AGAVE SILVER
CORPORATION

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in Canadian dollars)
(Unaudited)

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

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

AGAVE SILVER CORP.

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited)

	December 31, 2015	March 31, 2015
Assets		
Current Assets		
Cash	$ 6,901	$ 2,827
Amounts receivable and prepaid expenses (Note 6)	14,742	22,766
Total Current Assets	21,643	25,593
Non-current Assets		
Deferred charge	17,188	21,875
Deferred finance fee	--	28,900
Equipment	176	351
Reclamation deposits	18,000	18,000
Total Non-current Assets	35,364	69,126
Total Assets	$ 57,007	$ 94,719
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 8)	$ 45,902	$ 97,615
Accounts payable, related parties (Note 9)	177,463	282,981
Total Liabilities	223,365	380,596
Deficiency		
Share capital (Note 11)	34,028,235	33,755,285
Share subscription	--	100,000
Warrant reserve	--	341,631
Share-based payments reserve (Note 11)	563,023	964,950
Deficit	(34,757,616)	(35,447,743)
Total Deficiency	(166,358)	(285,877)
Total Liabilities and Deficiency	$ 57,007	$ 94,719

Going Concern (Note 1)

Approved and authorized for issue on behalf of the board of directors on February 29, 2016 by:

/s/*Ronald M. Lang*
Director

/s/*Robert Paul*
Director

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

AGAVE SILVER CORP.

Condensed Consolidated Interim Statements of Operations and Comprehensive Income (Loss)

(Expressed in Canadian dollars)

(Unaudited)

	Three Months Ended December 31, 2015	Three Months Ended December 31, 2014	Nine Months Ended December 31, 2015	Nine Months Ended December 31, 2014
Expenses				
Exploration costs (Note 7)	$ --	$ (7,885)	$ (3,017)	$ 338
Finance fees	25,000	--	25,000	--
Foreign exchange	--	547	(336)	1,505
General and administrative (Note 10)	10,025	16,110	37,626	62,002
Professional fees	12,569	50,887	38,786	86,124
Salaries and benefits	15,000	42,910	69,712	139,284
Shareholder communications	4,815	9,587	15,488	20,442
Stock-based compensation (Note 11)	--	--	25,873	--
Loss Before Other Income	(67,409)	(112,156)	(209,132)	(309,695)
Other Income				
Gain on settlement of debt (Note 9)	--	--	129,121	--
Interest	--	--	707	31
Total Other Income	--	--	129,828	31
Net Loss and Comprehensive Loss for the Period	(67,409)	(112,156)	(79,304)	(309,664)
Loss Before Discontinued Operations	(67,409)	(112,156)	(79,304)	(309,664)
Discontinued Operations				
Exploration and evaluation costs	--	54,961	--	275,778
Net Loss From Discontinued Operations	--	(54,961)	--	(275,778)
Net Loss and Comprehensive Loss for the Period	(67,409)	(167,117)	(79,304)	(585,442)
Loss per Common Share, Basic and Diluted (Note 11)	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.02)
Weighted Average Number of Shares Outstanding – Basic and Diluted	31,981,559	25,834,059	30,235,223	25,834,059

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

AGAVE SILVER CORP.

Condensed Consolidated Interim Statements of Changes in (Deficiency) Equity
For the nine months ended December 31, 2015 and 2014
(Expressed in Canadian dollars)
(Unaudited)

	Common Shares Without Par Value						
	Shares	Amount	Share Subscriptions	Warrant Reserve	Share-based Payments Reserve	Deficit	Total (Deficiency) Equity
Balance, March 31, 2014	25,834,059	$ 33,755,285	$ 50,000	$ 341,631	$ 1,376,550	$ (35,861,001)	$ (337,535)
Share subscriptions	--	--	--	--	--	--	--
Options expired unexercised	--	--	--	--	(411,600)	411,600	--
Net loss for the period	--	--	--	--	--	(585,442)	(585,442)
Balance, December 31, 2014	25,834,059	33,755,285	50,000	341,631	964,950	(36,034,843)	(922,977)
Balance, March 31, 2015	25,834,059	33,755,285	100,000	341,631	964,950	(35,447,743)	(285,877)
Private Placement	5,000,000	250,000	(100,000)	--	--	--	150,000
Shares issued for debt	1,147,500	22,950	--	--	--	-	22,950
Share-based payments	--	--	--	--	25,873	-	25,873
Warrants expired unexercised	--	--	--	(341,631)	--	341,631	
Options forfeited/expired, unexercised	--	--	--	--	(427,800)	427,800	--
Not income (loss) for the period	--	--	--	--	--	(79,304)	(79,304)
Balance, December 31, 2015	31,981,559	$ 34,028,235	$ --	$ --	$ 563,023	$ (34,757,616)	$ (166,358)

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

AGAVE SILVER CORP.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)

	For the nine months ended December 31, 2015	2014
Cash provided by (used in):		
Operations		
Net loss for the period	$ (79,304)	$ (585.442)
Items not involving cash		
Depreciation	175	3,640
Foreign exchange	--	362
Gain on settlement of debt	(129,121)	--
Share-based payments	25,873	--
Changes in non-cash operating assets and liabilities		
Amounts receivable and prepaid expenses	8,024	9,917
Deferred charge	4,687	4,687
Deferred finance fee	28,900	--
Foreign value-added taxes recoverable	--	16,495
Accounts payable and accrued liabilities	(51,713)	97,083
Accounts payable, related parties	(3,409)	197,617
Cash used in operating activities	(195,888)	(255,641)
Investing activities		
Proceeds of short-term investments	--	10,000
Interest on short-term investments	--	69
Cash provided by investing activities	--	10,069
Financing activities		
Common shares	250,000	--
Share subscriptions	(100,000)	--
Loan from related party	41,814	240,000
Cash provided by financing activities	191,814	240,000
Increase (decrease) in cash during the period	4,074	(5,572)
Cash, beginning of the period	2,827	29,350
Cash, end of the period	$ 6,901	$ 23,778
Supplemental information		
Interest paid	$ --	$ --
Income taxes paid	$ --	$ --
Non-cash portion of warrants exercised	$ --	$ --
Non-cash portion of options exercised	$ --	$ --

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

1. Nature of Operations and Going Concern

Agave Silver Corp. (the "Company") was incorporated on October 12, 1966 in the Province of British Columbia under the Business Corporations Act of British Columbia, and its principal business activity is the exploration of mineral properties in Canada.

The Company's head office and principal address is #1601-675 West Hastings Street, Vancouver, B.C., Canada, V6B 1N2. The Company's registered and records office is 25th Floor-700 West Georgia Street, Vancouver, B.C., Canada, V7Y 1B3.

The Company's continuing operations are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its mineral property interests and on future profitable production or proceeds from the disposition of the mineral property interest or other interests.

During the year ended March 31, 2015, the Company sold its wholly-owned Mexican subsidiary, Cream Minerals de Mexico S.A. de C.V. ("CMM") to Frank Lang and Ferdinand Holcapek (the "Buyers"). CMM holds all rights and title to the mineral concessions comprising the Company's Nuevo Milenio Property. As consideration for the securities of CMM held by the Company, the Buyers paid the aggregate sum of $686,000, payable as the forgiveness of the debts owed by the Company to Frank Lang (or other entities controlled by Frank Lang) and Ferdinand Holcapek.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. This assumes the Company will operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has incurred operating losses from inception to December 31, 2015 of $34,757,616 (March 31, 2015 – $35,447,743). Additionally, the Company has no source of operating cash flow, minimal income from short-term investments, and there can be no assurances that sufficient funding, including adequate financing, will be available to explore its mineral properties and to cover general and administrative expenses necessary for the maintenance of a public company. The ability of the Company to arrange additional financing in the future depends in part, on the prevailing capital market conditions and mineral property exploration success. These factors cast substantial doubt on the Company's ability to continue as a going concern. Accordingly, the financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities, contingent obligations and commitments other than in the normal course of business and at amounts different from those in these consolidated financial statements.

2. Significant Accounting Policies

(a) Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

2. Significant Accounting Policies (Continued)

(a) Statement of Compliance (Continued)

Certain disclosures that are required to be included in the annual financial statements prepared in accordance with IFRS are not included in these interim financial statements. These statements should be read in conjunction with the consolidated financial statements for the year ended March 31, 2015.

(b) Basis of Measurement and Presentation

These condensed consolidated interim financial statements have been prepared using the historical cost convention using the accrual basis of accounting except for some financial instruments, which have been measured at fair value. In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation have been included.

(c) Basis of Consolidation

The December 31, 2014 condensed consolidated interim financial statements incorporate the financial statements of the Company and its wholly-owned subsidiary, Cream Minerals de Mexico, S.A. de C.V. ("CMM"), a Mexican corporation. The subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtained control until the date that such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies. All intercompany transactions and balances were eliminated on consolidation. During the year ended March 31, 2015, the company sold its wholly-owned subsidiary, CMM.

(d) New Standards Not Yet Adopted

IFRS 9 "Financial Instruments": "Classification and Measurement" is effective for annual periods beginning on or after January 1, 2018.

The Company anticipates that the application of these standards, amendments and interpretations will not have a material impact on the results and financial position of the Company.

3. Critical Accounting Judgments and Estimates

The preparation of financial statements requires management to make judgments and estimates that affect the amounts reported in the financial statements and notes. By their nature, these judgments and estimates are subject to change and the effect on the financial statements of changes in such judgments and estimates in future periods could be material. These judgments and 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. Actual results could differ from these judgments and estimates. The more significant areas are as follows:

(a) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

3. Critical Accounting Judgments and Estimates (Continued)

(b) Going Concern

The assessment of the Company's ability to raise sufficient funds to finance its exploration and administrative expenses involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(c) Intangible Exploration and Evaluation Assets

Management is required to assess impairment in respect of intangible exploration and evaluation assets. Note 7 discloses the carrying value of such assets. The triggering events for exploration and evaluation assets are defined in IFRS 6 *Exploration for and Evaluation of Mineral Properties* and are as follows:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.

(d) Determination of Cash Generating Units

The determination of cash generating units ("CGUs") requires judgment in defining a group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risks and materiality.

(e) Foreign Currency

The Company applied judgment in determining the functional currency of the Company and its subsidiary. Functional currency was determined based on the currency in which funds are provided to its subsidiary and the degree of dependence on the Company for financial support.

(Expressed in Canadian dollars)

3. Critical Accounting Judgments and Estimates (Continued)

(f) Accrued Liabilities

The Company has applied judgment in recognizing accrued liabilities, including judgment as to whether the Company has a present obligation (legal or constructive) as a result of a past event; whether it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and whether a reliable estimate can be made of the amount of the obligation.

4. Discontinued Operations – Sale of Mexican Subsidiary

On February 12, 2015, the Company closed the sale of its wholly-owned Mexican subsidiary, Cream Minerals de Mexico S.A. de C.V. ("CMM") to Frank Lang and Ferdinand Holcapek (the "Buyers"). CMM holds all rights and title to the mineral concessions comprising the Company's Nuevo Milenio Property. As consideration for the securities of CMM held by the Company, the Buyers paid the aggregate sum of $686,000, payable as the forgiveness of the debts owed by the Company to Frank Lang (or other entities controlled by Frank Lang) and Ferdinand Holcapek.

The loss on sale of the Mexican subsidiary was as follows:

Investment in and amounts receivable from CMM	$	7,888,482
Retained earnings from CMM		(7,886,505)
Forgiveness of debts		(686,000)
Gain on sale of discontinued operations	$	(684,023)

During the nine months ended December 31, 2015, the Company spent $Nil (2014 - $275,778) in cash in exploration and evaluation costs on the discontinued operations, resulting in net cash used in operating activities of the same amount.

5. Investment in Associate

The Company holds a one third interest in Quorum Management and Administrative Services Inc. ("Quorum"), a private company incorporated for the purpose of administering cost sharing between the Company and two other public companies related through directors in common. Under the terms of the Quorum cost sharing agreement all three companies are joint and severally liable for Quorum's obligations. Quorum provided services on a full cost recovery basis until August 31, 2012. In September 2012, the Company took over the services that were provided by Quorum. The three public companies have deferred dissolving Quorum and intend to maintain Quorum as inactive.

6. Amounts Receivable and Prepaid Expenses

		December 31, 2015		March 31, 2015
GST/HST	$	8,492	$	13,888
Prepayments and other receivable		6,250		8,878
Total	$	14,742	$	22,766

7. Exploration and Evaluation Assets

The Company's exploration and evaluation assets as at December 31 and March 31, 2015 were $Nil.

Detailed exploration and evaluation expenditures incurred in respect to the Company's mineral property interests owned, leased or held under option are disclosed at the end of this note.

(a) Kaslo Silver Property, Kaslo, British Columbia, Canada

The 100% owned Kaslo Silver Property, a silver target, was written off during the year ended March 31, 2012, as there were no plans at that time to continue with exploration. During the year ended March 31, 2014, a review of geological data was completed, however, no further work was done during the year ended March 31, 2015 or during the nine months ended December 31, 2015.

(b) Nuevo Milenio Property, Nayarit, Mexico

During the year ended March 31, 2015, the Company closed the sale of the Company's interest in the Nuevo Milenio Property to Frank Lang and Ferdinand Holcapek via the sale of all of the securities of Cream Minerals de Mexico S.A. de C.V. held by the Company. CMM holds all rights and title to the mineral concessions comprising the Company's Nuevo Milenio Property. As consideration for the securities of Cream Minerals de Mexico, the buyers paid the aggregate sum of $686,000, payable as the forgiveness of the debts owed by the Company to Frank Lang (or other entities controlled by Frank Lang) and Ferdinand Holcapek.

(c) Hastings Highland Property, Limerick Township, Ontario

Effective May 9, 2015, the Company and Hastings Highland Resources Limited ("Hastings") entered into an agreement (the "Agreement") with respect to the exclusive option to earn a 90% interest in Hastings' Limerick Township nickel-copper property located in Ontario, Canada (the "Property"), however, the Company was unable to secure the requisite financing and terminated the option on September 3, 2015.

(Expressed in Canadian dollars)

7. Exploration and Evaluation Assets (Continued)

Nine months ended December 31, 2015	**Kaslo Silver Property, British Columbia**	**Nuevo Milenio Property, Mexico**	**Total December 31, 2015**
Incurred during the year			
Geological and geophysical	$ (2,905)	$ --	$ (2,905)
Land lease and property taxes	760	--	760
Travel and accommodation	(872)	--	(872)
Total Expenses December 31, 2015	$ (3,017)	$ --	$ (3,017)

Nine months ended December 31, 2014	**Kaslo Silver Property, British Columbia**	**Nuevo Milenio Property, Mexico**	**Total December 31, 2014**
Incurred during the period			
Geological and geophysical	$ 6,791	$ 106,681	$ 113,472
Site activities	560	166,113	166,673
Travel and accommodation	872	2,984	3,856
Government assistance	(7,885)	--	(7,885)
Total Expenses December 31, 2014	$ 338	$ 275,778	$ 276,116

8. Accounts Payable and Accrued Liabilities

	December 31, 2015	**March 31, 2015**
Trade payables	$ 34,042	$ 73,235
Accrued liabilities	11,860	24,380
Totals	$ 45,902	$ 97,615

9. Related Party Transactions and Balances

Remuneration of directors and key management personnel of the Company was as follows for the nine months ended December 31, 2015 and 2014:

	Nine months ended December 31, 2015	**2014**
Agave Silver Corp.		
Salaries, fees and benefits	$ 69,712	$ 105,848
Stock based compensation	22,304	--
Cream Minerals de Mexico, S.A. de C.V.		
Salaries and benefits (1)	--	90,000

(1) Salaries and benefits and share-based payments have been recorded as exploration costs related to the Nuevo Milenio project.

(Expressed in Canadian dollars)

9. Related Party Transactions and Balances (Continued)

Related party balances as at December 31, 2015 and March 31, 2015 were as follows:

Balances at:	December 31, 2015	March 31, 2015
Payables:		
Lang Mining Corporation (a)	$ 36,397	$ 25,127
Dauntless Developments Ltd. (a)	58,566	--
Directors and Officers (b)	82,500	257,854
Totals	$ 177,463	$ 282,981

(a) Lang Mining Corporation ("Lang Mining") and Dauntless Developments Ltd. ("Dauntless Developments") are private companies controlled by Frank A. Lang, who was a former director and Chairman of the Company, and owned 56% of the Company as at December 31, 2015. Ronald Lang, the President and CEO of the Company, and the son of Frank A. Lang, is President of Lang Mining and a director of Dauntless Developments. Lang Mining and Dauntless Developments provided the Company with non-interest bearing loans, with no specified terms of repayment.

(b) The directors' and officers' balances include fees and expenses owing to directors and officers including any salaries accrued to the Sole Administrator and Director General of Cream Minerals de Mexico, S.A. de C.V., for administrative and geological services rendered prior to the sale of the subsidiary.

In December, 2014, the Company signed a Debt Settlement and Assumption Agreement with Angela Yap and Quorum whereby in full settlement of the debt owed from the Company to Quorum, the Company has assumed Quorum's debt payable to Angela Yap to the extent of the amount the Company owed to Quorum, $60,822. The Company's indebtedness to Quorum is fully and finally satisfied with no further claim or indebtedness owed by the Company to Quorum and the assumed indebtedness to Angela Yap represents all claims and indebtedness owed to Angela Yap.

During the nine months ended December 31, 2015, the Company settled all debts owing to officers and directors, with the exception of partial salaries payable to the President, by the issuance of cash payments totaling $68,281 and by the issuance of 1,147,500 shares for a total of $22,950. These settlements resulted in a gain on settlement of debt in the amount of $129,121.

As at December 31, 2015, the balance payable to directors and officers is composed entirely of salary arrears payable to the President.

10. General and Administrative

	Nine months ended December 31, 2015	Nine months ended December 31, 2014
Depreciation	$ 175	$ 1,095
Office and administration	37,451	54,530
Travel and conferences	--	6,377
Totals	$ 37,626	$ 62,002

11. Share Capital

Authorized

Unlimited number of common shares without par value.

Issued and Fully Paid

31,981,559 common shares at December 31, 2015 (March 31, 2015 – 25,834,059).

Financings

On December 2, 2014, the Company announced a proposed non-brokered private placement whereby it intends to offer up to 11,000,000 flow-through common shares at a price of $0.06 per flow-through common share and 9,000,000 non-flow-through units at a price of $0.05 per non-flow-through unit. Each non-flow-through unit will be comprised of one common share and one common share purchase warrant. Each whole non-flow-through warrant will entitle the holder to purchase one non-flow-through common shares at any time for a period of 24 months from the date the warrant is issued, at a price of $0.10.

In June 2015, the Company closed the first and final tranche of a non-brokered private placements of units ("Units") at a price of $0.05 per Unit by issuing an aggregate of 5,000,000 Units for gross proceeds of $250,000. Each Unit is comprised of one common share of the Company and one common share purchase warrant ("Warrant"), with each Warrant entitling the holder thereof to purchase one additional common share of the Company at a price of $0.10 for a term of 24 months after the closing of the private placement.

During the year ended March 31, 2014, the Company completed, in two tranches, a non-brokered private placement for total proceeds of $1,030,000. The private placement was entirely subscribed by insiders, directors and officers of the Company. The private placement consisted of the issuance of 10,300,000 units of the Company at a price of $0.10 per Unit. Each Unit is comprised of one common share and one common share purchase warrant, with each warrant entitling the holder thereof to purchase one additional common share at a price of $0.25 for a term of two years after closing. The share purchase warrants were valued using a Black-Scholes pricing model with the following assumptions: weighted average risk free interest rate of 1.08-1.187%, volatility factors ranging from 135% to 137% and an expected life of two years.

Shares for Debt

In June 2015, the Company issued, pursuant to TSX Venture Exchange ("TSXV") approval, 1,147,500 common shares at a deemed price of $0.05 per common share in partial settlement of $52,500 of deferred salary payable to Ron Lang since his appointment as President in October 2013 and settlement in full of $4,875 of director's fees arrears incurred prior to his appointment as President. The Company recorded a gain on the settlement of this debt of $45,800.

11. Share Capital (Continued)

Stock Options

On September 27, 2013, the shareholders approved an amendment to the Company's stock option plan ("the Plan") to change the number of shares in respect of which options may be granted thereunder from 10% of the issued and outstanding shares of the Company to a maximum of 2,723,500 shares of the Company. The Plan provides for its directors, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date of grant. The Plan provides for immediate vesting, or vesting at the discretion of the Board at the time of the option grant and are exercisable for a period of up to 10 years. Stock options granted to investor relations' consultants vest over a twelve month period, with one quarter of such options vesting in each three month period.

The number of shares which may be issuable under the Plan and all of the Company's other previously established or proposed share compensation arrangements, in any 12 month period:

(a) to any one person shall not exceed 5% of the total number of issued and outstanding shares on the grant date on a non-diluted basis, unless the Company has obtained disinterested shareholder approval to exceed such limit;
(b) to insiders as a group shall not exceed 10% of the total number of issued and outstanding shares on the grant date on a non-diluted basis, unless the Company has obtained disinterested shareholder approval to exceed such limit;
(c) to any one consultant shall not exceed 2% of the total number of issued and outstanding shares on the grant date on a non-diluted basis; and
(d) to all eligible persons who undertake investor relations activities shall not exceed 2% in the aggregate of the total number of issued and outstanding shares on the grant date on a non-diluted basis.

During the nine months ended December 31, 2015, pursuant to the Company's stock option plan and TSXV approval, the Company granted 1,450,000 stock options to directors, officers and consultants of the Company at an exercise price of $0.07 per share, expiring on June 3, 2020. The fair value of the stock options granted has been calculated using the Black-Scholes pricing model, based on the following assumptions: weighted average risk free interest rate of 0.47%, volatility factor of 168% and an expected life of five years.

No stock options were granted during the period ended December 31, 2015.

(Expressed in Canadian dollars)

11. Share Capital (Continued)

The following table summarizes information on stock options outstanding at December 31, 2015:

Exercise Price	Number Outstanding and Exercisable	Average Remaining Contractual Life
$3.80	167,500	0.18 years
$1.60	40,000	0.48 years
$0.07	1,450,000	4.43 years
	1,657,500	**2.17 years**

A summary of the changes in stock options for the nine months ended December 31, 2015 and the year ended March 31, 2015 is presented in the following table:

	Number of Shares	Weighted Average Exercise Price ($)
Balance, fully vested and exercisable at March 31, 2014	517,500	3.44
Cancelled/forfeited	(140,000)	3.80
Balance, fully vested and exercisable at March 31, 2015	377,500	3.31
Granted	1,450,000	0.07
Cancelled/forfeited	(170,000)	3.24
Balance, fully vested and exercisable at December 31, 2015	**1,657,500**	**0.48**

Warrants

As at December 31, 2015, the following share purchase warrants issued in connection with private placements were outstanding:

Number of Warrants	Exercise Price	Expiry Dates
5,000,000	$0.10	June 17, 2015
5,000,000		

A summary of the changes in warrants for the nine months ended December 31, 2015 and year ended March 31, 2015 is presented below:

	Number of Warrants	Weighted Average Exercise Price ($)
Balance, March 31, 2014 and March 31, 2015	10,300,000	0.25
Issued	5,000,000	0.10
Expired, unexercised	(10,300,000)	0.25
Balance, December 31, 2015	**5,000,000**	**0.10**

(Expressed in Canadian dollars)

11. Share Capital (Continued)

Earnings (Loss) Per Share

The Company calculates basic and diluted earnings (loss) per common share using the weighted average number of common shares outstanding during each period and the diluted earnings (loss) per share assumes that the outstanding vested stock options and share purchase warrants had been exercised at the beginning of the year.

To compute diluted earnings per share, the average number of shares outstanding is adjusted for the number of potentially dilutive shares. The potentially dilutive stock options and share purchase warrants were not included in the Company's earnings (loss) per common share calculation because the result was anti-dilutive.

	Nine months ended December 31,	
	2015	**2014**
Issued shares beginning of period	25,834,059	25,834,059
Weighted average issuances	4,401,164	--
Basic weighted average common shares, end of period	**30,235,223**	**25,834,059**

12. Segmented Information

Operating Segments

The Company has one operating segment, which is the exploration and evaluation of mineral properties.

Geographic Segments

The Company's principal operations are carried out in Canada and Mexico. The majority of investment income is earned in Canada. Segmented assets by geographical location are as follows:

Statement of Financial Position December 31, 2015	**Canada**	**Mexico**	**Total**
Total Assets	$ 57,007	$ --	$ 57,007
Current Assets	$ 21,643	$ ---	$ 21,643
Long-term Assets	$ 35,364	$ --	$ 35,364

Statement of Financial Position March 31, 2015	**Canada**	**Mexico**	**Total**
Total Assets	$ 94,719	$ --	$ 94,719
Current Assets	$ 25,593	$ --	$ 25,593
Long-term Assets	$ 69,126	$ --	$ 69,126

(Expressed in Canadian dollars)

12. Segmented Information (Continued)

Geographic Segments (Continued)

Segmented expenses by geographical location are as follows:

Nine months ended December 31, 2015	**Canada**	**Mexico**	**Total**
Exploration and evaluation costs	$ (3,017)	$ --	$ (3,017)
Other expenses	212,149	--	212,149
Total expenses	$ 209,132	$ --	$ 209,132
Nine months ended December 31, 2014	**Canada**	**Mexico**	**Total**
Exploration and evaluation costs	$ 107,403	$ 168,713	$ 276,116
Other expenses	309,357	--	309,357
Total expenses	$ 416,760	$ 168,713	$ 585,473

13. Financial Instruments and Risk Management

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. Cash and short-term investments are designated as fair value through profit or loss and are measured at fair value. Accounts payable and accrued liabilities and accounts payable, related parties are designated as other financial liabilities and measured at amortized cost using the effective interest rate method. The fair values of the Company's accounts payable and accrued liabilities and accounts payable, related parties approximate their carrying values at December 31, 2015, due to their short-term nature.

The following table presents the Company's financial instruments, measured at fair value on the consolidated statements of financial position as at December 31, 2015 and March 31, 2015 and categorized into levels of the fair value hierarchy:

		December 31, 2015		**March 31, 2015**	
	Level	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Cash	1	$ 6,901	$ 6,901	$ 2,827	$ 2,827
Short-term investments	1	--	--	--	--
Accounts payable and accrued liabilities	2	45,902	45,902	97,615	97,615
Accounts payable, related parties	2	177,463	177,463	282,981	282,981

There were no transfers from levels or change in the fair value measurements of financial instruments for the periods ended December 31, 2015 and March 31, 2015.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's maximum exposure to credit risk at the financial position date under its financial instruments is summarized as follows:

	December 31, 2015	**March 31, 2015**
Cash	$ 6,901	$ 2,827
Short-term investments	--	--
	$ 6,901	$ 2,827

13. Financial Instruments and Risk Management (Continued)

All of the Company's cash is held with major financial institutions in Canada and management believes the exposure to credit risk with such institutions is not significant. The financial assets that potentially subject the Company to credit risk are any receivables. The Company considers the risk of material loss to be significantly mitigated due to the financial strength of the major financial institutions where cash and term deposits are held. The Company's maximum exposure to credit risk as at December 31, 2015 is the carrying value of its financial assets.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements as well as the growth and development of its mineral property interests.

During the nine months ended December 31, 2015, the Company closed the first and final tranche of a non-brokered private placements of units ("Units") at a price of $0.05 per Unit by issuing an aggregate of 5,000,000 Units for gross proceeds of $250,000. In addition, the Company settled all debts owing to officers and directors, with the exception of partial salaries payable to the President, by the issuance of cash payments totaling $68,281 and by the issuance of 1,147,500 shares for a total of $22,950. These settlements resulted in a gain on settlement of debt in the amount of $129,121. The Company also received non-interest bearing loans in the amount of $41,814 Lang Mining and Dauntless Developments to help fund operations. Further information regarding liquidity risk is set out in Note 1.

The Company's financial assets are comprised of its cash, short-term investments, and the Company's financial liabilities are comprised of its accounts payable, accrued liabilities and accounts payable, related parties, the contractual maturities of which at September 30, 2015 and March 31, 2015 are summarized as follows:

	December 31, 2015	March 31, 2015
Cash	$ 6,901	$ 2,827
Short-term investments	--	--
Accounts payable and accrued liabilities with contractual maturities – Within 90 days or less	(45,902)	(97,615)
Due to related parties with contractual maturities - Within 90 days or less	(177,463)	(282,981)

Interest Rate Risk

The Company has no significant exposure at December 31, 2015 to interest rate risk through its financial instruments.

Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and, until February, 2015, Mexico and a portion of its expenses are incurred in U.S. dollars and in Mexican pesos. A significant change in the currency exchange rates between the Canadian dollar and these currencies could have an effect on the Company's results of operations, financial position or cash flows.

13. Financial Instruments and Risk Management (Continued)

The Company has not hedged its exposure to currency fluctuations. At December 31, 2015, the Company is exposed to currency risk through the following assets and liabilities denominated in U.S. dollars, but presented in Canadian dollar equivalents.

	December 31, 2015	March 31, 2015
U.S. Dollars		
Cash	$ --	$ 2,315
Accounts payable and accrued liabilities	--	(16,090)

Based on the above net exposures at December 31, 2015, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the Canadian dollar against the U.S. dollar would result in an increase/decrease of $Nil (March 31, 2015 - $1,378) in the Company's loss from operations.

Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Company had no cash equivalents at December 31, 2015. In respect of financial assets, the Company's policy is to invest cash at floating rates of interest in order to maintain liquidity while achieving a satisfactory return. Fluctuations in interest rates impact the amount of return the Company may realize but interest rate risk is not significant to the Company.

14. Management of Capital

The Company defines capital that it manages as equity. When managing capital, the Company's objective is to ensure the Company continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business.

	December 31, 2015	March 31, 2015
Equity (deficiency) is comprised of:		
Share capital	$ 34,028,235	$ 33,755,285
Share subscription	--	100,000
Warrant reserve	--	341,631
Share-based payments reserve	563,023	964,950
Deficit	(34,757,616)	(35,447,743)

The Company's capital management approach is revised on an ongoing basis and reflects adjustments in light of economic conditions affecting metal markets and the mining industry in particular. Given the nature of its activities, the Company is dependent on financing to fund its operations. To maintain or adjust the capital structure, the Company may issue new shares, options and warrants, and issue debt. There were no changes in the Company's approach to capital management during the nine months ended December 31, 2015. Neither the Company nor its subsidiary is subject to externally imposed capital requirements.

15. Subsequent Events

None.