	<b>\$ 280,000</b>

**Saddleback and Lost Cabin, U.S.A**

On February 3, 2015, the Company signed option agreements with La Cuesta International Inc., pursuant to which the Company 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. Under the terms of the agreements, the Company has the right to earn 100% interest in the Properties, subject to a 1.5% Net Smelter Royalty ("NSR"), by issuing 200,000 common shares of the Company, and by making staged advanced NSR payments as follows:

<b>Date for option payment</b>	<b>Amount USD</b>
On execution of the option agreement ("effective date") (paid)	\$ 1,500
12 months after effective date	\$ 5,000
18 months after effective date	\$ 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 payable NSR will reduce from 1.5% to 0.75%.

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.

On November 23, 2015, the Company issued 200,000 common shares in accordance with the Lost Cabins mineral property agreement.

**4. CAPITAL AND RESERVES**

*Authorized Share Capital*

At January 31, 2016, the 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 quarter ended January 31, 2016, the Company received \$24,100 (2015 - \$nil) in share subscription receivables.

*Basic and diluted loss per share*

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

	Three months ended January 31, 2016	Three months ended January 31, 2015	Six months ended January 31, 2016	Six months ended January 31, 2015
Loss attributable to common shareholders	\$ (127,954)	\$ 109,967	\$ (238,136)	\$ 200,144
Weighted average number of common shares outstanding for calculation of loss per share	24,429,009	9,727,733	24,354,009	9,676,845

*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.

Continuity of share purchase options for the six months ended January 31, 2016 is as follows:

	Options Outstanding	Weighted Average Exercise Price \$
<b>At July 31, 2015</b>	2,021,000	0.57
Issued	-	
Expired	(100,000)	5.05
<b>At January 31, 2016</b>	1,921,000	0.34

The total stock based compensation for the six month period ended January 31, 2016 is \$88,536 (2015- \$5,953), of which \$17,048 (2015 - \$nil) is capitalized to mineral interests and \$71,488 (2015 - \$nil) is recognized in profit and loss.

**4. CAPITAL AND RESERVES (Cont'd)**

*Share Option Plan (Cont'd)*

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

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

Exercise Price \$	Option Outstanding	Weighted Average Remaining Life (years)	Expiry Dates (mm/dd/yyyy)	Options exercisable
0.20	1,575,000	4.2	4/20/2020	787,500
0.70	177,000	2.8	11/26/2018	132,750
1.00	107,000	2.0	1/24/2018	107,000
1.80	62,000	0.8	11/3/2016	62,000
<b>At January 31, 2016</b>	<b>1,921,000</b>	<b>3.86</b>		<b>1,089,250</b>

Continuity of share purchase warrants for the six months ended January 31, 2016 is as follows:

	Warrants Outstanding	Weighted Average Exercise Price \$
<b>At July 31, 2015</b>	<b>4,002,500</b>	<b>0.25</b>
Issued	-	-
Expired	-	-
<b>At January 31, 2016</b>	<b>4,002,500</b>	<b>0.25</b>

The issued share purchase warrants expire on January 17, 2017.

**5. RELATED PARTIES**

**Key management personnel compensation**

Compensation	Six months ended January 31,	
	2016	2015
Salaries and benefits	\$ -	\$ -
Share-based payments (i)	61,093	3,197
	<u>\$ 61,093</u>	<u>\$ 3,197</u>

(i) Share-based payment is the fair value of options granted and vested.

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



**CAMINO MINERALS CORPORATION**  
**(the "Company")**

**Interim Management Discussion & Analysis- Quarterly Highlights**  
**For the six months ended January 31, 2016**

This interim Management Discussion and Analysis - Quarterly Highlights ("Interim MD&A") has been prepared as of March 31, 2016. This Interim MD&A updates disclosure previously provided in our Annual MD&A, up to the date of this Interim MD&A, and should be read in conjunction with our unaudited interim consolidated financial statements for the six months ended January 31, 2016 and 2015 (our "Interim Financial Statements"), our audited consolidated Financial Statements for the years ended July 31, 2015 and 2014 (our "Audited Financial Statements") and our Annual MD&A for the year ended July 31, 2015 (our "Annual MD&A").

Our Interim Financial Statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") and all amounts are expressed in Canadian dollars unless otherwise noted. Our accounting policies are described in note 2 of our Audited Financial Statements. Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

***Caution on Forward-Looking Information***

*This MD&A may include forward-looking statements and forward-looking information, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements and forward-looking information addresses future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements.*

**FINANCIAL POSITION AND LIQUIDITY**

**Review of Financial Results**

**Selected Quarterly Financial Data (unaudited)**

	<b>1/31/16</b>	<b>10/31/15</b>	<b>7/31/15</b>	<b>4/30/15</b>
Net income (loss) for the quarter	(127,954)	\$(110,182)	\$771,649	\$(184,385)
Income (loss) per share - basic & diluted	(0.01)	(0.00)	0.04	(0.01)
Cash	\$689,159	\$917,278	\$943,310	\$217,763



	1/31/15	10/31/14	7/31/14	4/30/14
Net loss for the quarter	\$(109,967)	\$(90,177)	\$(343,584)	\$(8,101,752))
Loss per share - basic & diluted	(0.01)	(0.01)	(0.4)	(0.84)
Cash	\$489,010	\$208,753	\$249,837	\$434,640

During the three months ended January 31, 2016, the Company incurred a loss of \$127,954 compared to a loss of \$109,967 for the three months ended January 31, 2015.

Significant items making up the change in net loss for the three months ended January 31, 2016 as compared to the three months ended January 31, 2015 were as follows:

- General exploration decreased by \$23,762 due to decreased activities in Peru and the sale of the Mexican subsidiary.
- Share-based compensation increased by \$22,217 due to a higher valuation of options vesting during the current period.
- Investor relations increased by \$28,757.
- Shareholder relations decreased by \$6,843 due to decreased activities.
- Loss due to foreign exchange increased by \$41,599 due to the weakening of the Canadian dollar.
- Salaries and benefits decreased by \$18,181.

### **Operating Activities**

The Company spent \$257,851 for the six months ended January 31, 2016, which is more than the \$150,936 spent for the six months ended January 31, 2015 primarily due to an increase in investor relations and professional fees.

### **Investing Activities**

The Company used \$20,400 for the six months ended January 31, 2016, and used \$116,806 for the six months ended January 31, 2015. This difference is attributed to current quarter mineral expenditures of \$288,819 on properties in Peru, partially offset by proceeds received on the disposition of subsidiaries of \$268,419 versus exploration expenditures of \$158,322, partially offset by proceeds on sale of property, plant and equipment, for the period ended January 31, 2015.

## **Financing activities**

The Company received \$24,100 during the six months ended January 31, 2016 compared to the six months ended January 31, 2015, when a non-brokered private placement consisting of 5,650,000 common shares of the Company at \$0.10 per share, for aggregate gross proceeds of \$565,000 and Finder's fees of \$14,400 were paid on a portion of the private placement.

## **Cash Resources and Going Concerns**

At January 31, 2016, the Company had \$689,159 in cash and working capital of \$606,510. To continue to develop its properties in the future, the Company will have to raise additional equity or form strategic partnerships; however there cannot be any certainty that additional financing can be raised or strategic partnerships can be found.

## **OPERATIONS**

On January 22, 2015, the Company completed the acquisition of all of the issued and outstanding shares of Minquest Peru SAC ("Minquest"), a private Peruvian corporation that has been conducting grassroots exploration in Peru for three years and holds a database of a number of other prospects resulting from its exploration programs.

## **EXPLORATION**

### *Peruvian Properties*

#### Plata Dorado

The Plata Dorada property is located in the Department of Cuzco, Peru and consists 6 claims totalling 2,100 hectares (5,190 acres). It is located 158 kilometers east of the city of Cuzco, approximately 2.5 hours' drive on paved highway. The Company has signed an access agreement with the local community that covers the known mineral showings. Over the next few months, work will focus on improving the road access to the mineralization in preparation for a future diamond drill program. No activity took place during the second quarter.

#### Red Beds

The Company has an option to 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 pay a total of US\$280,000 in staged cash payments. Red Beds consists of 10 mineral concessions covering 5,300 hectares (13,097 acres) and is located approximately 150 kilometers south-east of the city of Cuzco, about 2.5 hours' drive on paved highway. The Company has signed an access agreement with the local community that covers the majority of the Red Beds Property.

At Red Beds; over a 6 week period in late September 2015 through October 2015, we upgraded the access trail into the centre of the property. During this time, we also constructed a new dorm/cook house on site, in preparation for the future drill program. With the onset of the rainy season in November, all field activities have been suspended. The application for the drill permit was filed in late January and comments received in late February. The Company is working with local consultants and the communities to address the comments.

### *Other Properties*

The Company has an option to acquire a 100% interest in the Lost Cabin Project located in the state of Oregon, USA. The Company has filed a permit application and is working with the local BLM office to provide additional information.

## **ADDITIONAL DISCLOSURE**

### **Related Party Transactions**

Key management personnel, which includes the Company's directors and officers, compensation:

Compensation	Six months ended January 31,	
	2016	2015
Salaries and benefits	\$ -	\$ -
Share-based payments (i)	61,093	3,197
	\$ 61,093	\$ 3,197

(i) Share-based payment is the fair value of options granted and vested.

### **Outstanding Share Data**

The authorized capital consists of an unlimited number of common shares without par value. As of March 31, 2016, the following common shares and stock options were issued and outstanding:

	<u>Number of Shares</u>	<u>Exercise Price \$</u>	<u>Expiry Date</u>
Common shares	24,279,009	-	-
Stock Options	62,000	1.80	November 3, 2016
	107,000	1.00	January 24, 2018
	177,000	0.70	November 26, 2018
	1,575,000	0.20	April 20, 2020
Warrants	4,002,500	0.25	January 17, 2017
Fully diluted	30,202,509		

### **Additional Disclosure for Venture Issuers without Significant Revenue**

Additional disclosure concerning the Corporation's general and administrative expenses and mineral property costs is provided in the Interim Financial Statements and related notes that are available on the SEDAR website [www.sedar.com](http://www.sedar.com).