



**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND NOTES**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**

**(UNAUDITED)**

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

### **CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORTING**

The accompanying condensed consolidated interim financial statements of SilverCrest Metals Inc. ("the Company") have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Management acknowledges responsibility for the preparation and presentation of the condensed consolidated interim financial statements, including responsibility for significant accounting estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

**SILVERCREST METALS INC.**

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SILVERCREST METALS INC.  
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION  
(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)  
AS AT

	September 30, 2016	December 31, 2015
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,528,593	\$ 5,241,781
Short term investment	2,000,000	2,000,000
Amounts receivable (note 6)	61,893	94,467
Taxes receivable	360,979	45,499
Prepays	63,225	19,431
<b>Total current assets</b>	<b>4,014,690</b>	<b>7,401,178</b>
<b>Non-current assets</b>		
Deposits	58,076	58,076
Equipment (note 4)	99,875	50,760
Exploration and evaluation assets (note 5)	3,194,122	622,721
<b>Total non-current assets</b>	<b>3,352,073</b>	<b>731,557</b>
<b>TOTAL ASSETS</b>	<b>\$ 7,366,763</b>	<b>\$ 8,132,735</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 6)	\$ 262,055	\$ 117,531
<b>Shareholders' equity</b>		
Capital stock (note 7)	8,565,386	8,337,099
Share-based payment reserve (note 7)	207,302	253,052
Deficit	(1,667,980)	(574,947)
<b>Total shareholders' equity</b>	<b>7,104,708</b>	<b>8,015,204</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 7,366,763</b>	<b>\$ 8,132,735</b>

Nature of operations and going concern (note 1)

Subsequent events (note 10)

Approved by the Board and authorized for issue on November 10, 2016:

"Barney Magnusson"

Director

"Graham C. Thody"

Director

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

**SILVERCREST METALS INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
**(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)**  
**FOR THE PERIODS ENDED**

	Three months ended September 30, 2016	Nine months ended September 30, 2016	Period ended <sup>(1)</sup> September 30, 2015
Depreciation (note 4)	\$ 6,935	\$ 17,587	\$ -
Exploration expenditures	23,737	75,648	-
Foreign exchange	31,399	163,917	-
Insurance	4,375	13,125	-
Interest income	(10,041)	(36,636)	-
Management fees (note 6)	26,250	78,750	-
Office and miscellaneous	13,847	36,219	1,060
Professional fees (note 6)	62,850	132,133	-
Regulatory and transfer agent fees	4,538	22,398	30,000
Rent and communications	29,710	88,759	-
Remuneration (note 6)	80,314	236,719	-
Share-based compensation (note 7)	1,971	12,791	-
Shareholder and investor relations	45,042	122,122	-
Technical consultants	12,621	26,921	-
Tradeshaw and travel	25,404	102,580	-
<b>Net and comprehensive loss for the period</b>	<b>\$ (358,952)</b>	<b>\$ (1,093,033)</b>	<b>\$ (31,060)</b>
<b>Basic and diluted comprehensive loss per common share</b>	<b>\$ (0.01)</b>	<b>\$ (0.03)</b>	<b>n/a</b>
<b>Weighted average number of common shares outstanding</b>	<b>40,790,514</b>	<b>40,307,815</b>	<b>n/a</b>

<sup>(1)</sup> Period from incorporation on June 23, 2015 to September 30, 2015

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

**SILVERCREST METALS INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
**(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)**  
**FOR THE PERIODS ENDED**

	Three months ended September 30, 2016	Nine months ended September 30, 2016	Period ended <sup>(1)</sup> September 30, 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss for the period	\$ (358,952)	\$ (1,093,033)	\$ (31,060)
Items not affecting cash:			-
Depreciation	6,935	17,587	-
Share-based compensation	1,971	12,791	-
Interest income	(364)	(26,959)	-
Cash flows before changes in working capital items	(350,410)	(1,089,614)	(31,060)
Amounts receivable	(6,209)	45,944	(1,761)
Taxes receivable	(130,852)	(315,480)	-
Prepays and deposits	(12,975)	(43,794)	(74,973)
Accounts payable and accrued liabilities	85,725	45,966	846
<b>Net cash used in operating activities</b>	<b>(414,721)</b>	<b>(1,356,978)</b>	<b>(106,948)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Capital stock issued	104,693	169,746	1
Contribution from SilverCrest Mines Inc.	-	-	5,252,125
<b>Net cash provided by financing activities</b>	<b>104,693</b>	<b>169,746</b>	<b>5,252,126</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	3,024	13,589	-
Exploration and evaluation assets	(1,064,263)	(2,472,843)	-
Purchase of equipment	(14,826)	(66,702)	-
<b>Net cash used in investing activities</b>	<b>(1,076,065)</b>	<b>(2,525,956)</b>	<b>-</b>
<b>Change in cash and cash equivalents, during the period</b>	<b>(1,386,093)</b>	<b>(3,713,188)</b>	<b>5,145,178</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>2,914,686</b>	<b>5,241,781</b>	<b>-</b>
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 1,528,593</b>	<b>\$ 1,528,593</b>	<b>\$ 5,145,178</b>
<b>Cash and cash equivalents is represented by:</b>			
Cash	\$ 197,286	\$ 197,286	\$ 5,145,178
Cash equivalents	1,331,307	1,331,307	-
<b>Total cash and cash equivalents</b>	<b>\$ 1,528,593</b>	<b>\$ 1,528,593</b>	<b>\$ 5,145,178</b>
<b>Non-cash investing activities</b>			
Capitalized to exploration and evaluation assets			
Accounts payable and accrued liabilities	\$ 143,736	\$ 143,736	\$ -

<sup>(1)</sup> Period from incorporation on June 23, 2015 to September 30, 2015

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

**SILVERCREST METALS INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)**

	Capital stock		Share-based	Deficit	Total
	Number	Amount	payment reserve		
<b>Balance at June 23, 2015</b>	-	\$ -	\$ -	\$ -	\$ -
Issuance of capital stock	1	1	-	-	1
Contribution from SilverCrest Mines Inc.	-	5,252,125	-	-	5,252,125
Net and comprehensive loss for the period	-	-	-	(31,060)	(31,060)
<b>Balance at September 30, 2015</b>	1	5,252,126	-	(31,060)	5,221,066
Share-based compensation	-	-	196,521	-	196,521
Stock options exercised	1,077,713	196,827	(132,164)	-	64,663
Issuance of capital stock under the Arrangement	22,144,751	5,682,183	191,543	-	5,873,726
Reclassify initial capital stock and contribution from SilverCrest Mines Inc. on completion of the Arrangement	(1)	(5,252,126)	-	-	(5,252,126)
Private placement	16,665,143	2,499,771	-	-	2,499,771
Capital stock issuance costs	-	(41,682)	-	-	(41,682)
Stock options expired	-	-	(2,848)	2,848	-
Net and comprehensive loss for the period	-	-	-	(546,735)	(546,735)
<b>Balance at December 31, 2015</b>	39,887,607	8,337,099	253,052	(574,947)	8,015,204
Share-based compensation (note 7)	-	-	12,791	-	12,791
Stock options exercised (note 7)	537,414	98,287	(58,541)	-	39,746
Warrants exercised (note 7)	650,000	130,000	-	-	130,000
Net and comprehensive loss for the period	-	-	-	(1,093,033)	(1,093,033)
<b>Balance at September 30, 2016</b>	41,075,021	\$ 8,565,386	\$ 207,302	\$ (1,667,980)	\$ 7,104,708

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

**1. NATURE OF OPERATIONS AND GOING CONCERN**

SilverCrest Metals Inc. (the “Company” or “SilverCrest Metals”) was incorporated under the Business Corporation Act (British Columbia) on June 23, 2015, under the name 1040669 B.C. Ltd., and for the period from incorporation to September 30, 2015, was a wholly-owned subsidiary of SilverCrest Mines Inc. (“SilverCrest Mines”). Articles of amendment were filed on August 11, 2015, to change the name of the Company to SilverCrest Metals Inc. On October 1, 2015, SilverCrest Metals, SilverCrest Mines and First Majestic Silver Corp. completed a plan of arrangement (the “Arrangement”) under the Business Corporation Act (British Columbia) that resulted in SilverCrest Metals holding title to various exploration properties located in Mexico. The completion of the Arrangement established SilverCrest Metals as a separate company spun off from SilverCrest Mines. The common shares of the Company commenced trading on the TSX Venture Exchange at opening on October 9, 2015, under the symbol “SIL”. The head office and principal address of the Company is 501-570 Granville Street, Vancouver, BC, Canada, V6C 3P1. The address of the Company’s registered and records office is 19th Floor, 885 West Georgia Street, Vancouver, BC, Canada, V6C 3H4.

While the Company currently has no source of revenue, its cash and cash equivalents of \$1.5 million and short-term deposit of \$2.0 million contribute to working capital of \$3.8 million (as of September 30, 2016), which management believes will be sufficient to fund general working capital requirements for the next 12 months. The Company’s financial success is dependent on its ability to discover economically viable mineral deposits. In order to complete a phase II exploration program, the Company may require substantial additional financing, which is subject to a number of factors many of which are beyond the Company’s control. There is no assurance that future equity capital will be available to the Company in the amounts or at the times desired by the Company or on terms that are acceptable to it, if at all. These consolidated financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of Compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* as issued by the International Accounting Standards Board (“IASB”). These condensed consolidated interim financial statements should be read in conjunction with the Company’s consolidated financial statements for the period ended December 31, 2015, which include information necessary or useful to understanding the Company’s business and financial statement presentation. In particular, the Company’s significant accounting policies, use of judgments and estimates were presented in notes 2 and 3, respectively, of these consolidated financial statements, and have been consistently applied in the preparation of these condensed consolidated interim financial statements.

**Basis of preparation**

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. Additionally, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. As the Company was incorporated on June 23, 2015 and became a reporting issuer on October 1, 2015, the comparative statements of comprehensive loss and cash flows and shareholders’ equity include the amounts related to the period from incorporation on June 23, 2015 and September 30, 2015. These condensed consolidated interim financial statements were authorized for issue by the board of directors of the Company on November 10, 2016.

These condensed consolidated interim financial include the accounts of the Company and its wholly-owned subsidiaries, Minera La Llamada, S.A. de C.V., a Mexico corporation, and NorCrest Metals Inc., a Canadian corporation. The Company consolidates subsidiaries where the Company has the ability to exercise control. Control is achieved when the Company has the power to govern the financial and operating policies of the entity. Control is normally achieved through ownership, directly or indirectly, of more than 50 percent of the voting power. Control can also be achieved through power over more than half of the voting rights by virtue of an agreement with other investors or through the exercise of de facto control. All intercompany balances, transactions, income and expenses, and profits or losses have been eliminated on consolidation.

**3. NEW STANDARDS NOT YET ADOPTED**

In July 2014, the IASB issued the final version of IFRS 9 – *Financial instruments* to replace IAS 39 – *Financial Instruments: Recognition and Measurement*. IFRS 9 retains but 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 an entity’s business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. IFRS 9 amends some of the requirements of IFRS 7 *Financial Instruments*:



**3. NEW STANDARDS NOT YET ADOPTED (continued)**

*Disclosures*, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The amended standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption still permitted.

On January 13, 2016, the IASB issued IFRS 16 – Leases, the new leases standard. The standard is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 – Revenue from contracts with customers has also been applied.

The Company has not yet completed the process of assessing the impact that IFRS 9 and IFRS 16 will have on its consolidated financial statements, or whether to early adopt these new requirements.

**4. EQUIPMENT**

	Computer	Equipment	Vehicle	Total
<b>Cost</b>				
Transferred from the Arrangement	\$ 10,375	\$ 4,282	\$ -	\$ 14,657
Purchased	2,381	3,147	34,597	40,125
Balance at December 31, 2015	12,756	7,429	34,597	54,782
Additions	5,196	31,549	29,957	66,702
As at September 30, 2016	17,952	38,978	64,554	121,484
<b>Accumulated depreciation</b>				
Depreciation for the period	\$ 1,974	\$ 625	\$ 1,423	4,022
Balance at December 31, 2015	1,974	625	1,423	4,022
Depreciation for the period	5,472	3,110	9,005	17,587
As at September 30, 2016	7,446	3,735	10,428	21,609
<b>Carrying amounts</b>				
As at December 31, 2015	\$ 10,782	\$ 6,804	\$ 33,174	\$ 50,760
As at September 30, 2016	\$ 10,506	\$ 35,243	\$ 54,126	\$ 99,875

**5. EXPLORATION AND EVALUATION ASSETS**

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing except as otherwise disclosed. However, this should not be considered as a guarantee of title. The mineral properties may be subject to prior claims or agreements, or transfers, and rights of ownership may be affected by undetected defects.

**Cruz de Mayo Project, Sonora, Mexico**

The Company has a 100% interest in two mineral concessions, Cruz de Mayo 2 and El Gueriguito, which are located in Sonora State, Mexico. The Company has the right to acquire a 100% interest in the El Gueriguito concession by making annual staged option payments totalling US\$1,000,000 until November 19, 2032, of which US\$195,000 was paid by SilverCrest Mines prior to the Arrangement on October 1, 2015. During the nine-month period ended September 30, 2016, the Company paid \$Nil (December 31, 2015 – \$33,380 (US\$25,000)) of the US\$25,000 payable during 2016 towards the El Gueriguito concession. The Company has the right to make early payment with no additional consideration. There is a 2.5% NSR royalty which ceases on cumulative payments of US\$1,000,000.

5. EXPLORATION AND EVALUATION ASSETS (continued)

**Las Chispas, Sonora, Mexico**

The property is located in Sonora, Mexico, and consists of 20 concessions.

For four of the mining concessions, the Company has the right and option to purchase an undivided 100% title for total consideration of US\$600,000, of which US\$25,000 was paid by SilverCrest Mines prior to the Arrangement on October 1, 2015. As at September 30, 2016, the Company paid \$39,639 (US\$30,000), with the remaining payments as follows:

- US\$35,000 on May 20, 2017;
- US\$60,000 on May 20, 2018;
- US\$100,000 on May 20, 2019; and
- US\$350,000 on May 20, 2020.

For 13 of the mining concessions, the Company received from SilverCrest Mines the right and option to purchase an undivided 100% title for total consideration of US\$3,000,000, of which US\$50,000 was paid by SilverCrest Mines prior to October 1, 2015. During the nine-month period ended September 30, 2016, the Company paid \$99,098 (US\$75,000) (December 31, 2015 – \$66,760 (US\$50,000)), with the remaining payments as follows:

- US\$100,000 on June 2, 2017; and
- US\$2,725,000 on June 2, 2018.

For the two of the of the mining concessions, the Company entered into two separate option agreements in December 2015 and June 2016 to purchase these additional concessions for total consideration of US\$150,000 each.

The Company paid \$13,213 (US\$30,000) as at September 30, 2016, for the concession entered into in December 2015, with the remaining payments as follows:

- US\$10,000 on December 11, 2016;
- US\$30,000 on December 11, 2017; and
- US\$100,000 on December 11, 2018.

The Company paid \$39,639 (US\$30,000) as at September 30, 2016, for the concession entered into in June 2016, with the remaining payments as follows:

- US\$20,000 on June 15, 2017; and
- US\$100,000 on June 15, 2019.

For the remaining concession, 66.7% of the concession is owned and optioned to SilverCrest by a local Mexican company and the remaining 33.3% is owned and not optioned to SilverCrest by local Mexican family.

**Other properties in Mexico**

The Company's other Mexican exploration properties include Huasabas, Guadalupe, Angel de Plata and Estacion Llano.

**SILVERCREST METALS INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)**

**THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016**

**TSX.V: SIL**

**5. EXPLORATION AND EVALUATION ASSETS (continued)**

The following table summarizes the Company's exploration and evaluation asset expenditures:

	<b>Cruz de Mayo</b>	<b>Guadalupe</b>	<b>Huasabas</b>	<b>Las Chispas</b>	<b>Other</b>	<b>Total</b>
<b>Acquisition costs</b>						
Transferred under Arrangement	\$ 4,964	\$ 383,727	\$ 402	\$ 11,294	\$ 6,805	\$ 407,192
Option and concession payments	42,350	9,672	6,160	67,251	4,222	129,655
<b>Subtotal, additions</b>	<b>47,314</b>	<b>393,399</b>	<b>6,562</b>	<b>78,545</b>	<b>11,027</b>	<b>536,847</b>
<b>Exploration and evaluation costs</b>						
Assays	-	-	4,553	20	-	4,573
Camp costs	1,195	-	10,526	8,452	-	20,173
Salaries and remuneration	-	-	16,784	14,391	-	31,175
Share-based compensation	-	-	5,533	5,533	-	11,066
Travel and lodging	-	-	9,129	8,208	1,550	18,887
<b>Subtotal, additions</b>	<b>1,195</b>	<b>-</b>	<b>46,525</b>	<b>36,604</b>	<b>1,550</b>	<b>85,874</b>
<b>Balance at December 31, 2015</b>	<b>48,509</b>	<b>393,399</b>	<b>53,087</b>	<b>115,149</b>	<b>12,577</b>	<b>622,721</b>
<b>Acquisition costs</b>						
Option and concession payments	7,018	74,014	849	211,078	46,591	339,550
<b>Exploration and evaluation costs</b>						
Assays	-	-	12,682	289,696	-	302,378
Camp costs	1,949	-	45,228	117,030	-	164,207
Drilling	-	-	170,499	1,201,047	-	1,371,546
Salaries and remuneration (note 6)	-	-	43,523	227,853	-	271,376
Technical consulting services	-	15,841	-	23,908	-	39,749
Travel and lodging	-	2,546	7,046	73,003	-	82,595
<b>Subtotal, additions</b>	<b>8,967</b>	<b>92,401</b>	<b>279,827</b>	<b>2,143,615</b>	<b>46,591</b>	<b>2,571,401</b>
<b>Balance at September 30, 2016</b>	<b>\$ 57,476</b>	<b>\$ 485,800</b>	<b>\$ 332,914</b>	<b>\$ 2,258,764</b>	<b>\$ 59,168</b>	<b>\$ 3,194,122</b>

**6. RELATED PARTY TRANSACTIONS**

**Legal fees**

During the nine months ended September 30, 2016, the Company incurred legal fees of \$38,768 (September 30, 2015 – \$Nil), which were included in professional fees, to Koffman Kalef LLP, a law firm of which an officer of the Company is a partner, of which \$23,595 (December 31, 2015 – \$7,625) was payable at September 30, 2016.

**Key management compensation**

During the nine months ended September 30, 2016, the Company paid \$78,750 (September 30, 2015 – \$Nil) in key management compensation to the Chief Executive Officer and Chief Financial Officer of the Company. The Company's key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company.

**Other transactions**

During the nine months ended September 30, 2016, the Company incurred \$63,012 (September 30, 2015 – \$Nil) on the statement of financial position under exploration and evaluation assets and \$2,554 (September 30, 2015 – \$Nil) on the statement of comprehensive loss related to remuneration for technical services to an employee who is an immediate family member of the Chief Executive Officer of the Company. During the nine months ended September 30, 2016, the Company incurred \$5,234 (September 30, 2015 – \$Nil) in remuneration paid for administrative services to a former employee who is an immediate family member of the Chief Financial Officer of the Company.

6. **RELATED PARTY TRANSACTIONS** (continued)

**Other transactions** (continued)

On October 1, 2015, the Company entered into an allocation of costs agreement with Goldsource Mines Inc. (“Goldsource”), a company related by common directors and a common officer, whereby the Company shares salaries, administrative services and other reimbursable expenses. During the nine months ended September 30, 2016, the Company allocated to Goldsource \$143,315 for its share of these expenses, of which \$15,998 (December 31, 2015 – \$78,565) was receivable from Goldsource at September 30, 2016.

7. **SHARE CAPITAL AND RESERVES**

**Authorized shares**

The Company’s authorized capital stock consists of an unlimited number of common shares and an unlimited number of preferred shares without nominal or par value. At September 30, 2016, the Company had 41,075,021 common shares and no preferred shares outstanding.

During the nine months ended September 30, 2016, the Company issued 462,414 common shares at \$0.06 per share and issued 75,000 common shares at \$0.16 per share for gross proceeds of \$39,746, related to the exercise of stock options. In addition, during the nine months ended September 30, 2016, the Company issued 650,000 common shares at \$0.20 per share for gross proceeds of \$130,000, related to the exercise of warrants.

**Stock options**

During 2015, the Company adopted a “rolling 10%” Stock Option Plan (the “Plan”), which was re-approved by Shareholders on June 22, 2016. The Plan authorizes the grant of stock options to executive officers, directors, employees and consultants enabling them to acquire common stock of the Company to a maximum of 10% of the then issued and outstanding share capital. The exercise price of any option will be the market price of the Company’s stock as at the date of the grant. The options can be granted for a maximum term of 10 years with vesting determined by the Board of Directors.

The Company’s stock option transactions during the period are as follows:

	Number of options	Weighted average exercise price
Issued	3,933,635	\$ 0.12
Exercised	(1,077,713)	0.06
Expired	(25,005)	0.06
As at December 31, 2015	2,830,917	0.14
Exercised	(537,414)	0.07
As at September 30, 2016	2,293,503	\$ 0.16

Stock options outstanding and exercisable at September 30, 2016, are as follows:

Exercise price	Expiry date	Options outstanding		Options exercisable
		Number of shares issuable on exercise	Weighted average remaining life (years)	Number of shares issuable on exercise
\$ 0.06	October 1, 2016 - December 10, 2019	28,503	1.92	28,503
\$ 0.16	December 9, 2020	2,265,000	4.19	2,221,250
		2,293,503	4.17	2,249,753

Total share-based compensation recognized for options vested during the nine months ended September 30, 2016, under the fair value method, was \$12,791 (September 30, 2015 – \$Nil).

**Warrants**

In connection with the private placement completed on November 19, 2015, the Company issued 8,332,567 warrants, exercisable at \$0.20 per share until November 19, 2017. During the nine months ended September 30, 2016, 650,000 warrants were exercised for gross proceeds of \$130,000, leaving a total of 7,682,567 warrants as at September 30, 2016.

7. **SHARE CAPITAL AND RESERVES** (continued)

**Share-based payment reserve**

The share-based payment reserve records items recognized as share-based compensation expense and the fair value of warrants issued using the residual method. At the time that the stock options or warrants are exercised, the corresponding amount is reallocated to share capital, or if they are cancelled the corresponding amount is reallocated to deficit. During the nine months ended September 30, 2016, the Company reallocated \$58,541 (September 30, 2015 – \$Nil) to share capital for the exercise of 537,414 (September, 2015 – Nil) options.

8. **FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS**

The Company's financial instruments consist of cash and cash equivalents, short term investments, amounts receivable, deposits and accounts payable. The carrying value of amounts receivable and accounts payable approximate their fair values due to the short periods until settlement.

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The Company's cash and cash equivalents and short term investments are measured using level 1 inputs.

9. **SEGMENTED INFORMATION**

The Company operates in one reportable segment, being the acquisition and exploration of mineral property interests in Mexico. Geographical segmented information is presented as follows:

<b>September 30, 2016</b>	<b>Canada</b>	<b>Mexico</b>	<b>Total</b>
Net loss for the period	\$ 988,877	\$ 104,156	\$ 1,093,033
<b><u>Asset Information</u></b>			
Deposits	\$ 58,076	\$ -	\$ 58,076
Equipment	\$ 8,719	\$ 91,156	\$ 99,875
Exploration and evaluation assets	\$ -	\$ 3,194,122	\$ 3,194,122

10. **SUBSEQUENT EVENTS**

Subsequent to September 30, 2016, the Company:

- issued 15,000 common shares at \$0.16 per share for gross proceeds of \$2,400 related to the exercise of stock options;
- issued 1,449,996 common shares at \$0.20 per share for gross proceeds of \$290,000 related to the exercise of warrants; and
- granted stock options that allow for the purchase of 100,000 shares at \$2.56 per share until October 17, 2021.