AGAVE SILVER
CORPORATION

CONDENSED INTERIM FINANCIAL STATEMENTS
SIX MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

(Expressed in Canadian dollars)

AGAVE SILVER CORP.

Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

	September 30, 2016	March 31, 2016
Assets		
Current Assets		
Cash	**$ 8,457**	$ 774
Amounts receivable and prepaid expenses (Note 4)	**15,635**	13,889
Total Current Assets	**24,092**	14,663
Non-current Assets		
Deferred charge	**12,500**	15,625
Reclamation deposits	**18,000**	18,000
Total Non-current Assets	**30,500**	33,625
Total Assets	**$ 54,592**	$ 48,288
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 6)	**$ 22,547**	$ 23,371
Accounts payable, related parties (Note 7)	**315,431**	228,431
Total Liabilities	**337,978**	251,802
Deficiency		
Share capital (Note 9)	**33,979,461**	33,973,547
Warrants reserve	**54,688**	54,688
Share-based payments reserve (Note 9)	**151,407**	71,009
Deficit	**(34,468,942)**	(34,302,758)
Total Deficiency	**(283,386)**	(203,514)
Total Liabilities and Deficiency	**$ 54,592**	$ 48,288

Going Concern (Note 1)

Approved and authorized for issue on behalf of the board of directors on November 14, 2016 by:

/s/*Ronald M. Lang*
Director

/s/*Robert Paul*
Director

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

AGAVE SILVER CORP.

Condensed Interim Statements of Operations and Comprehensive Income (Loss)

(Expressed in Canadian dollars)

(Unaudited)

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Six Months Ended September 30, 2016	Six Months Ended September 30, 2015
Expenses				
Exploration costs (Note 5)	$ --	$ 760	$ 260	$ (3,017)
Foreign exchange	--	--	--	(336)
General and administrative (Note 8)	7,788	15,051	15,597	27,601
Professional fees	19,088	9,804	31,104	26,217
Salaries and benefits	15,155	14,773	30,155	54,712
Shareholder communications	5,492	6,821	7,691	10,673
Stock-based compensation (Note 9)	131,412	--	131,412	25,873
Loss Before Other Income	(178,935)	(47,209)	(216,219)	(141,723)
Other Income				
Gain on settlement of debt (Note 11)	--	--	--	129,121
Interest	35	707	35	707
Total Other Income	35	707	35	129,828
Net Loss and Comprehensive Loss for the Period	(178,900)	(46,502)	(216,184)	(11,895)
Loss per Common Share, Basic and Diluted (Note 9)	$ (0.01)	$ (0.00)	$ (0.01)	$ (0.00)
Weighted Average Number of Shares Outstanding – Basic and Diluted	31,997,048	31,981,559	31,994,641	29,357,283

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

AGAVE SILVER CORP.

Condensed Interim Statements of Changes in Deficiency
For the six months ended September 30, 2016 and 2015
(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, 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
Options forfeited/expired, unexercised	--	--	--	--	(427,800)	427,800	--
Net income (loss) for the period	--	--	--	--	--	(11,895)	(11,895)
Balance, September 30, 2015	31,981,559	34,028,235	--	341,631	563,023	(35,031,838)	(98,949)
Balance, March 31, 2016	31,981,559	33,973,547	--	54,688	71,009	(34,302,758)	(203,514)
Share-based payments	--	--	--	--	131,412	--	131,412
Options exercised	70,000	5,914	--	--	(1,014)	--	4,900
Options forfeited/expired, unexercised	--	--	--	--	(50,000)	50,000	--
Not income (loss) for the period	--	--	--	--	--	(216,184)	(216,184)
Balance, September 30, 2016	32,051,559	$ 33,979,461	$ --	$ 54,688	$ 151,407	$ (34,468,942)	$ (283,386)

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

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

	For the six months ended September 30, 2016	2015
Cash provided by (used in):		
Operations		
Net income (loss) for the period	$ (216,184)	$ (11,895)
Items not involving cash		
Depreciation	--	117
Gain on settlement of debt	--	(129,121)
Share-based payments	131,412	25,873
Changes in non-cash operating assets and liabilities		
Amounts receivable and prepaid expenses	(1,746)	5,962
Deferred charge	3,125	3,125
Deferred finance fee	--	3,900
Foreign value-added taxes recoverable	--	--
Accounts payable and accrued liabilities	(824)	(66,673)
Accounts payable, related parties	87,000	(25,760)
Cash used in operating activities	2,783	(94,472)1
Financing activities		
Common shares	--	250,000
Stock options exercised	4,900	
Share subscriptions	--	(100,000)
Loan from related party	--	41,814
Cash provided by financing activities	4,900	191,814
Increase (decrease) in cash during the period	7,683	(2,658)
Cash, beginning of the period	774	2,827
Cash, end of the period	$ 8,457	$ 169
Supplemental information		
Interest paid	$ **--**	$ --
Income taxes paid	$ **--**	$ --
Non-cash portion of warrants exercised	$ --	$ --
Non-cash portion of options exercised	**$ 1,014**	$ --

The accompanying notes are an integral part of these condensed 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.

These 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 September 30, 2016 of $34,468,942 (March 31, 2016 – $34,302,758). 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 financial statements.

2. Significant Accounting Policies

(a) Statement of Compliance

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

(b) Basis of Measurement and Presentation

These consolidated 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) Recent Accounting Pronouncements

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2016, or later periods. Updates that are not applicable or are not consequential to the Company have been excluded in the standards listed below.

2. Significant Accounting Policies (Continued)

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

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project of replacing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristic of the financial assets. This standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers establishes a five-step model that will apply to revenue earned from a contract, regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted.

IFRS 16 Leases

IFRS 16 Leases replaces IAS 17 – Leases and requires lessees to account for leases on the statement of financial position by recognizing a right to use asset and lease liability. The standard is effective for annual reports beginning on or after January 1, 2019, with earlier adoption permitted.

Amendments to IAS 1 Presentation of Financial Statements

(d) Recent Accounting Pronouncements

The amendments are designed to encourage companies to apply professional judgment to determine what information to disclose in the financial statements. In addition, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures. The amendment is effective for annual periods beginning on or after January 1, 2016.

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. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 9.

(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 5 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.

(Expressed in Canadian dollars)

3. Critical Accounting Judgments and Estimates (Continued)

(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) 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. Amounts Receivable and Prepaid Expenses

	September 30, 2016	**March 31, 2016**
GST/HST	**$ 7,714**	$ 7,639
Prepayments and other receivable	**7,922**	6,250
Total	**$ 15,635**	$ 13,889

5. Exploration and Evaluation Assets

The Company's exploration and evaluation assets as at September 30 and March 31, 2016 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, 2016 nor the six months ended September 30, 2016.

(b) 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)

5. Exploration and Evaluation Assets (Continued)

Kaslo Silver Property, British Columbia	Six months ended September 30, 2016	2015
Geological and geophysical	$ --	$ (2,905)
Land lease and property taxes	260	760
Travel and conferences	--	(872)
Totals	$ 260	$ (3,017)

6. Accounts Payable and Accrued Liabilities

	September 30, 2016	March 31, 2016
Trade payables	**$ --**	$ 11,725
Accrued liabilities	**22,547**	11,646
Totals	**$ 22,547**	$ 23,371

7. Related Party Transactions and Balances

Remuneration of directors and key management personnel of the Company was as follows for the six months ended September 30, 2016 and 2015:

	Six months ended September 30, 2016	2015
Salaries, fees and benefits	$ 30,000	$ 54,712
Stock based compensation	26,282	22,304

Related party balances as at September 30, 2016 and March 31, 2016 were as follows:

Balances at:	September 30, 2016	March 31, 2016
Payables:		
Dauntless Developments Ltd. (a)	**$ 187,931**	$ 130,931
Directors and Officers (b)	**127,500**	97,500
Totals	**$ 315,431**	$ 228,431

(a) Dauntless Developments Ltd. ("Dauntless Developments") is a private companies controlled by the Company's President, Ronald M. Lang and his sister, Jennifer Susan Lang. Mr. Ronald Lang is also a director of Dauntless Developments. Dauntless Developments provided the Company with non-interest bearing loans, with no specified terms of repayment.

(Expressed in Canadian dollars)

7. Related Party Transactions and Balances (Continued)

(b) The directors' and officers' balances include fees and expenses owing to directors and officers.

During the year ended March 31, 2016, the Company settled all debts owing to officers and directors, with the exception of partial salaries payable to the President, by cash payments totaling $68,281 and the issuance of 1,147,500 common shares at $0.02 per common share for $22,950. These settlements resulted in a gain on settlement of debt in the amount of $129,121. Also, the Company accrued rent payable to Dauntless Developments Ltd. in the amount of $36,000.

As at September 30, 2016, the balance payable to directors and officers is composed entirely of salary arrears payable to the President.

8. General and Administrative

	Six months ended September 30, 2016	2015
Depreciation	$ --	$ 117
Office and administration	15,597	27,234
Travel and conferences	--	250
Totals	$ 15,597	$ 27,601

9. Share Capital

Authorized

Unlimited number of common shares without par value.

Issued and Fully Paid

32,051,559 common shares at September 30, 2016 (March 31, 2016 – 31,981,559).

Financings

During August, 2016 the Company issued 70,000 common shares upon the exercise of 70,000 stock options priced at $0.07 per share, by an officer of the Company, for proceeds of $4,900.

In June 2015, the Company closed the first and final tranche of a non-brokered private placements of 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 and one common share purchase warrant, with each warrant entitling the holder thereof to purchase one additional common share at a price of $0.10 for a term of 24 months after closing. The share purchase warrants were valued using the Black-Scholes pricing model with the following assumptions: weighted average risk free interest rate of 0.56%, volatility factor of 120% 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 $0.02 per common share for $22,950 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 $16,250 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.

(Expressed in Canadian dollars)

9. 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 year ended March 31, 2016, 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 1.01%, volatility factor of 126% and an expected life of five years.

During the six months ended September 30, 2016, pursuant to the Company's stock option plan and TSXV approval, the Company granted 1,250,000 stock options to directors, officers and consultants of the Company at an exercise price of $0.11 per share, expiring on August 1, 2021. 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 0.68%, volatility factor of 179% and an expected life of five years.

The following table summarizes information on stock options outstanding at September 30, 2016:

Exercise Price	Number Outstanding and Exercisable	Average Remaining Contractual Life
$0.07	1,380,000	3.68 years
$0.11	1,250,000	4.84 years
	2,630,000	**4.36 years**

(Expressed in Canadian dollars)

9. Share Capital (Continued)

Stock Options (Continued)

A summary of the changes in stock options for the six months ended September 30, 2016 and the year ended March 31, 2016 is presented in the following table:

	Number of Shares	Weighted Average Exercise Price ($)
Balance, fully vested and exercisable at March 31, 2015	377,500	3.31
Granted	1,450,000	0.07
Cancelled/forfeited	(337,500)	3.52
Balance, fully vested and exercisable at March 31, 2016	1,490,000	0.11
Granted	1,250,000	0.11
Expired, unexercised	(40,000)	1.60
Exercised	(70,000)	0.07
Balance, fully vested and exercisable at September 30, 2016	**2,630,000**	**0.09**

Warrants

As at September 30, 2016, 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, 2017
5,000,000		

A summary of the changes in warrants for the six months ended September 30, 2016 and year ended March 31, 2016 is presented below:

	Number of Warrants	Weighted Average Exercise Price ($)
Balance, March 31, 2015	10,300,000	0.25
Issued	5,000,000	0.10
Expired	(10,300,000)	0.25
Balance, March 31, 2016 and September 30, 2016	**5,000,000**	**0.10**

(Expressed in Canadian dollars)

9. 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.

	Six months ended September 30, 2016	2015
Issued shares beginning of period	31,981,559	25,834,059
Weighted average issuances	15,489	3,523,224
Basic weighted average common shares, end of period	**31,997,048**	**29,357,283**

10. Segmented Information

Operating Segments

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

<u>Geographic Segments</u>

The Company's principal operations are carried out in Canada:

11. Financial Instruments and Risk Management

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. Cash is designated as fair value through profit or loss and 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 June 30, 2016, 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 September 30, 2016 and March 31, 2016 and categorized into levels of the fair value hierarchy:

		September 30, 2016		March 31, 2016	
	Level	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash	1	**$ 8,457**	**$ 8,457**	$ 774	$ 774
Accounts payable and accrued liabilities	2	**22,547**	**22,547**	23,371	23,371
Accounts payable, related parties	2	**315,431**	**315,431**	228,431	228,431

(Expressed in Canadian dollars)

11. Financial Instruments and Risk Management (Continued)

There were no transfers from levels or change in the fair value measurements of financial instruments for the periods ended September 30, 2016 and March 31, 2016.

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:

	September 30, 2016	March 31, 2016
Cash	**$ 8,457**	$ 774

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 September 30, 2016 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 year ended March 31, 2016, 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 cash payments totaling $68,281 and the issuance of 1,147,500 common shares at $0.02 per common share for $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 from 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, 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, 2016 and March 31, 2016 are summarized as follows:

	September 30, 2016	March 31, 2016
Cash	**$ 8,457**	$ 774
Accounts payable and accrued liabilities with contractual maturities – Within 90 days or less	**(22,547)**	(23,371)
Due to related parties with contractual maturities - Within 90 days or less	**(315,431)**	(228,431)

(Expressed in Canadian dollars)

11. Financial Instruments and Risk Management (Continued)

Interest Rate Risk

The Company has no significant exposure at September 30, 2016 to interest rate risk through its financial instruments.

Currency Risk

The Company has no significant exposure at September 30, 2016 to currency risk through its financial instruments.

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 September 30, 2016. 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.

12. 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.

	September 30, 2016	**March 31, 2016**
Equity (deficiency) is comprised of:		
Share capital	**$ 33,979,461**	$ 33,973,547
Warrants reserve	**54,688**	54,688
Share-based payments reserve	**151,407**	71,009
Deficit	**(34,468,942)**	(34,302,758)

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 six months ended September 30, 2016. The Company is not subject to externally imposed capital requirements.

13. Subsequent Events

Property Acquisition

On October 7, 2016 the Company entered into an agreement to purchase (the "Agreement") a 100% interest in certain mineral claims (the "Property") covering 4,050 hectares located in the Revelstoke and Nelson Mining Divisions, southeastern British Columbia.

Under the terms of the Agreement, the Company has purchased a 100% interest in the Property by issuing 6,000,000 common shares of Agave. The Property is subject to a 2.0% Net Smelter Return ("NSR") mineral royalty and a 24.0% Gross Overriding Royalty ("GOR") on gemstones produced from the Property. The Company will have the option to reduce the NSR to 1.0% by paying $2,500,000.00. The Company also has the option to purchase one half (50%) of the GOR for $2,000,000. A Property vendor also reserves the exclusive right (the "Back In Right") to produce gemstones for its own account from

13. Subsequent Events (Continued)

certain discrete zones within the Property as mutually agreed upon, in return for a 24.0% GOR payable to Agave. The Company will have the option to purchase 100% of the Back In Right for $1,000.000.00. The Agreement was subject to customary closing conditions, including regulatory approval and satisfactory due diligence, all of which have been met and the transfer of tile has been completed.

The Company issued finder's fee totaling 420,000 common shares in regards to the transaction.

Private Placement

Additionally, the Company is proceeding with a non-brokered private placement of up to 22,000,000 units ("Units") at a price of $0.07 per Unit for gross proceeds of up to $1,540,000.00 (the "Private Placement"). Each Unit will be comprised of one common share and one common share purchase warrant ("Warrant"), each Warrant entitling the holder thereof to purchase one additional common share of the Company at a price of $0.08 for a term of two years after the closing of the Private Placement. The proceeds will be used for exploration of the company's properties and general working capital purposes.

New Director

Mr. Richard Haines of Perth, Australia was appointed as a Director of the Company effective October 8, 2016.

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