

SANTA ROSA SILVER MINING CORP.

Un-audited Condensed Interim Consolidated Financial Statements

**For the three months ended December 31, 2016
(expressed in Canadian dollars)**

SANTA ROSA SILVER MINING CORP.
CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited)
FOR THE THREE MONTHS ENDED DECEMBER 31, 2016
(Expressed in Canadian dollars)

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SANTA ROSA SILVER MINING CORP.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed consolidated interim financial statements of Santa Rosa Silver Mining Corp. (the "Company") are the responsibility of management and the Board of Directors.

The unaudited condensed consolidated interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed consolidated interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed consolidated interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it with sufficient knowledge to support management representations that it has exercised reasonable diligence in 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 condition, results of operations and cash flows of the Company, 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 Company 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 Company. 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 Company for issuance to the shareholders.

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

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

The Company's independent auditor has not performed a review of these condensed consolidated interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants Canada for a review of interim financial statements by an entity's auditor.

SANTA ROSA SILVER MINING CORP.
Consolidated Statements of Financial Position
(in Canadian dollars)

	As at December 31, 2016	As at September 30, 2016
ASSETS		
Current assets		
Cash	\$ 48,221	\$ 138,168
Receivables and prepaids (Notes 4 and 11)	24,782	17,849
Total assets	\$ 73,003	\$ 156,017
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 89,672	\$ 121,309
Total liabilities	89,672	121,309
Equity		
Share capital (Note 6)	1,700,112	1,700,112
Warrant reserve (Note 7)	63,868	63,868
Options reserve (Note 8)	51,000	51,000
Contributed surplus	28,600	28,600
Accumulated other comprehensive loss	6,612	5,107
Accumulated deficit	(1,866,861)	(1,813,979)
Total (deficit) equity	(16,669)	34,708
Total equity and liabilities	\$ 73,003	\$ 156,017

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

GOING CONCERN (Note 1)

SUBSEQUENT EVENT (Note 17)

COMMITMENTS AND CONTINGENCIES (Note 12)

APPROVED ON BEHALF OF THE BOARD

Signed: _____

Signed: _____

SANTA ROSA SILVER MINING CORP.**Consolidated Statements of Loss and Comprehensive Loss****(in Canadian dollars)**

	3 Months ended December 31, 2016
Expenses	
Professional fees	\$ 23,398
Consulting fees (Note 6)	-
Exploration and evaluation expenditures (Note 3)	17,470
General office and admin	2,262
Value added taxes (Note 13)	7,655
Travel	-
Interest and bank charges	371
Foreign exchange loss	1,726
Net loss for the year	(52,882)
Other comprehensive (loss) income for the year	
Foreign exchange gain (loss) on net investment in a foreign operation	(46,824)
Translation adjustment	48,329
Net comprehensive loss for the year	\$ (51,377)
Basic and diluted net loss per share (Note 9)	\$ (0.001)
Weighted average number of common shares outstanding	44,730,000

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

SANTA ROSA SILVER MINING CORP.
Consolidated Statement of Changes in Equity (Deficiency)
(in Canadian dollars)

	Number of shares	Share capital	Warrants reserve	Options reserve	Contributed surplus	Accumulated other comprehensive income	Accumulated deficit	Total equity (deficiency)
Balance as at September 30, 2014	22,020,000	\$ 869,654	\$ 6,600	\$ 36,000	\$ -	\$ (5,814)	\$ (1,063,187)	\$ (156,747)
Private placements (Note 7)	9,770,000	348,500	-	-	-	-	-	348,500
Share issue costs (Note 7)	-	(70,022)	29,548	-	-	-	-	(40,474)
Net loss	-	-	-	-	-	-	(210,613)	(210,613)
Foreign exchange gain (loss) on net investment in a foreign operation	-	-	-	-	-	(46,329)	-	(46,329)
Cumulative translation adjustment	-	-	-	-	-	47,191	-	47,191
Balance as at September 30, 2015	31,790,000	\$ 1,148,132	\$ 36,148	\$ 36,000	\$ -	\$ (4,952)	\$ (1,273,800)	\$ (58,472)
Private placements (Note 7)	11,440,000	572,000	-	-	-	-	-	572,000
Share issue costs (Note 7)	-	(95,020)	34,320	-	-	-	-	(60,700)
Share based payments (Notes 7 and 9)	1,500,000	75,000	-	37,000	-	-	-	112,000
Cancellation of options and warrants	-	-	(6,600)	(22,000)	28,600	-	-	-
Net loss	-	-	-	-	-	-	(540,179)	(540,179)
Foreign exchange gain (loss) on net investment in a foreign operation	-	-	-	-	-	(149,218)	-	(149,218)
Cumulative translation adjustment	-	-	-	-	-	159,277	-	159,277
Balance as at September 30, 2016	44,730,000	\$ 1,700,112	\$ 63,868	\$ 51,000	\$ 28,600	\$ 5,107	\$ (1,813,979)	\$ 34,708
Net loss	-	-	-	-	-	-	(52,882)	(52,882)
Foreign exchange gain (loss) on net investment in a foreign operation	-	-	-	-	-	(46,824)	-	(46,824)
Cumulative translation adjustment	-	-	-	-	-	48,329	-	48,329
Balance as at December 31, 2016	44,730,000	\$ 1,700,112	\$ 63,868	\$ 51,000	\$ 28,600	\$ 6,612	\$ (1,866,861)	\$ (16,669)

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

SANTA ROSA SILVER MINING CORP.
Consolidated Statements of Cash Flows
(in Canadian dollars)

	3 Months ended December 31, 2016	Year ended September 30, 2016
Operating activities		
Net loss for the year	\$ (52,882)	\$ (540,179)
Share based payments	-	112,000
Changes in non-cash working capital balances		
Receivables and prepaids	(6,949)	(13,761)
Accounts payable and accrued liabilities	(31,143)	58,684
Net cash used in operating activities	(90,974)	(383,256)
Financing activities		
Proceeds from subscriptions for common shares	-	572,000
Share issue costs	-	(60,700)
Proceeds from (repayment of) shareholder loans	-	-
Net cash used in financing activities	-	511,300
Net change in cash and cash equivalents	(90,974)	128,044
Effect of foreign currency translation	1,027	5,207
Cash and cash equivalents, beginning of year	138,168	4,917
Cash and cash equivalents, end of year	\$ 48,221	\$ 138,168

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

SANTA ROSA SILVER MINING CORP.
Notes to Condensed Interim Consolidated Financial Statements
Three months ended December 31, 2016
(expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Santa Rosa Silver Mining Corp. (the "Company") was incorporated under the laws of the Province of Ontario by articles of incorporation dated August 31, 2011 and is engaged in mineral exploration. The Company currently has one project, which is to assemble and explore, through its subsidiary Minera Stramin S. de R.L. de C.V. ("Minera Stramin"), a package of prospective silver-lead-gold properties in the state of Sonora, Mexico. The Company's project presently has no NI 43-101 resources or reserves of minerals. The Company is a private company and is not presently a reporting issuer in any jurisdiction. The registered head office of the Company is located at Suite 5300, Commerce Court West, 199 Bay Street, Toronto, Ontario, M5L 1B9, Canada.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the realization of assets and discharge of liabilities in the normal course of business.

Mineral exploration projects, even when successful, require large amounts of exploration investment to prove mineable reserves, generally over long periods of time, prior to commencement of production. The ability of the Company to continue as a going concern is dependent upon, among other things, being able to obtain additional financing, the continued support of its existing shareholders, and the outlining and development of commercial deposits of metals at its project to generate positive cash flows from operations. While the Company has been successful in securing financing and identifying suitable properties to date, there is no assurance that the Company will continue to be successful in achieving these objectives.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and evaluation and 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 government licensing requirements or regulations, unregistered prior agreements, unregistered claims and non-compliance with regulatory and environment requirements.

As at December 31, 2016, the Company had not yet achieved profitable operations and expects to incur further losses in the development of its business. The Company has incurred losses from operations since inception and has limited working capital as outlined below:

	December 31, 2016	September 30, 2016
	(unaudited)	
Working capital (deficiency)	\$ 16,669	\$ 34,708
Accumulated deficit	\$1,866,861	\$1,813,979

These conditions cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern; such adjustments could be material.

The consolidated financial statements of the Company were approved and authorized for issue by the Board of Directors on March 3, 2017.

SANTA ROSA SILVER MINING CORP.
Notes to Condensed Interim Consolidated Financial Statements
Three months ended December 31, 2016
(expressed in Canadian dollars)

2. BASIS OF PREPARATION

(a) Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (IAS34). Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of March 3, 2017, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these consolidated financial statements as in the most recent annual financial statements as at and for the year ended September 30, 2016. Any subsequent changes to IFRS that may be given effect in the Company's annual financial statements for the year ending September 30, 2017 could result in restatement of these unaudited condensed interim financial statements.

The policies have been consistently applied to all periods presented unless otherwise noted.

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(c) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiary, Minera Stramin (incorporated in Mexico). Intra-group balances and transactions are eliminated in preparing the consolidated financial statements.

The Company's registered ownership in Minera Stramin is 2,999 out of a total of 3,000 (99.97%) of the voting rights. The single remaining voting right is held, due to Mexican regulatory requirements, by a director of Minera Stramin.

(d) Functional and presentation currency

These consolidated financial statements are presented in Canadian Dollars. The Canadian dollar is the functional currency of Santa Rosa Silver Mining Corp. The Mexican peso is the functional currency of Minera Stramin.

(e) Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

SANTA ROSA SILVER MINING CORP.
Notes to Condensed Interim Consolidated Financial Statements
Three months ended December 31, 2016
(expressed in Canadian dollars)

2. BASIS OF PREPARATION - CONTINUED

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values are:

(i) Net investment in a foreign operation

As part of the normal course of operations, the Company advances funds to its subsidiary in the form of loans repayable in Canadian dollars. Because Minera Stramin's functional currency is the Mexican peso, it is exposed to foreign exchange risk on these loans. Any gains and losses are initially recognized through the statement of loss. However, the Company has determined that these loans are not expected to be repaid in the foreseeable future and are therefore considered to be part of its net investment in a foreign operation. Accordingly, in preparing the consolidated financial statements, an adjustment is made to reclassify any foreign exchange gains or losses from loss to accumulated other comprehensive loss.

(ii) Recoverability of value added taxes

The Company's expenditures in Mexico are subject to a value added tax ("VAT") which the Company is entitled to claim and recover from the Mexican government. Due to the timing and inherent uncertainty of the ultimate collection of these amounts, the Company expenses VAT as incurred and will recognize a recovery in the period when the amount can be reasonably determined and collectability has been reasonably assured.

VAT accrued in a given period are reflected as a separate line within expenses in the statement of loss. A summary of the cumulative VAT accrued is presented in Note 13.

3. EXPLORATION AND EVALUATION PROPERTIES AND EXPENDITURES

The Company's exploration project, the San Javier Project in the State of Sonora, Mexico, involves assembling and exploring certain mineral lands containing known showings and old workings on silver - lead mineralized veins that also contain gold, copper and zinc in lesser quantities. The Company has assembled and maintained a consolidated land package on portions of which it has completed underground and surface mapping and sampling. The Company intends to carry out further surface and underground exploration along a three kilometre long structural zone that includes the El Polvorin, Santa Rosa and La Colorada underground workings and other mineralized surface showings within its properties with the goal of outlining commercial quantities of mineralization. During the past two years the Company's work was minimal due to limited capital.

The property package of sixteen mineral concessions making up the Company's San Javier Project has not changed since the most recent audited financial statements dated September 30, 2016. Four NSR royalties totalling 2.5% apply to future production from all properties in the San Javier Project (Note 10).

Exploration and Evaluation Expenditures were incurred during the years ended September 30, 2016 and 2015 and the period ended December 31, 2016 as outlined below:

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Notes to Condensed Interim Consolidated Financial Statements
Three months ended December 31, 2016
(expressed in Canadian dollars)

3. EXPLORATION AND EVALUATION PROPERTIES AND EXPENDITURES - CONTINUED

	Three months ended December 31, 2016 (unaudited)	Year ended September 30, 2016	Year ended September 30, 2015	Cumulative from inception to December 31, 2016 (unaudited)
Option payments	\$ 13,638	\$54,395	\$121,717	\$348,150
Renewal and staking fees	78	3,444	3,729	77,098
Labour and contractors	3,694	79,485	8,412	442,005
Field supplies and services	55	2,068	517	37,987
Transportation	-	3,896	-	39,735
Assaying	-	409	-	72,040
Communications	-	20	-	396
Other	-	5,431	687	39,853
Total for the year/period	\$ 17,470	\$149,148	\$135,062	\$1,057,264

4. RECEIVABLES AND PREPAIDS

	December 31, 2016 (unaudited)	September 30, 2016
Accounts receivable	\$ 148	\$ 82
HST receivable (Canada)	7,856	8,228
Advances and prepaids	16,778	9,539
	\$ 24,782	\$ 17,849

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2016 (unaudited)	September 30, 2016
Trade payables – exploration activities	\$ -	\$ 15,710
Trade payables – corporate activities	89,083	105,681
Taxes payable (receivable)	589	(82)
	\$ 89,672	\$ 121,309

*Advances are non-interest bearing and have no set terms of repayment.

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6. SHARE CAPITAL

- (a) Authorized capital: unlimited with no par value
- (b) Shares issued
- (i) In May, 2015 the Company completed the sale of 3,500,000 common shares at \$0.01 per share for total proceeds of \$35,000 in a non-brokered private placement financing.
- (ii) In June, 2015 the Company completed the sale of 6,270,000 common shares at \$0.05 per share for total proceeds of \$313,500 in a non-brokered private placement financing.
- Legal and consulting fees related to the May and June 2015 private placements included \$40,474 paid in cash and 957,000 warrants valued at \$29,548 (Note 8) and were included in share capital as share issue costs.
- (iii) In March, 2016 the Company completed a non-brokered private placement financing in which investors subscribed for 5,690,000 shares at a price of \$0.05 per share resulting in gross proceeds to the Company of \$284,500.
- (iv) In April, 2016 the Company completed a non-brokered private placement financing in which investors subscribed for 5,750,000 shares at a price of \$0.05 per share resulting in gross proceeds to the Company of \$287,500.
- (v) On May 30, 2016 the Corporation issued 1,500,000 shares in payment for past services to a director of the Corporation. The shares were deemed to have a value of \$0.05 per share in keeping with the most recently completed private placement financing.

7. WARRANTS

The continuity of the Company's warrants is as follows:

	December 31, 2016 (unaudited)		September 30, 2016		September 30, 2015	
	Number of warrants	Weighted average exercise price (\$)	Number of warrants	Weighted average exercise price (\$)	Number of warrants	Weighted average exercise price (\$)
Balance, beginning of year/period	2,101,000	0.05	1,617,000	0.23	660,000	0.50
Issued (i)	-	-	1,144,000	0.05	957,000	0.05
Expired	-	-	(660,000)	0.50		
Balance, end of year/period	2,101,000	0.05	2,101,000	0.05	1,617,000	0.23

SANTA ROSA SILVER MINING CORP.
Notes to Condensed Interim Consolidated Financial Statements
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7. WARRANTS - CONTINUED

A summary of the Company's warrants at December 31, 2016 is as follows:

Date of Issue	Warrants outstanding #	Warrants exercisable #	Exercise price \$	Remaining life (Years)	Expiry date
May 21, 2015	957,000	957,000	0.05	2.14 *	Feb 21, 2019
May 4, 2016	1,144,000	1,144,000	0.05	1.34	May 4, 2018
	2,101,000	2,101,000	0.23	1.71	

*Expiry date of these warrants was two years from a Liquidity Event, now known to be February 21, 2017 (see Note 17 – Subsequent Events)

8. STOCK OPTIONS

The continuity of the Company's stock options is as follows:

	December 31, 2016 (unaudited)		September 30, 2016		September 30, 2015	
	Number of options	Weighted average exercise price (\$)	Number of options	Weighted average exercise price (\$)	Number of options	Weighted average exercise price (\$)
Balance, beginning of year/period	1,900,000	0.05	1,800,000	0.05	1,800,000	0.05
Issued	-	-	1,200,000	-	-	-
Expired	-	-	(1,100,000)	-	-	-
Balance, end of year/period	1,900,000	0.05	1,900,000	0.05	1,800,000	0.05

As at December 31, 2016, the Company had outstanding share options that had been issued to directors, officers and consultants of the Company, as follows:

Date of Grant	Options outstanding #	Options vested #	Exercise price \$	Remaining life (Years)	Expiry date
Sep 18, 2012	700,000	700,000	0.05	0.72	Sep 18, 2017
May 30, 2016	1,200,000	1,200,000	0.05	2.41	May 30, 2019
	1,900,000	1,900,000	0.05	1.79	

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9. LOSS PER SHARE

During the three months ended December 31, 2016, the calculation of diluted loss per share excluded the effect of stock options and warrants as their inclusion would have been anti-dilutive.

10. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include officers of the Company and its subsidiaries, its Board of Directors, key management personnel, their close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

In accordance with IAS24, key management personnel are the persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any director (executive and non-executive) of the Company.

There was no remuneration of key management personnel for the three month period ended December 31, 2016.

The agreement under which Minera Stramin may acquire the Santa Rosa and Ampliación de Santa Rosa concessions is with two estates whose beneficiaries include an individual who is a director of Minera Stramin and therefore a key management person.

Three directors and key management members hold NSR royalties totalling 1.5% of the total 2.5% on production from the San Javier project (Note 3).

11. VALUE ADDED TAXES

The Company expenses refundable value added taxes ("VAT") incurred in Mexico until such a time as it is reasonably certain that the VAT will be collected. If in a future period the VAT are collected, the Company will recognize the refund as a recovery of the expense through the consolidated statements of loss. The following table presents the approximate VAT base at the end of each reporting period. The balances are carried in Mexican pesos (MXN) and a translation to Canadian dollars (CAD) has been presented using the exchange rate at the end of the respective reporting period.

	December 31, 2016		September 30, 2016	
	(unaudited)			
	CAD	MXN	CAD	MXN
VAT base	61,117	938,817	55,972	825,304

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12. COMMITMENTS AND CONTINGENCIES

Apart from the optional property payments under property acquisition agreements, there are no commitments or contingencies.

The Company's exploration and evaluation activities are subject to various international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

13. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable and appropriate.

There were no changes in the Company's approach to capital management during the three months ended December 31, 2016. Neither the Company nor its subsidiary is subject to externally imposed capital requirements.

14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

(a) Fair value of financial instruments

Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for receivables, accounts payable and accrued liabilities, and shareholder loans approximate fair market value because of the limited term of these instruments.

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Notes to Condensed Interim Consolidated Financial Statements
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(expressed in Canadian dollars)

14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS - CONTINUED

(b) Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no material changes in the risks, objectives, policies and procedures from the previous period.

(i) Credit risk

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to financial instruments included in cash and receivables is remote.

(ii) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's ability to continue operations and fund its exploration and evaluation expenditures is dependent on its ability to secure additional financing. See below for a summary of cash balance and current liabilities for the year ended September 30, 2016 and for the three month periods ended March 31, 2016.

	December 31, 2016	September 30, 2016
	(unaudited)	
Cash	\$ 48,221	\$ 138,161
Current liabilities	\$ 89,672	\$ 115,640

The Company is continuing to pursue various financing initiatives in order to provide sufficient cash to finance its exploration and evaluation activities as well as corporate operations. The Company's accounts payable and accrued liabilities as at December 31 and September 30, 2016 have contractual maturities of less than 30 days and are subject to normal trade terms.

(iii) Interest rate risk

The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company is not currently exposed to risks from changes in interest rates.

(iv) Foreign currency risk

The Company's functional currency is the Canadian dollar and purchases of goods and services are transacted in Canadian dollars, Mexican pesos and US dollars. The Company funds certain operations, exploration and administrative expenses in Mexico on a cash basis using US dollar and Mexican peso currencies converted from its Canadian dollar bank accounts held in Canada. Management does not believe it is practical to use hedging to reduce its exposure to foreign exchange on these transactions.

SANTA ROSA SILVER MINING CORP.
Notes to Condensed Interim Consolidated Financial Statements
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14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS – CONTINUED

(b) Financial risk factors – continued

(iv) Foreign currency risk - continued

	December 31, 2016 (unaudited)		September 30, 2016	
	US Dollar	MXN Peso	US Dollar	MXN Peso
Cash held in foreign currency	3,913	6,295	11,173	4,403
Value of foreign currency in Canadian dollars	5,254	410	15,003	299

(v) Commodity price risk

The Company is exposed to price risk with respect to commodity prices. Even though it is only undertaking exploration and evaluation activities presently, the enthusiasm of investors necessary for funding of on-going work does move with the prices of gold and silver. The Company determines the appropriate course of action to be taken by the Company in relation to its monitoring of the commodity markets.

(vi) Market risk

Market risk is the risk that a change in market prices, interest rate levels, indices, liquidity and other market factors will result in losses. The Company is not materially exposed to market risk as it does not hold marketable securities.

(c) Sensitivity analysis

Based on management's knowledge and experience in the financial markets, the Company believes the following movements are "reasonably possible" over a one year period:

- (i) Some of the Cash assets were kept in an interest-bearing bank account during the period until it was needed, and as such, movements in interest rates would have had a small effect on the net loss over the quarter. A one half percent point variation up or down in the interest rate on the average balance of \$70,000 during the period would have equated to a change in interest income of \$350.
- (ii) As at December 31, 2016, the Company held \$5,254 and \$410 in cash balances denominated in US dollars and Mexican pesos respectively. A 10% change in the value of the Canadian dollar compared to those other foreign currencies would result in a foreign exchange gain/loss of approximately \$525 and \$40 respectively for the US dollars and Mexican pesos accounts.

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(expressed in Canadian dollars)

16. SEGMENTED INFORMATION

The Company has one operating segment, which is the exploration and development of exploration properties. Geographic segmentation of the Company's assets is as in the following table:

	December 31, 2016		September 30, 2016	
	(unaudited)			
	Canada	Mexico	Canada	Mexico
Assets	\$67,985	\$ 5,018	148,801	\$ 9,927
	93%	7%	93%	7%
Cash in chartered banks	\$43,575	\$ 4,646	\$ 128,628	\$ 9,540
	90%	10%	94%	6%

17. SUBSEQUENT EVENTS

On February 21, 2017, Canuc Resources Corporation ("Canuc") announced that it had completed the reverse takeover transaction previously announced, on the terms set out in the business combination agreement dated August 26, 2016 (Note 1).

Canuc also announced that it had closed the concurrent financing of \$2,000,000, representing the maximum financing amount disclosed in the filing statement filed in connection with the Transaction. The closing of this financing resulted in Canuc issuing 8,000,000 units, with each unit comprised of one common share and one half of one common share purchase warrant, with each unit priced at \$0.25 (25 cents) and each share purchase warrant having a life of two years from the date of issue and an exercise price of \$0.50 (50 cents).