SOURCE EXPLORATION CORP

(An Exploration Stage Company)

Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended March 31, 2016

(Expressed in Canadian Dollars)
(Unaudited)

NOTICE TO SHAREHOLDERS
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2016

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed consolidated interim financial statements of Source Exploration Corp. (the "Corporation") were prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Only changes in accounting policies have been disclosed in these unaudited condensed consolidated interim financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited condensed consolidated interim financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Corporation's circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited condensed consolidated interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements and (ii) the unaudited condensed consolidated interim financial statements fairly present in all material respects the financial position, results of operations and cash flows of the Corporation, as of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed consolidated interim financial statements together with other financial information of the Corporation and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed consolidated interim financial statements together with other financial information of the Corporation. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed consolidated interim financial statements together with other financial information of the Corporation for issuance to the shareholders.

Management recognizes its responsibility for conducting the Corporation's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

In accordance with National Instrument 51-102 released by the Canadian Securities Administration, the Corporation discloses that its auditors have not reviewed the unaudited condensed consolidated interim financial statements for the period ended March 31, 2016.

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

		As at March 31, 2016		As at June 30, 2015
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**16,624**	$	208,936
Investments (note 4)		**45,269**		163,393
Accounts receivable		**11,385**		15,697
Prepaids and deposits		**20,932**		59,696
Total current assets		**94,210**		447,722
Non-current assets				
Equipment and leaseholds (note 5)		**12,544**		21,274
Total assets	**$**	**106,754**	$	468,996
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (note 9)	**$**	**538,115**	$	178,152
Total liabilities		**538,115**		178,152
EQUITY (DEFICIENCY)				
Share capital (note 7)		**17,644,455**		17,644,455
Reserves		**2,403,585**		2,401,317
Foreign currency translation		**(19,418)**		(15,586)
Deficit		**(20,459,983)**		(19,739,342)
Total equity (deficiency)		**(431,361)**		290,844
Total liabilities and equity (deficiency)	**$**	**106,754**	$	468,996

Nature of business and going concern (note 1)
Commitments (note 10)
Subsequent event (note 11)

Approved on behalf of the Board:

"Brian Robertson" , Director

"David Baker" , Director

See accompanying notes to the unaudited condensed consolidated interim financial statements.

SOURCE
EXPLORATION CORP

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	Nine Months Ended March 31, 2016	Nine Months Ended March 31, 2015
REVENUE				
Interest income	**$ 724**	$ 1,129	**$ 3,395**	$ 1,681
EXPENSES				
Depreciation	**2,689**	3,354	**8,730**	10,060
Exploration and evaluation expenditures (note 6)	**139,216**	337,034	**205,598**	572,114
General and administrative	**116,800**	279,713	**568,373**	621,198
Professional fees	**6,518**	20,105	**30,773**	60,381
Share-based payments (note 7(iv))	**-**	128,800	**2,268**	128,800
Write-off (recovery) of Value Added Tax	**18,328**	(469,871)	**(91,706)**	(762,598)
Total expenses	**283,551**	299,135	**724,036**	629,955
Loss from the operating activities	**(282,827)**	(298,006)	**(720,641)**	(628,274)
Unrealized gain on investment	**-**	82	**-**	259
Loss for the period	**(282,827)**	(297,924)	**(720,641)**	(628,015)
Exchange differences on translation of foreign operations	**(6,032)**	16,023	**(3,832)**	(76,629)
Comprehensive loss for the period	**$ (288,859)**	$ (281,901)	**$ (724,473)**	$ (704,644)
Basic and diluted net loss per common share (note 8)	**$ (0.00)**	$ (0.00)	**$ (0.01)**	$ (0.01)
Weighted average number of common shares outstanding (note 8)	**87,114,026**	75,758,857	**87,114,026**	75,758,857

See accompanying notes to the unaudited condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Nine Months Ended March 31, 2016	Nine Months Ended March 31, 2015
OPERATING ACTIVITIES		
Loss for the period	**$ (720,641)**	$ (628,015)
Adjustments for:		
Depreciation	**8,730**	10,060
Share-based payments	**2,268**	128,800
Unrealized gain on investments	**-**	(259)
	(709,643)	(489,414)
Non-cash working capital items:		
Accounts receivable	**4,312**	(9,548)
Prepaids and deposits	**38,764**	(15,832)
Accounts payable and accrued liabilities	**359,963**	(144,065)
Cash used in operating activities	**(306,604)**	(658,859)
INVESTMENT ACTIVITY		
Purchase of investments	**118,124**	-
Net cash used in investment activity	**118,124**	-
FINANCING ACTIVITIES		
Issue of common shares	**-**	1,018,000
Cost of issuance	**-**	(55,551)
Net cash provided by financing activity	**-**	962,449
Net change in cash	**(188,480)**	303,590
Cash and cash equivalents, beginning of period	**208,936**	551,348
Effect of exchange rate on cash held	**(3,832)**	(76,629)
Cash and cash equivalents, end of period	**$ 16,624**	$ 778,309

See accompanying notes to the unaudited condensed consolidated interim financial statements.

SOURCE
EXPLORATION CORP

Condensed Consolidated Interim Statements of Changes in Equity (Deficiency)
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital		Reserves				
	Number of Shares	Amount	Warrants	Equity Settled Employee Benefits	Foreign Currency Translation	Deficit	Total
Balance, June 30, 2014	**74,133,401**	**$ 16,700,213**	**$ 57,947**	**$ 2,191,382**	**$ 120,289**	**$ (18,564,392)**	**$ 505,439**
Private placement (note 7(ii))	12,725,000	1,018,000	-	-	-	-	1,018,000
Share issue cost	-	(78,738)	23,188	-	-	-	(55,550)
Share-based payments	-	-	-	128,800	-	-	128,800
Comprehensive loss for the period	-	-	-	-	(76,629)	(628,015)	(704,644)
Balance, March 31, 2015	**86,858,401**	**$ 17,639,475**	**$ 81,135**	**$ 2,320,182**	**$ 43,660**	**$ (19,192,407)**	**$ 892,045**
Shares issued for mineral properties (note 7(ii))	255,625	12,718	-	-	-	-	12,718
Share issue cost	-	(7,738)	-	-	-	-	(7,738)
Comprehensive loss for the period	-	-	-	-	(59,246)	(546,935)	(606,181)
Balance, June 30, 2015	**87,114,026**	**$ 17,644,455**	**$ 81,135**	**$ 2,320,182**	**$ (15,586)**	**$ (19,739,342)**	**$ 290,844**
Share based payments (note 7(iv))	-	-	-	2,268	-	-	2,268
Comprehensive loss for the period	-	-	-	-	(3,832)	(720,641)	(724,473)
Balance, March 31, 2016	**87,114,026**	**$ 17,644,455**	**$ 81,135**	**$ 2,322,450**	**$ (19,418)**	**$ (20,459,983)**	**$ (431,361)**

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

1. NATURE OF BUSINESS AND GOING CONCERN

Source Exploration Corp. (the “Corporation”) was incorporated under the Business Corporation’s Act (Alberta) on October 5, 2006, and is engaged in the acquisition, exploration, and evaluation of mineral properties. On January 17, 2011 the Corporation received all necessary approvals to continue into the jurisdiction of Ontario. The Corporation is in the process of exploring and evaluating its mineral properties and, on the basis of the information to date, has not yet determined whether any of the properties contain economically recoverable reserves. The recovery of expenditures on the mineral properties is dependent upon the existence of economically recoverable mineralization, the Corporation securing and maintaining title and beneficial interest in the properties, and the ability of the Corporation to obtain the necessary financing to complete the exploration and development and future profitable production or, alternatively, on the sufficiency of proceeds from disposition.

Going concern

The Corporation has incurred a net loss of $720,641 and has an accumulated deficit of $20,459,983. In addition, the Corporation had a working capital deficit balance of $443,905 and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Corporation’s ability to continue as a going concern. Included in the working capital deficit is cash and cash equivalents and investments of $61,893 and accounts payable and accrued liabilities of $538,115. Current liabilities included approximately $358,888 accrued for salaries deferred by executives and employees and fees owed to the Board in the Corporation’s efforts to conserve cash. The Chief Executive Officer’s 50% salary reduction has been reinstated retroactively to January 1, 2014 as well as directors fees have been reinstated retroactively to January 1, 2014. These salaries and fees were accrued and will not be paid until the financial position of the Corporation improves. The Corporation will require additional financing in order to complete its planned work programs on its mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they become due.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Corporation be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

The Corporation’s ability to continue as a going concern is dependent upon its ability to fund its exploration and evaluation programs. Management plans to secure the necessary financing through the issue of new equity. Nevertheless, there is no assurance that these initiatives will be successful.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in the annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the IASB have been condensed or omitted and these unaudited condensed consolidated interim financial statements should be read in conjunction with the Corporation's audited consolidated financial statements for the year ended June 30, 2015.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

The accounting policies applied in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in the Corporation's consolidated financial statements for the year ended June 30, 2015. These amendments did not have a significant impact on the Corporation's audited condensed consolidated interim financial statements.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Corporation's assets and liabilities are accounted for prospectively. The critical judgements and estimates applied in the preparation of the Corporation's unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in note 2 to the Corporation's consolidated financial statements for the year ended June 30, 2015.

The unaudited condensed consolidated interim financial statements of the Corporation for the period ended March 31, 2016 were approved and authorized by the Board of Directors on May 25, 2016.

(a) Change in accounting policies

There have been no changes to accounting policies during the nine months ended March 31, 2016.

(b) Recent accounting pronouncements

The Corporation has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Corporation has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

Accounting standards issued and effective January 1, 2016

The Corporation is currently assessing the impact that the following changes to accounting standards will have on the unaudited condensed consolidated interim financial statements:

- Amendment to IFRS 11, Joint Arrangements which requires an acquirer of a joint operation in which the activity constitutes a business to apply all of the business combinations accounting principles and disclosures in IFRS 3 and IFRSs, except for those principles that conflict with the guidance in IFRS 11, to be applied prospectively.
- Amendments to IAS 16, Property, Plant and Equipment and IAS 38, Intangible Assets prohibiting entities from using a revenue based depreciation method for items of property, plant and equipment as well as intangible assets except in limited circumstances, to be applied prospectively.
- Amendments to IAS 27, Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Recent accounting pronouncements (continued)

- Amendments to IFRS 10, Consolidated Financial Statements and IAS 28, Investments in Associates and Joint Ventures (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture.

Accounting Standards issued and effective January 1, 2017

The Corporation is currently assessing the impact that the following changes to accounting standards will have on the unaudited condensed consolidated interim financial statements:

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 would not have a material impact on the amounts reported and disclosures made in the consolidated financial statements. The Corporation will reassess the application of this standard when circumstances dictate.

Accounting standards issued and effective January 1, 2018

The Corporation is currently assessing the impact that the following changes to accounting standards will have on the unaudited condensed consolidated interim financial statements:

- IFRS 9, Financial Instruments introduces new requirements for the classification and measurement of financial assets and liabilities.

At present, the Corporation does not anticipate that the application of these standards would have a significant impact on the condensed consolidated interim financial statements.

3. SEGMENTED INFORMATION

The Corporation currently operates in one operating segment, the exploration of mineral properties in Mexico. Management of the Corporation makes decisions about allocating resources based on the one operating segment. A geographic summary of identifiable assets, liabilities, and operating activities by country is as follows:

As at March 31, 2016

	Canada	Mexico	Total
Segmented Assets	$ 42,116	$ 64,638	$ 106,754
Segmented Liabilities	$ 521,102	$ 17,013	$ 538,115

For the Three Months ended March 31, 2016

	Canada	Mexico	Total
Operating activities			
Depreciation	$ 2,689	$ -	$ 2,689
Exploration and evaluation expenditures	-	139,216	139,216
General and administrative	110,913	5,887	116,800
Professional fees	4,149	2,369	6,518
Write-off of Value Added Tax	-	18,328	18,328
Total	$ 117,751	$ 165,800	$ 283,551

(Expressed in Canadian Dollars)

3. SEGMENTED INFORMATION (CONTINUED)

For the Nine Months ended March 31, 2016

	Canada	Mexico	Total
Operating activities			
Depreciation	$ 8,730	$ -	$ 8,730
Exploration and evaluation expenditures	16,322	189,276	205,598
General and administrative	533,194	35,179	568,373
Professional fees	13,126	17,647	30,773
Share-based payments	2,268	-	2,268
Recovery of Value Added Tax	-	(91,706)	(91,706)
Total	$ 573,640	$ 150,396	$ 724,036

As at March 31, 2015

	Canada	Mexico	Total
Segmented Assets	$ 567,862	$ 461,087	$ 1,028,949
Segmented Liabilities	$ 82,701	$ 54,204	$ 136,905

For the Three Months ended March 31, 2015

	Canada	Mexico	Total
Operating activities			
Depreciation	$ 3,354	$ -	$ 3,354
Exploration and evaluation expenditures	-	337,034	337,034
General and administrative	245,736	33,977	279,713
Professional fees	1,500	18,605	20,105
Share-based payments	128,800	-	128,800
Recovery of Value Added Tax	-	(469,871)	(469,871)
Total	$ 379,390	$ (80,255)	$ 299,135

For the Nine Months ended March 31, 2015

	Canada	Mexico	Total
Operating activities			
Depreciation	$ 10,060	$ -	$ 10,060
Exploration and evaluation expenditures	-	572,114	572,114
General and administrative	542,715	78,483	621,198
Professional fees	27,672	32,709	60,381
Share-based payments	128,800	-	128,800
Recovery of Value Added Tax	-	(762,598)	(762,598)
Total	$ 709,247	$ (79,292)	$ 629,955

4. Investments

At March 31, 2016, the Corporation held mutual funds with a value of $45,269 (June 30, 2015 - $163,393).

(Expressed in Canadian Dollars)

5. EQUIPMENT AND LEASEHOLDS

Cost	Office / Computer Equipment	Leasehold Improvements	Total
Balance, June 30, 2014	$ 20,075	$ 53,760	$ 73,835
Balance, June 30, 2015	$ 20,075	$ 53,760	$ 73,835
Balance, March 31, 2016	$ 20,075	$ 53,760	$ 73,835

Accumulated depreciation	Office / Computer Equipment	Leasehold Improvements	Total
Balance, June 30, 2014	$ 16,748	$ 22,400	$ 39,148
Depreciation for the year	2,661	10,752	13,413
Balance, June 30, 2015	19,409	33,152	52,561
Depreciation for the period	666	8,064	8,730
Balance, March 31, 2016	$ 20,075	$ 41,216	$ 61,291

Carrying Value	Office / Computer Equipment	Leasehold Improvements	Total
Balance, June 30, 2015	**$ 666**	**$ 20,608**	**$ 21,274**
Balance, March 31, 2016	**$ -**	**$ 12,544**	**$ 12,544**

6. EXPLORATION AND EVALUATION

Accumulated costs with respect to the Corporation's interest in mineral properties owned, leased or under option, consist of the following:

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	Nine Months Ended March 31, 2016	Nine Months Ended March 31, 2015	Inception to date
Analytical	**$ -**	$ 48,164	**$ -**	$ 49,750	$ 374,861
Geological and consulting	**1,208**	19,839	**24,489**	75,135	2,940,276
Transportation and accommodation	**-**	15,508	**-**	15,508	155,051
Drilling	**-**	85,204	**-**	230,640	5,179,440
Geophysical	**-**	-	**-**	-	74,679
Operational support	**-**	-	**-**	-	275,966
Other	**22,839**	51,922	**29,333**	52,989	295,314
Subtotal	**24,047**	220,637	**53,822**	424,022	9,295,587
Acquisition costs / Option payments	**115,169**	116,397	**151,776**	148,092	739,015
Total expenditures	**$ 139,216**	$ 337,034	**$ 205,598**	$ 572,114	$ 10,034,602

6. EXPLORATION AND EVALUATION (CONTINUED)

Las Minas and La Miqueta

On October 13, 2010, the Corporation's 100% owned Mexican subsidiary Roca Verde Exploracion de Mexico entered into exclusive Letters of Intent to acquire the Las Minas and La Miqueta properties, collectively named the Las Minas Project. The project is comprised of five privately held mineral concessions covering approximately 1,271 hectares in the core of the Las Minas district in the State of Veracruz, Mexico. The Project is located approximately 270 kilometres east of Mexico City and is accessible by road.

Pursuant to the terms of the original Las Minas property agreement the Corporation was granted the right to enter into an exclusive purchase and sale agreement to earn a 100% interest in three concessions by making staged cash payments totaling US$190,000 plus Value Added Tax (VAT) over the next 36 months and a final payment of US$1,000,000 plus VAT upon exercising the option. The Vendors retained a 1.5% Net Smelter Return (NSR) subject to an exclusive buyback provision allowing the Corporation to purchase one third or a 0.5% NSR for US$500,000. The Corporation retained a Right of First Refusal to buy the remaining 1.0 % NSR. The Corporation also agreed to complete a work program which required $200,000 in expenditures to maintain the concessions in good standing during the three year term of the agreement.

Pursuant to the terms of the original La Miqueta property agreement the Corporation was granted the right to enter into an exclusive purchase and sale agreement to earn a 100% interest in three concessions by making staged cash payments totaling US$95,000 plus Value Added Tax (VAT) over 36 months beginning October 13, 2010 and a final payment of US$500,000 plus VAT upon exercising the option. The Vendors retained a 1.5% Net Smelter Return (NSR) subject to an exclusive buyback provision that allowed the Corporation to purchase one third or a 0.5% NSR for US$500,000. The Corporation retained a Right of First Refusal to buy the remaining 1.0 % NSR. The Corporation also agreed to keep the property in good standing with respect to concession taxes. During 2012, an extension agreement was executed to extend the deadline for the final payment by 12 months.

Option agreement extended to 2016

On June 6, 2013, the Corporation extended the option agreement to acquire the Pepe, Pepe Tres, and San Jose concessions located at the Las Minas property in Veracruz State, Mexico, and further revised on November 20, 2013. The amended agreement extended the term of the option agreement by an additional two years to December 5, 2015. Scheduled payments as per the terms of the amended agreement were US $130,000 over a 6 month period ending May 5, 2014, US $150,000 on December 5, 2014, with a final payment of US $1,300,000 on December 5, 2015. All payments are subject to VAT (Value Added Tax). The Corporation also retained the right to exercise the option at the latest on December 5, 2013 upon payment of US $1,000,000 as per the terms of the original option agreement on October 13, 2010.

On October 1, 2015, the Corporation announced the successful negotiation of a one year extension to its option agreement to acquire the Pepe, Pepe Tres and San Jose concessions located at its Las Minas property. These concessions are part of the six concessions held under option or wholly owned by Source at Las Minas, Veracruz State, Mexico.

The new agreement extends the term of the option agreement by an additional one year to December 5, 2016. The payment for granting the extension was US$165,000, payable in equal monthly installments over a six month period and commencing at the latest on December 7th, 2015. All payments are subject to Value Added Tax.

All other terms of the original agreement of November 30, 2010 and prior extension agreement of May 21, 2013 remained unchanged.

6. EXPLORATION AND EVALUATION (CONTINUED)

Extension of Las Minas option agreement to 2017

On April 23, 2015, the Corporation signed a two year extension to its option agreement to acquire the Pueblo Nuevo and La Luz 1 concessions located at its Las Minas property. These concessions are part of the concessions held under option or wholly owned by Roca Verde, (the wholly owned subsidiary of Source) at Las Minas, Veracruz State, Mexico.

The new agreement extends the term of the option agreement by an additional two years to May 3, 2017. Scheduled payments per the terms of the agreement are as follows:

- US $12,500 (paid) cash consideration and $12,500 (issued) in common shares of Source as soon as is practicable following acceptance of the extension of the option agreement by the TSX Venture Exchange (the "TSXV");
- US $12,500 cash consideration and US $12,500 in common shares of Source on April 22, 2016 (see note 11); and
- Final option payment due on May 3, 2015 extended to May 3, 2017 and reduced from US $500,000 to US $150,000.

All payments are subject to VAT (Value Added Tax). All other terms of the original agreement remain unchanged.

7. CAPITAL AND RESERVES

i) Authorized

The Corporation is authorized to issue an unlimited number of common shares.

ii) Details of share issuances

2015

Private placement

On February 26, 2015 the Corporation closed the non-brokered private placement (the "Private Placement") of 12,725,000 units of the Corporation (the "Units") at a price of $0.08 per Unit for gross proceeds of $1,018,000. Each Unit consists of one common share of the Corporation and one half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to purchase one common share of the Corporation for a period of twenty four months from the closing date of the Private Placement at a price of $0.08 per common share. In connection with the Private Placement, the Corporation paid an aggregate of $31,440 in finder's fees to certain arm's length parties, representing 6% of the proceeds received from subscribers that were introduced by such parties, and issued 393,000 finders warrants on the same terms as the common share purchase warrants.

Shares issued for mineral properties

On June 12, 2015 the Corporation issued 255,625 common shares of the Corporation valued at $12,718 as as an option payment on the Las Minas property.

(Expressed in Canadian Dollars)

7. CAPITAL AND RESERVES (CONTINUED)

iii) Warrants

The following table reflects the continuity of warrants for the periods below:

	Number of Warrants	Weighted Average Exercise Price ($)
Balance, June 30, 2014	**17,024,546**	**0.170**
Issued	6,755,500	0.080
Expired	(5,150,000)	0.130
Balance, March 31, 2015 and June 30, 2015	**18,630,046**	**0.152**
Expired	(1,100,000)	0.125
Balance, March 31, 2016	**17,530,046**	**0.150**

The following table reflects the warrants issued and outstanding as at March 31, 2016:

Expiry Date	Number of Warrants Outstanding	Exercise Price ($)
February 24, 2017	6,362,500	0.080
February 24, 2017 (1)	393,000	0.080
May 15, 2019	10,257,166	0.200
May 15, 2019 (1)	517,380	0.200
	17,530,046	**0.150**

(1) Finder's warrants

iv) Share purchase option compensation plan

The following tables reflect the continuity of stock options for the periods below:

	Number of Stock Options	Weighted Average Exercise Price ($)
Balance, June 30, 2014	**6,842,500**	**0.187**
Expired / Cancelled	(575,000)	0.300
Granted	2,300,000	0.080
Balance, March 31, 2015 and June 30, 2015	**8,567,500**	**0.151**
Granted (1)	140,000	0.080
Expired / Cancelled	(530,000)	0.280
Balance, March 31, 2016	**8,177,500**	**0.142**

(1) On September 1, 2015, the Corporation granted 140,000 options to an officer of the Corporation at a price of $0.08 per share. The fair value of these options at the date of grant of $0.0162 was estimated using the Black-Scholes valuation model with the following assumptions: a five year expected term; a 146% expected volatility based on historical share prices; risk free interest rate of 0.72%; share price at the date of grant of $0.02; and an expected dividend yield of 0%. The grant date fair value assigned to these options was $2,268. These options vested immediately and will expire on September 1, 2020. For the three and nine months ended March 31, 2016, the Corporation recorded share-based payments of $nil and $2,268, respectively.

(Expressed in Canadian Dollars)

7. CAPITAL AND RESERVES (CONTINUED)

iv) Share purchase option compensation plan (Continued)

The following table reflects the stock options issued and outstanding as at March 31, 2016:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
July 8, 2016	0.350	0.27	657,500	657,500	-
November 21, 2016	0.350	0.64	50,000	50,000	-
August 29, 2017	0.200	1.41	575,000	575,000	-
June 20, 2019	0.135	3.22	4,455,000	4,455,000	-
March 20, 2020	0.080	3.97	2,300,000	2,300,000	-
September 1, 2020	0.080	4.42	140,000	140,000	-
		3.07	**8,177,500**	**8,177,500**	**-**

8. NET LOSS PER COMMON SHARE

The basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Fully diluted loss per share is the same as basic loss per share. The effect of common share purchase options and warrants on the net loss is not reflected as to do so would be anti-dilutive.

The following table sets forth the computation of basic and diluted loss per share:

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	Nine Months Ended March 31, 2016	Nine Months Ended March 31, 2015
Numerator				
Loss for the period	**$ (282,827)**	$ (297,924)	**$ (720,641)**	$ (628,015)
Denominator				
Weighted average number of common shares	**87,114,026**	75,758,857	**87,114,026**	75,758,857
Weighted average loss per share	**$ (0.00)**	$ (0.00)	**$ (0.01)**	$ (0.01)

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS

The Corporation's related parties include directors and key management personnel and entities over which they have control or significant influence as described below.

	Nature of transactions
DRAX Services Limited ("DRAX")	Corporate secretarial and filing services
0702232 B.C. Ltd. (o/a D. Baker Capital Inc.)	Investor relations, consulting and office rental

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash. The following are the related party transactions, recorded at the exchange amount as agreed to by the parties:

- Included in general and administrative expenses for the three and nine months ended March 31, 2016 are amounts totaling $2,068 and $6,349, respectively (three and nine months ended March 31, 2015 - $2,577 and $6,669, respectively) for corporate secretarial and filing services provided by DRAX, a company related to the Corporation through Shaun Drake, Corporate Secretary of the Corporation. As at March 31, 2016, DRAX was owed $683 (June 30, 2015 - $765) and this amount was included in accounts payable and accrued liabilities.

Included in general and administrative expenditures for the three and nine months ended March 31, 2016 are amounts totaling $4,286 (three and nine months ended March 31, 2015 - $4,286 and $12,857) for office rental and $22,500 and $67,500 (three and nine months ended March 31, 2015 - $22,500 and $67,500) for investor relations and consulting services provided by 0702232 B.C. Ltd. (o/a D. Baker Capital Limited), a company related to the Corporation through David Baker, Chairman and director of the Corporation. As at March 31, 2016, D. Baker Capital Inc. was owed $78,304 (June 30, 2015 - $33,075) and this amount was included in accounts payable and accrued liabilities. During the nine months ended March 31, 2016, the Corporation received a short-term loan of $40,000 from D. Baker Capital Inc. The loan is interest free and repayable on demand.

Remuneration of directors and key management

	Three Months Ended March 31,		**Nine Months Ended March 31,**	
	2016	**2015**	**2016**	**2015**
Salaries and wages	**$ 44,344**	$ 26,602	**$ 264,358**	$ 79,696
Share-based payments	**-**	40,040	**2,268**	40,040
Directors fees	**3,000**	-	**27,000**	-
	$ 47,344	$ 66,642	**$ 293,626**	$ 119,736

As at March 31, 2016, the director and key management were owed $291,358 (June 30, 2015 - $nil) and this amount was included in accounts payable and accrued liabilities.

(Expressed in Canadian Dollars)

10. COMMITMENTS

The Corporation has commitments relating to an office lease, which includes rent, common costs, and coop costs, expiring June 2017, as well as property payment obligations related to the Las Minas property held by the Corporation's subsidiary. The annual payments for the next 2 fiscal years are as follows:

2016	$	10,430
2017		41,718
	$	52,148

11. SUBSEQUENT EVENT

Subsequent to March 31, 2016, the Corporation paid US $12,500 and issued 529,708 of Source to the Optionor of the Las Minas option agreement.