ALTA VISTA VENTURES LTD.

Condensed Consolidated Interim Financial Statements
For the Six Months Ended April 30, 2016 and 2015

(Unaudited - Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements have been prepared by management and approved by the Audit Committee and Board of Directors.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

Alta Vista Ventures Ltd.
Condensed Consolidated Interim Statements of Financial Position
As at April 30, 2016 and October 31, 2015
(Unaudited - Expressed in Canadian Dollars)

	April 30, 2016	October 31, 2015
ASSETS		
Current		
Cash and cash equivalents	$8,923	$ 2,534
Amounts receivable (Note 4)	44,796	20,876
Marketable securities (Note 5)	4,779	9,675
	58,498	33,085
Non-current		
Amounts receivable (Note 4)	-	-
Prepaid expenses	6,500	3,874
Investment in oil and gas interest (Note 6)	-	-
Investment in Thor Pharma (Note 8)	925,000	
Property, plant and equipment (Note 7)	5,001	6,193
Mineral property interests (Note 10)	-	-
	936,501	10,067
TOTAL ASSETS	$994,999	$43,152
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 11)	$650,170	$ 726,621
Due to directors (Note 14)	81,910	-
	732,080	726,621
SHAREHOLDERS' EQUITY (DEFICIENCY		
Share capital (Note 12)	16,364,618	14,499,595
Reserves	1,879,578	1,556,628
Accumulated deficit	(17,989,493)	(16,748,190)
Accumulated other comprehensive loss	8,216	8,498
	262,919	(683,469)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$994,999	$ 43,152

Approved by the Board:

"Don Shaxon" (signed)
……………………………………..… Director
"Jason Springett" (signed)
…………………………………...…… Director

Alta Vista Ventures Ltd.
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
For the Three and Six Months Ended April 30, 2016 and 2015
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended		Six Months Ended	
	April 30, 2016	**April 30, 2015**	**April 30, 2016**	**April 30, 2015**
Operating Expenses				
Accounting, audit and legal	$ 24,399	$ 12,533	$ 30,399	$ 14,433
Consultants' fees	158,929	9,000	157,248	18,000
Depreciation	504	2,789	1,008	3,899
Exploration costs (Note 10)	4,042	31,787	11,955	78,886
Investor relations and promotion	-	154	-	554
Management fees	-	7,500	-	30,000
Office and miscellaneous	10,172	279	10,742	1,810
Regulatory fees	4,189	4,143	10,564	5,643
Rent	4,500	4,500	9,000	9,000
Share-based compensation (note 12(e))	149,600	-	497,950	29,370
Telephone	72	300	240	590
Transfer agent and listing fees	1,858	697	3,464	1,719
Travel	697	-	697	-
	358,962	73,682	733,267	193,904
Other (Income) Expenses				
Foreign exchange (gain) loss	(8,554)	(10,729)	(13,610)	(7,393)
Oil and gas income; net	-	(123)	-	(123)
Other income	-	(1)	-	(1)
Loss (Gain) on disposal of equipment	-	(3,424)	(918)	(2,372)
Realized loss (Gain) on sale of securities	-	-	2,702	(262)
Impairment on investment (Note 9)	-	-	519,862	-
Net Loss for Period	350,408	59,405	1,241,303	183,753
Other Comprehensive Loss				
Unrealized loss (gain) on marketable securities	555	(5,080)	282	(12,304)
Transfer on sale of marketable securities				
	555	(5,080)	282	(12,304)
Total Comprehensive Loss for the Period	$ 350,963	$ 54,325	$ 1,241,585	$ 171,449
Net Loss per Share; basic and diluted	$ (0.01)	$ (0.005)	$ (0.05)	$ (0.02)
Weighted Average Number of Common Shares Outstanding	23,527,505	11,221,958	23,527,505	11,221,958

Alta Vista Ventures Ltd.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)
For the Three and Six Months Ended April 30, 2016 and 2015
(Unaudited - Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Reserves: Equity Settled Share-Based Payments	Reserves: Warrants	Reserves: Total	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Shareholders' Equity (Deficiency)
Balance – October 31, 2015	**12,841,958**	**$ 14,499,595**	**$ 1,224,086**	**$ 332,542**	**$ 1,556,628**	**$ (16,748,190)**	**$ 8,498**	**$ (683,469)**
Net loss for the period	-	-	-	-	-	(1,241,303)	-	(1,241,303)
Items of other comprehensive loss	-	-	-	-	-	-	(282)	(282)
Common Shares issued in private placement (note 12(c))	3,330,000	166,500	-	-	-	-	-	166,500
Exercise of warrants (Note 12(d))	3,220,000	241,500	-	-	-	-	-	241,500
Exercise of Options (Note 12(e))	112,500	15,375	-	-	-	-	-	15,375
Common shares issued for the purchase of RedeCan Pharm (note 9)	2,000,000	400,000	-	-	-	-	-	400,000
Common shares issued for the purchase of Thor Pharma (note 8)	5,000,000	900,000	-	-	-	-	-	900,000
Common shares issued for consulting services	1,500,000	175,000	-	-	-	-	-	175,000
Options issued for compensation (note 10(e))			322,950	-	-	-	-	322,950
Share issue costs	-	(33,352)	-	-	-	-	-	(33,352)
Balance – April 30, 2016	**28,004,458**	**$16,364,618**	**$1,547,036**	**$332,542**	**$1,879,578**	**$(17,989,493)**	**$8,216**	**$262,919**

	Number of Shares	Share Capital	Reserves: Equity Settled Share-Based Payments	Reserves: Warrants	Reserves: Total	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Shareholders' Equity (Deficiency)
Balance – October 31, 2014	**11,221,958**	**$ 14,448,820**	**$ 1,146,982**	**$ 310,632**	**$ 1,457,614**	**$ (16,240,103)**	**$ 1,871**	**$ (331,798)**
Net loss for the period	-	-	-	-	-	(183,753)	-	(183,753)
Items of other comprehensive loss	-	-	-	-	-	-	12,304	12,304
Share-based compensation	-	-	29,370	-	29,370	-	-	29,370
Balance – April 30, 2015	**11,221,958**	**$ 14,448,820**	**$ 1,176,352**	**$ 310,632**	**$ 1,486,984**	**$ (16,423,856)**	**$ 14,175**	**$ (473,877)**

Alta Vista Ventures Ltd.
Condensed Consolidated Interim Statements of Cash Flows
For the Three and Six Months Ended April 30, 2016 and 2015
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended		Six Months Ended	
	April 30, 2016	**April 30, 2015**	**April 30, 2016**	**April 30, 2015**
Operating Activities				
Net income (loss)	$ (350,408)	$ (59,405)	$ (1,241,303)	$ (183,753)
Items not affecting cash				
Depreciation	504	2,789	1,007	3,899
Loss on sale of marketable securities	-	-	2,702	(262)
Recovery on property taxes	-	-	519,862	-
Share-based compensation	149,600	-	322,950	29,370
Consulting fees paid with shares	80,000	-	175,000	-
Loss (gain on sale of equipment)	-	(3,423)	(918)	(2,372)
Operating Cash Flow	(120,304)	(60,039)	(220,700)	(153,118)
Changes in Non-Cash Working Capital				
Accounts receivable	(11,522)	1,219	(23,920)	2,122
Prepaid expenses	(5,000)		(2,626)	1,500
Accounts payable and accrued liabilities	92,014	21,266	5,150	70,283
	75,492	22,485	(21,396)	73,905
Cash Used in Operating Activities	(44,812)	(37,554)	(242,096)	(79,213)
Investing Activities				
Proceeds on sale of marketable securities	-	-	1,912	1,670
(Purchase) sale of property, plant and equipment	-	5,247	1,102	5,247
Proceeds from option of mineral property interests	-	2,000	-	2,000
Investment in Thor Pharma (note 8)		-	(25,000)	-
Investment in RedeCan Pharma (note 9)	-	-	(119,862)	-
Cash Provided by Investing Activities	-	7,247	(141,848)	8,917
Financing Activity				
Due to directors	310	22,500	310	54,500
Proceeds from issuance of common shares, net of share issue costs	34,125	-	390,023	-
Cash Provided by Financing Activities	34,435	22,500	390,333	54,500
Increase in Cash and cash equivalents	(10,378)	(7,807)	6,389	(15,796)
Cash and cash equivalents, Beginning of Period	19,301	10,350	2,534	18,339
Cash and cash equivalents, End of Period	$ 8,923	$ 2,543	$ 8,923	$ 2,543

1. NATURE OF OPERATIONS AND GOING-CONCERN

Alta Vista Ventures Ltd. (the "Company") has acquired interests in mineral properties in Mexico and over the years has spent significant funds exploring these properties. During the six months ended April, 2016, the Company entered into a letter of intent ("LOI") to acquire Thor Pharma Ltd. ("Thor Pharma") in order to acquire facilities for the production and sale of medical marijuana upon the issuance of a licence by Health Canada. The Company also entered into an LOI, subsequently cancelled, to acquire RedeCan Pharm, a company holding a Marijuana for Medicinal Purposes Regulations ("MMPR") cultivation and sales licence. As a result, the Company no longer intends to use its resources on its mineral exploration properties and wrote them down to $nil in the year ended October 31, 2015. As at April 30, 2016, the Company still has title to these properties.

The Company was incorporated under the laws of British Columbia. The Company's principal and registered place of business is located at 459 - 409 Granville St. Vancouver, B.C., Canada, V6C 1T2.

At April 30, 2016, the Company had a working capital deficiency of $673,582 (October 31, 2015: deficiency of $691,162) and an accumulated deficit of $17,989,493 (October 31, 2015: $16,748,190). The Company will need to raise substantial additional capital to accomplish its business plan over the next several years. The Company expects to seek additional funding through equity financing. There can be no assurance as to the availability or terms upon which such financing might be available.

The ability of the Company to continue as a going concern and meet its commitments as they become due is dependent on the Company's ability to obtain necessary financing. Management is planning to raise additional capital to finance the acquisitions described above, operations and expected growth. If the Company is unable to obtain additional financing, the Company will be unable to continue operations. There can be no assurance that management's plans will be successful.

These matters indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

a) Statement of compliance and conversion to International Financial Reporting Standards

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Condensed Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS").

b) Basis of presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments classified as at fair value through profit and loss or available for sale, which are measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

2. BASIS OF PREPARATION (continued)

c) Foreign currencies

i) Presentation and functional currency
The presentation and functional currency of the Company and its subsidiary is the Canadian dollar.

ii) Foreign currency transactions
Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Gains and losses arising on foreign currency translations are included in net loss for the period.

d) Significant accounting judgments and estimates

The preparation of the condensed consolidated interim financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. The preparation of the condensed consolidated interim financial statements also requires management to exercise judgment in the process of applying the accounting policies.

Critical accounting estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. The following are the key estimate and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year:

Impairment of assets
When there are indications that an asset may be impaired, the Company is required to estimate the asset’s recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value. No impairments of non-financial assets have been recorded for the three months ended April 30, 2016 (three months ended April 30, 2015 – $nil).

Useful life of property, plant and equipment
Property, plant and equipment is depreciated over the estimated useful life of the assets. Changes in the estimated useful lives could significantly increase or decrease the amount of depreciation recorded during the year and the carrying value of property, plant and equipment. Total carrying value of property, plant and equipment at April 30, 2016 was $5,001 (October 31, 2015 - $6,193).

Share-based compensation
Management is required to make certain estimates when determining the fair value of share option awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as share-based compensation in the Company's condensed consolidated interim statement of operations and comprehensive loss. For the six months ended April 30, 2016 the Company recognized share-based compensation of $497,950 (April 30, 2015 - $nil).

Critical judgements used in applying accounting policies
In the preparation of these condensed consolidated interim financial statements management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the condensed consolidated interim financial statements.

2. BASIS OF PREPARATION (continued)

d) Significant accounting judgments and estimates (continued)

Impairment of assets
When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value. Based on these criteria, Management has determined that a write-down of the Company's investment in RedeCan Pham was required during the six months ended April 30, 2016 in the amount of $519,862 (April 30, 2015: $nil)

Impairment of marketable securities
At each reporting date, the Company conducts a review to determine whether there are indications of impairment on its marketable securities. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost. Factors include the financial health and short-term business outlook of the investee, industry and sector performance, and operational and financing cash flows. If the decline in fair value below cost is considered significant or prolonged, the Company recognizes an impairment, being the transfer of the accumulated fair value adjustments recognized in other comprehensive income on the impaired marketable securities, and recorded a write-down of $555 (April 30, 2015: ($5,080) (unrealized gain)).

Income taxes
The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the condensed consolidated interim financial statements.

Going concern
The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary Minera AltaVista, S.A. de C.V. ("MAV"), a company incorporated under the laws of Mexico, hereinafter collectively referred to as the "Company".

All material intercompany transactions and balances, including unrealised income and expenses arising from intercompany transactions have been eliminated on consolidation.

b) Financial instruments

Financial assets and financial liabilities are recognized on the statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets
The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Financial instruments (continued)

Fair value through profit or loss (FVTPL) - This category comprises derivatives, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss for the period.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Financial assets (continued)
Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss for the period.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for- sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss for the period.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial assets, other those at fair value through profit or loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are disclosed above.

Financial liabilities
The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or financial liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss for the period.

Other financial liabilities: This category includes accounts payables and accrued liabilities and exploration advances. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

c) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

d) Property, plant and equipment

Property, plant and equipment ("PPE") is carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.
Property, plant and equipment are depreciated on a declining balance basis at the following annual rates, when they become available for use:

Vehicles	30%
Office Equipment	20%
Computer software and equipment	45%

Where an item of PPE comprises major components with different useful lives, the components are accounted for as separate items of PPE. Expenditures incurred to replace a component of an item of PPE that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Material residual value estimates and estimates of useful life are updated as required (but at least annually).

An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the condensed consolidated statement of operations and comprehensive loss.

The Company compares the carrying value of PPE to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant.

d) Mineral property interests

Acquisition costs for mineral properties, net of recoveries, are capitalized on a property-by-property basis. Acquisition costs include cash consideration and the value of common shares, based on recent issue prices, issued for mineral properties, pursuant to the terms of the agreement. Exploration and evaluation expenditures, net of recoveries, are charged to operations as incurred. After a property is determined by management to be technically feasible and commercially viable, capitalized costs for the property will be transferred to mining property and development assets. Prior to transfer the asset will be tested for impairment. The costs related to a property from which there is production will be depleted on a unit-of-production basis, using estimated proven and probable recoverable reserves as the depletion base.

Mineral properties acquired under an option agreement where payments are made at the sole discretion of the Company are capitalized at the time of payment. Option payments received are treated as a reduction of the carrying value of the related acquisition cost for the mineral property until the payments are in excess of acquisition costs, at which time they are then credited to operations. Option payments are at the discretion of the optionee and, accordingly, are accounted for when receipt is reasonably assured.

Capitalized acquisition costs are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. When there is little prospect of further work on a property being carried out by the Company or its partners, when a property is abandoned, or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management's estimate of their net recoverable amount.

The recoverability of the carrying amount of mineral property interests is dependent on successful development and commercial exploitation, or alternatively, the sale of the respective areas of interest.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Impairment of assets

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss in the consolidated statement of operations and comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss in the consolidated statement of operations and comprehensive loss.

f) Share capital

Common shares
Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Equity Units
Proceeds received on the issuance of units, comprised of common shares and warrants, are allocated on the residual value method; proceeds are allocated to the common shares up to their fair value, as determined by the current quoted trading price, and the balance, if any, to the reserve for warrants.

g) Share-based payments

The Company sometimes grants share-based awards to directors, officers, employees and consultants. The fair value of options granted is recognized as a share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of employee options is measured at the option's grant date, and the fair value of non-employee options is measured at the date or over the period during which goods or services are received. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The fair value of each tranche of options granted which do not vest immediately on grant, is recognized using the graded vesting method over the period during which the options vest. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. If those options expire or are forfeited after vesting, the recorded value is transferred to retained earnings (accumulated deficit).

Share-based compensation expense is credited to the equity settled share-based payment reserve. Their fair value is transferred from the reserve to share capital when the options are later exercised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the net loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares; the effect of any anti-dilutive potential common shares are not taken into account in this calculation

i) Income taxes

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

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences on the initial recognition of assets or liabilities that affect neither accounting nor taxable loss is not provided for. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

j) Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to the passage of time is recognized as a finance cost.

k) Provision for Asset Retirement Obligation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, or as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Comparatives

Certain comparative figures have been reclassified in order to conform to the current year's financial statement presentation.

m) New accounting standards and interpretations not yet adopted

This is a finalized version of **IFRS 9,** which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement**. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of **IFRS 9** introduces a "fair value through other comprehensive income" category for certain debt instruments. Financial liabilities are classified in a similar manner to under **IAS 39**; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment**. The 2014 version of **IFRS 9** introduces an "expected credit loss" model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- **Hedge accounting**. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition**. The requirements for the derecognition of financial assets and liabilities are carried forward from **IAS 39**.

Applicable to the Company's annual period beginning on November 1, 2018.

4. AMOUNTS RECEIVABLE

Amounts receivable were comprised of the following:

	April 30, 2016	October 31, 2015
Current:		
Sales tax receivable	**$ 39,922**	$ 15,922
Other amounts receivable	**4,874**	4,954
Total amounts receivable	**44,796**	20,876

(Expressed in Canadian Dollars)

5. MARKETABLE SECURITIES

The Company holds marketable securities that are restricted, held in escrow and free-trading. All marketable securities subject to restriction and with escrow terms of less than one year from the balance sheet dates are included in current assets, and are valued at cost.

	April 30, 2015		October 31, 2015	
	Number of shares	**Fair Value**	Number of shares	Fair Value
Del Toro Silver Corp.	**300,843**	**$ 3,775**	360,843	8,498
Sonora Resources Corp.	**1,000,000**	**1,004**	1,000,000	1,177
	1,300,843	**$ 4,779**	1,360,843	$ 9,675

6. INVESTMENT IN OIL AND GAS INTEREST

During the year ended October 31, 2006, the Company acquired, for investment purposes, a 2.78% (one-half unit) interest in an oil and gas joint venture for cash consideration of $52,598, at cost. The joint venture has an interest in two producing oil and gas wells located in Texas and Louisiana, United States. Subsequent to the Company's original investment, the interest was written down to $33,611. Given the decline in oil prices and reduction in oil reserves, revenues received from its investment were minimal during the year. During the year ended October 31, 2015, the Company considered the prevalent market conditions and recorded an impairment loss of $9,000 (2014 - $24,611) to reduce the carrying value to $nil (2014 - $9,000) measured using Level 3 of the fair value hierarchy. This reflects management's estimate of the recoverable amount.

(Expressed in Canadian Dollars)

7. PROPERTY, PLANT AND EQUIPMENT

	Vehicles	Office Equipment	Computer software and equipment	Total
COST				
Balance, October 31, 2014	$ 14,472	$ 35,479	$ 25,759	$ 75,710
Additions	(14,472)	(5,147)	-	(19,619)
Balance, October 31, 2015	-	30,332	25,759	56,091
Additions/(dispositions)	-	-	(2,597)	(2,597)
Balance, April 30, 2016	-	30,332	23,162	53,494
ACCUMULATED DEPRECIATION				
Balance, October 31, 2014	10,350	28,155	21,427	53,397
Depreciation	618	1,417	1,950	3,985
Disposals	(10,968)	(3,051)	-	(14,019)
Balance, October 31, 2015	-	26,521	23,377	49,898
Depreciation	-	513	495	1,008
Disposals	-	-	(2,413)	(2,413)
Balance, April 30, 2016	-	27,034	21,459	48,493
CARRYING AMOUNTS				
At October 31, 2014	4,122	7,324	4,332	15,778
At October 31, 2015	-	3,811	2,382	6,193
At April 30, 2016	**$ -**	**$ 3,298**	**$1,703**	**$ 5,001**

8. INVESTMENT IN THOR PHARMA

The Company signed a formal agreement to purchase Thor Pharma. Thor Pharma has a license application with Health Canada for the production and sale of up to 10,000,000 grams of dried marijuana per year. The Company has the right to purchase Thor Pharma via an Assignment and Novation Agreement from Shaxon Enterprises by paying $1,000,000 and issuing 10,000,000 shares on a graduated basis as the Thor Pharma application moves through the licensing process with Health Canada. The Company had until December 18, 2015 to make a $100,000 payment ($25,000 paid) and issue 5,000,000 shares (issued). Shaxon Enterprises will have a 10% royalty on profits from Thor Pharma.

This investment will be accounted for on a cost-basis until such time as the Company completes its acquisition and controls Thor Pharma.

(Expressed in Canadian Dollars)

9. INVESTMENT IN REDECAN PHARM

On January 28, 2016, the Company signed an amended LOI to purchase 90% of issued and outstanding shares of RedeCan Pharm, one of Canada's MMPR cultivation and sales licenses. The terms of the LOI requires the Company to pay RedeCan Pharm an aggregate $8,000,000 in cash and 9,000,000 shares. Upon signing the LOI, the Company has paid a non-refundable deposit of $100,000 and issued 2,000,000 shares to RedeCan Pharm. The remaining payments will be made in two stages: 1) the Company will purchase a minority interest of 20% on or before March 1, 2016 by paying $1,900,000 and issuing 2,000,000 shares; 2) the Company will purchase an additional 20% interest (for a total 40% interest) on or before September 1, 2016 by paying $2,000,000 and 2,000,000 shares; and 3) the Company will purchase an additional 50% (for a total 90% interest) on or before March 1, 2017 by paying $4,000,000 and issuing 3,000,000 shares.

In addition to the purchase price, the Company will pay a 2% royalty of the gross revenues to RedeCan Pharm on a quarterly basis to be paid 50% in cash and 50% in shares of the Company. The Company has agreed to pay a finders' fee to Shaxon Enterprises upon successful completion of this transaction.

On January 25, 2016, the Company signed an engagement letter with Jacob Capital Management Inc. ("JCMI") for the purpose of completing the acquisition of RedeCan Pharm and expanding its operations. In consideration for acting as strategic advisor, the Company has issued JCMI 500,000 shares. An additional 1,000,000 shares were issued March 6, 2016 and 2,500,000 shares will be issued to JCMI upon successful completion of the acquisition of RedeCan Pharm.

The Company failed to make the $1,900,000 payment due to Redecan under the terms of the LOI, and the LOI was terminated. As a result, an impairment of $519,862 was recorded on the investment on January 31, 2016.

10. MINERAL PROPERTY INTERESTS

The Company has accumulated the following acquisition expenditures:

	Urique	Carol-Balde	La Verde Grande	Dos Naciones	Total
Balance, October 31, 2014	$ -	$ 46,000	$ 1	$ 1	$ 46,000
Recoveries	-	(2,000)	-	-	(2,000)
Mineral interests written down	-	(44,000)	(1)	(1)	(46,000)
Net additions during the year	-	-	-	-	-
Balance, October 31, 2015	-	-	-	-	-
Acquisition costs during the year	-	-	-	-	-
Net additions during the period	-	-	-	-	-
Balance, April 30, 2016	**$ -**	**$ -**	**$ -**	**$ -**	**$-**

(Expressed in Canadian Dollars)

10. MINERAL PROPERTY INTERESTS (CONTINUED)

The Company incurred the following exploration expenditures, which were recognized in the statement of operations and comprehensive loss for the six months ended April 30, 2016:

	Urique	Carol-Balde	La Verde Grande	Dos Naciones	Oro Fino	Apache	Other Properties	Total
Camp and exploration support	$ -	$ 5,977	$ -	$ -	$ 5,978	$ -	$ -	$ 11,955
Total costs during the period	-	5,977	-	-	5,978	-	-	11,955
Recoveries	-	-	-	-	-	-	-	-
Net expenditures for the period	**$ -**	**$ 5,977**	**$ -**	**$ -**	**$ 5,978**	**$ -**	**$ -**	**$ 11,955**

The Company incurred the following exploration expenditures, which were recognized in the statement of operations and comprehensive loss for the six months ended April 30, 2015:

	Urique	Carol-Balde	La Verde Grande	Dos Naciones	Oro Fino	Apache	Other Propertie s	Total
Camp and exploration support	$ -	$ -	$ -	$ -	$ 78,886	$ -	$ -	$ 78,886
Total costs during the period	-	-		-	78,886	-	-	78,886
Recoveries	-	-	-	-	-	-	-	-
Net expenditures for the period	**$ -**	**$ -**	**$ -**	**$ -**	**$ 78,886**	**$ -**	**$ -**	**$ 78,886**

10. MINERAL PROPERTY INTERESTS (CONTINUED)

Urique Property, Mexico

On August 1, 2006, the Company entered into an option agreement with Exmin Resources Ltd. ("Exmin") to acquire, in two stages, up to a 75% interest in ten mineral concessions in Chihuahua, Mexico. On April 6, 2009, the Company renegotiated the remaining commitments and acquired 100% of these concessions by paying US dollars ("US") US$250,000 (paid), issuing 100,000 common shares (issued) and taking responsibility for accounts payable of US$148,000 arising from the optionor's past expenditures on the project. Exmin retains a 2% net smelter return ("NSR") royalty on these concessions.

The Company has separately divided the property based on the non-contiguous locations of the claims. The property consists of the following sub-divisions: San Pedro, Urique and Cuiteco.

During the year ended October 31, 2013, the Company considered the prevalent market conditions and the inability of the Company to raise financing to be indicators of impairment. As a result, the Company recorded an impairment of $599,835 relating to this property as at October 31, 2013 to reduce the carrying value to $nil measured using Level 3 of the fair value hierarchy.

b) Carol-Balde Property, Mexico

On September 25, 2006, the Company entered into an assignment of option agreement with Minera Canamex S.A. de C.V. to acquire a 100% interest in the mineral claims. By an agreement dated January 31, 2008, the Company renegotiated the remaining commitments and acquired 100% ownership and property rights, subject to the 3% NSR royalty to the optionor, by making a cash payment of US$70,000 (paid) and issuing 28,000 common shares (issued).

On November 6, 2013, the Company entered into an option agreement with Tosca. The agreement allows Tosca to acquire a 100% interest in the Carol-Balde property. The Company received $5,000 and 37,500 shares of Tosca in the fiscal year ended October 31, 2013.

On November 6, 2014, the Company signed a Companion Agreement with Tosca extending the first anniversary of the Option Agreement to June 6, 2015. To keep the Agreement in good standing Tosca will have to keep the property in good standing, pay the Company $8,643 of exploration expenditures previously committed to the property in 2014, and make the first anniversary payment of $15,000 and the issuance of 150,000 shares. As of the issuance of these consolidated financial statements, these requirements have not been met. During the year ended October 31, 2015, the Company considered the prevalent market conditions and recorded an impairment loss of $44,000 to reduce the carrying value to $nil measured using Level 3 of the fair value hierarchy.

10. MINERAL PROPERTY INTERESTS (CONTINUED)

c) Orofino Property, Mexico

The Company entered into an assignment of option agreement on nine concessions dated July 24, 2009. Under the terms of the option agreement, the Company could acquire a 100% interest for cash payments totaling $200,000 ($40,000 paid), issuing 100,000 common shares (30,000 issued) and paying taxes totaling Mexican pesos (“MXN”) MXN 114,232 (paid). The Company paid an additional $10,000 for the extension of one payment.

By an amendment agreement dated April 18, 2011, the Company renegotiated the overall commitment and acquired the claims in consideration for 70,000 shares of the Company (issued).

The Company entered into an assignment of option agreement dated September 24, 2009 on an additional two concessions in the Orofino region. The Company subsequently amended the payment schedule, and under the terms of the revised option agreement, the Company may acquire a 100% interest in consideration of:
Cash payments totaling $200,000 as follows:

- $10,000 on or before January 9, 2010 (paid);
- $15,000 on or before July 9, 2010 (paid);
- $15,000 on or before November 25, 2011 (paid);
- $20,000 on or before May 25, 2012 (paid);
- $20,000 on or before November 25, 2012 (paid);
- $40,000 on or before May 25, 2013; and
- $80,000 on or before October 25, 2013.

Issuance of 100,000 common shares as follows:

- 10,000 common shares on or before January 9, 2010 (issued);
- 10,000 common shares on or before May 24, 2010 (issued);
- 10,000 common shares on or before July 9, 2011 (issued);
- 10,000 common shares on or before May 25, 2012 (issued);
- 10,000 common shares on or before November 25, 2012 (issued);
- 10,000 common shares on or before January 9, 2013 (issued); and
- 40,000 common shares on or before March 25, 2013.

As of February 2013, the Company and the owners of the concessions have agreed to suspend all consideration requirements until a mutually agreed upon future point in time. As such, although the consideration requirements for 2013 have not been met, the agreement is still in good standing.

During the year ended October 31, 2013, the Company considered the prevalent market conditions and the inability of the Company to raise financing to be indicators of impairment. As a result, the Company recorded an impairment of $132,265 relating to this property as at October 31, 2013 to reduce the carrying value to $nil measured using Level 3 of the fair value hierarchy.

(Expressed in Canadian Dollars)

10. MINERAL PROPERTY INTERESTS (CONTINUED)

i) Realization of assets

The investment in and expenditures on mineral property interests comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

j) Environmental

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral property interests, the potential for production on a property may be diminished or negated.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

k) Title to mineral property interests

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements of transfers and title may be affected by undetected defects.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities were comprised of the following:

	April 30, 2016	October 31, 2015
Trade payables	**$ 613,170**	$ 614,021
Accruals	**37,000**	31,000
Due to directors	**81,910**	81,600
Total accounts payable and accrued liabilities	**$ 732,080**	$ 726,621

12. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value

(b) **Issued**

On April 14, 2016 100,000 warrants were exercised by a shareholder at $0.075 for total proceeds of $7,500.

On April 8, 2016 1,000,000 shares were issued for services rendered by Jacob Capital Management at a deemed price of $0.08 per share for total proceeds of $80,000.

On March 16, 2016 200,000 warrants were exercised by a shareholder at $0.075 for total proceeds of $15,000.

On March 11, 2016 50,000 warrants were exercised by a shareholder at $0.075 for total proceeds of $3,750.

On February 4, 2016 75,000 options were exercised by a shareholder at $0.105 for total proceeds of $7,875.

On January 25, 2016 500,000 warrants were issued to Jacob Management Inc. at a fair market value of $0.19 totalling $95,000 to reimburse them for consulting services provided in connection with The Companies purchase of RedeCan Pharm.

On January 25, 2016, 50,000 warrants were exercised by shareholders at $0.075 for total proceeds of $3,750.

On January 18, 2016, 37,500 options were exercised at $0.20 for total proceeds of $7,500.

Between the dates of December 07, 2015 and January 12, 2016 2,100,000 warrants were exercised at $0.075 to various warrant holders for total proceeds of $157,500.

On November 30, 2015, the Company issued 2,000,000 shares to RedeCan Pharm at a fair market value of $0.20 totalling $400,000 to satisfy the first requirement of 3 as stated in the LOI in the November 27, 2015 news release.

On November 27, 2015, the Company issued 5,000,000 at a fair market value of $0.18 totalling $900,000 to satisfy the first purchase requirement per the LOI included in the November 10, 2015 news release.

Between the dates of November 12, 2015 and November 25, 2015 720,000 warrants were exercised at $0.075 to various warrant holders for proceeds of $54,000.

On November 4, 2015, the Company completed a private placement comprised of 3,330,000 units at a price of $0.05 per unit totalling $166,500. Each unit consists of one common share and one transferable warrant. Each warrant entitles the owner to purchase one additional common share of the Company at a price of $0.075 for a period of twelve months from the date of issuance of the warrant. The warrants will have an acceleration clause so that if after the hold period the shares in the Company trade at or above $0.12 for ten consecutive days, the Company may give notice to the warrant holders that they have 30 days to exercise the warrants. The Company issued 201,500 agent's warrants to Foremost Capital Inc, 20,000 agent's warrants were issued to Wolverton Securities and 30,000 agent's warrants were issued to PI Financial.

On October 22, 2015, the Company completed a private placement comprised of 1,620,000 units at a price of $0.05 per unit totalling $81,000. Each unit consists of one common share and one transferable warrant. Each warrant entitles the owner to purchase one additional common share of the Company at a price of $0.075 for a period of twelve months from the date of issuance of the warrant. The warrants will have an acceleration clause so that if after the hold period the shares in the Company trade at or above $0.12 for ten consecutive days, the Company may give notice to the warrant holders that they have 30 days to exercise the warrants. The Company issued 162,000 agent's warrants to Foremost Capital Inc.

(Expressed in Canadian Dollars)

12. SHARE CAPITAL (CONTINUED)

On October 22, 2015, the Company completed a private placement comprised of 1,620,000 units at a price of $0.05 per unit totalling $81,000. Each unit consists of one common share and one transferable warrant. Each warrant entitles the owner to purchase one additional common share of the Company at a price of $0.075 for a period of twelve months from the date of issuance of the warrant. The warrants will have an acceleration clause so that if after the hold period the shares in the Company trade at or above $0.12 for ten consecutive days, the Company may give notice to the warrant holders that they have 30 days to exercise the warrants. The Company issued 162,000 agent's warrants to Foremost Capital Inc.

(c) Share purchase warrants

At April 30, 2016, the Company had 8,243,500 warrants outstanding of which 2,880,000 of them expire May 20, 2016 (subsequently expired) and contained the characteristics as noted below. The remaining; 1,782,000 warrants outstanding with each warrant allowing the holder to purchase one common share at a price of $0.075 until October 22, 2016 and 3,581,500 warrants allowing the holder to purchase one common share at a price of $0.075 until November 3, 2016 unless the accelerated clause is put into place. The acceleration clause states that if after the hold period the shares in the Company trade at or above $0.12 for 10 consecutive days, the Company may give notice to the warrant holders that they have 30 days to exercise the warrants.

At October 31, 2015, the Company had 665,000 warrants outstanding, with each warrant allowing the holder to purchase one common share at a price of $0.20 until December 11, 2015 at a price of 0.20 until December 11, 2015, and 6,100,000 warrants outstanding with each warrant allowing the holder to purchase one common share at a price of $0.075 until May 30, 2016 (extended from its original expiration date of May 30, 2015 during the year ended October 31, 2015), and 1,782,000 warrants outstanding with each warrant allowing the holder to purchase one common share at a price of $0.075 until October 22, 2016 unless the accelerated clause is put into place. The acceleration clause states that if after the hold period the shares in the Company trade at or above $0.12 for 10 consecutive days, the Company may give notice to the warrant holders that they have 30 days to exercise the warrants.

A continuity schedule of outstanding common share purchase warrants for the three months ended April 30, 2016 and the year ended October 31, 2015 is as follows:

	April 30, 2016		October 31, 2015	
	Number outstanding	**Weighted average exercise price**	Number outstanding	Weighted average exercise price
Outstanding, beginning of the year	**8,547,000**	**$ 0.09**	6,765,000	$ 0.09
Issued	**3,581,500**	**0.08**	1,782,000	$ 0 .08
Expired	**(665,000)**	**0.11**	-	-
Exercised	**(3,220,000)**	**0.08**	-	-
Outstanding, end of the period/year	**8,243,500**	**$ 0.075**	8,547,000	$ 0.09

(Expressed in Canadian Dollars)

12. SHARE CAPITAL (CONTINUED)

(d) Share Options

A continuity schedule of outstanding share options for the six months ended April 30, 2016 and the year ended October 31, 2015 is as follows:

	April 30, 2016		October 31, 2015	
	Number outstanding	**Weighted average exercise price**	Number outstanding	Weighted average exercise price
Outstanding, beginning of the year	**2,222,500**	**$ 0.11**	1,127,500	$ 0.13
Granted	**2,400,000**	**$ 0.14**	1,490,000	$ 0.10
Cancelled	**(112,500)**	**$ 0.10**	-	$ -
Exercised	**(170,000)**	**$ 0.12**	(395,000)	$ 0.14
Outstanding,end of the period/year	**4,340,000**	**$ 0.13**	2,222,500	$ 0.11

As at April 30, 2015 and October 31, 2015, the Company had share options outstanding and exercisable to acquire common shares of the Company as follows:

April 30, 2016

Expiry Date	Options outstanding and exercisable	Exercise Price	Weighted average remaining contractual life (in years)
June 3, 2017	475,000	$ 0.105	
January 08, 2018	75,000	$ 0.105	
July 25, 2018	125,000	$ 0.20	
August 6, 2018	1,000,000	$ 0.10	
November 02, 2018	500,000	$ 0.10	
December 10, 2018	500,000	$ 0.12	
December 29, 2018	550,000	$ 0.14	
January 31, 2019	850,000	$ 0.18	
	4,075,000	$ 0.13	2.35

October 31, 2015

Expiry Date	Options outstanding and exercisable	Exercise Price	Weighted average remaining contractual life (in years)
June 3, 2017	700,000	$ 0.105	
July 25, 2018	182,500	$ 0.20	
January 8, 2018	150,000	$ 0.105	
August 6, 2018	1,000,000	$ 0.10	
October 2, 2018	190,000	$ 0.10	
	2,222,500	$ 0.13	2.26

(Expressed in Canadian Dollars)

12. SHARE CAPITAL (CONTINUED)

(e) Share-based compensation

The fair value of share options granted and vested during the six month before April 30, 2016 was recognized as share-based compensation in the statement of operations and comprehensive loss, and was allocated as follows:

	April 30, 2016	April 30, 2015
Management fees	$ -	$ -
Consultants' fees	409,950	29,370
Board compensation	88,000	
Total share-based compensation	$497,950	$ 29,370

During the six months ended April 30, 2015 300,000 share options were granted to directors, officers, and consultants.

The fair value of options issued was estimated using the Black-Scholes option pricing model based on the following weighted assumptions:

	Nov 04, 2015	Dec 10, 2015	Dec 29, 2015	February 1, 2016
Risk free interest rate	1.03%	1.03%	1.03%	1.03%
Expected annual volatility*	268.47%	270.55%	268.86%	267.2117 %
Expected life	3 years	3 years	3 years	3 years
Expected dividend yield	-	-	-	-
Exercise price	$0.10	$0.12	$0.14	$0.18
Share price	$0.08	$0.12	$0.14	$0.30

* Expected volatility has been based on historical volatility of the Company's publicly traded shares.

(Expressed in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS

a) Management transactions

Management transactions with related parties during the six months ended April 30, 2016 and 2015 were as follows:

	2016			2015		
	Short-term employee benefits	**Share-based payments**	**Total**	**Short-term employee benefits**	**Share-based payments**	**Total**
Don Shaxton, President (iv)	$ 30,000	$ -	$ 30,000	$ -	$ -	$ -
Ian Foreman; (iii)	$ 12,000	$ -	$ 12,000	$ 30,000	$ -	$ 30,000
Timeline Filing Services Ltd. (ii)	$ 2,639	$ -	$ 2,639	$ 506	$ -	$ 506
Schindler & Company (iii)	$ 14,208	$ -	$ 14,208	$ 3,000	$ -	$ 3,000

(i) Timeline Filing Services Ltd. is a private enterprise controlled by the Company's Corporate Secretary, Laara Shaffer.
(ii) Schindler & Company is a private enterprise controlled by the Company's CFO, Jennifer Schindler.
(iii) Ian Foreman was the Company's President until , March 2, 2016. Short-term employee benefits reported above are until this date.
(iv) Don Shaxon has been the Company's president since March 2, 2016, and owns Shaxon Enterprises Ltd. which provides consulting services to the Company. Short-term employee benefits reported above are from this date.

b) Directors' transactions

During the six months ended April 30, 2016, share based compensation recognized, related to directors (excluding share-based compensation disclosed in (a) above), was $nil (April 30, 2015 - $nil).

14. SEGMENTED INFORMATION

The Company operates in one reportable operating segment; mineral exploration and development.

The Company's non-current assets, excluding financial instruments, located in its geographic segments of Canada and Mexico, were as follows:

	April 30, 2016	October 31, 2015
Canada	**$ 2,485**	$ 2,855
Mexico	**2,516**	3,338
	$ 5,001	$ 6,193

The Company's revenue earned from external customers during the six months ended April 30 2016 and 2015 in the geographic locations were as follows:

	April 30, 2016	April 30, 2015
Canada	**$ -**	$ -
Mexico	**-**	-
	$ -	$ -

(Expressed in Canadian Dollars)

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial assets and liabilities were categorized as follows:

		April 30, 2016		October 31, 2015
Financial assets:				
Fair value through profit and loss				
Cash and cash equivalents	$	8,923	$	2,534
Loans and receivables				
Amounts receivable*		4,120		4,954
Available for sale				
Marketable securities		4,779		9,675
Total financial assets	$	17,822	$	17,163
Financial liabilities:				
Other financial liabilities				
Accounts payable and accrued liabilities and due to directors	$	732,080	$	726,621
Total financial liabilities	$	732,080	$	726,621

*Excluding sales tax receivable

The fair values of the Company's amounts receivables, accounts payable and accrued liabilities and exploration advances approximate their carrying values due to the short-term nature of these instruments. Where marketable securities are publically traded their value is measured at market value, unless they are restricted from trading, where they will be measured at cost. The Company's Investment in oil and gas interest is valued at cost, as it does not have a quoted market price in an active market and the fair value cannot be reliably determined.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and market risk.

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk with respect to its cash and cash equivalents and amounts receivable.

The Company deposits substantially all of its cash at a Canadian chartered bank. The Company's amounts receivable consist primarily of Goods and Services Tax receivable from the Canadian government and Value Added Tax receivable from the Mexican government. Management considers the risk of non-performance related to cash and cash equivalents and amounts receivable to be minimal.

(a) Liquidity Risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

At April 30, 2015 the Company had cash in the amount of $8,923 (October 31, 2015- $2,534) and accounts payable and accrued liabilities of $732,080 (October 31, 2015 - $726,621). Trade payables are due within twelve months of the financial position date.

The Company ensures, as far as reasonably possible, that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(b) Market Risk

Market risk consists of interest rate risk, foreign currency risk, and other price risk. These are discussed below:

<u>Interest rate risk</u>
Interest rate risk consists of two components:

i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Current financial assets and financial liabilities are generally not exposed to interest rate cash flow risk because of their short-term nature and maturity.

The Company is exposed from time to time to interest rate price risk as a result of holding fixed rate cash equivalent investments of varying maturities. The risk that the Company will realize a loss as a result of a decline in the fair value of these investments is limited as these investments are highly liquid securities with short-term maturities.

<u>Foreign currency risk</u>
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in foreign currency.

The Company is exposed to foreign currency risk with respect to cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities, as a portion of these amounts are denominated in Mexican Pesos ("MXN") and US Dollars ("USD") as follows:

	April 30, 2016		October 31, 2015	
	MXN	**USD**	MXN	USD
Cash	**$ -**	**$ 6**	$ -	$ 51
Amounts receivable	**-**	**-**	-	-
Accounts payable and accrued liabilities	**(2,024,126)**	**-**	(2,271,314)	-
Rate to convert $1 CAD	**$0.073**	**$1.2548**	0.079	1.308

Based on the Company's net exposure, a 8% change (October 31, 2015 – 9%) in the Canadian/Mexican Peso exchange rate, and a 4% change (October 31, 2015 – 16%) in the Canadian/US exchange rate (based on prior year fluctuations in the relative exchange rates) would not have a material impact on earnings.

<u>Other price risk</u>
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The Company is exposed to other price risk related to the fluctuation in the market price of its marketable securities. Although considered available for sale, these investments do not represent core assets of the Company nor are they considered material. However, the Company closely monitors the market values of these investments in order to determine the most appropriate course of action.

(c) Classification of Financial Instruments

IFRS 7 'Financial Instruments: Disclosure' establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

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

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's cash and cash equivalents and marketable securities are classified at level one of the fair value hierarchy. The Company had no level 2 or 3 financial assets at April 30, 2015 or October 31, 2016. As the carrying values of the Company's remaining financial instruments approximate their fair values, disclosure is not made of their level in the fair value hierarchy.

16. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral property interests, and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.
The Company's capital consists of its cash and cash equivalents, investments, amounts receivable, and shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares or debt, acquire or dispose of assets or adjust the amount of cash and investments.

To effectively manage its resources and minimize risk, the Company maintains the majority of its capital at the parent company level and funds activities in its operating subsidiaries through a cash call process. The Company prepares annual expenditure budgets that are updated as necessary depending on factors including success of programs and general industry conditions. The budget and any revisions to it are approved by the Board of Directors.

In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company's investment policy is to invest any excess cash in liquid short-term interest-bearing instruments callable at any time.

There have been no changes to the Company's approach to capital management during the six months ended April 30, 2016.