

**CANUC RESOURCES CORPORATION**  
(FORMERLY SANTA ROSA SILVER MINING CORP.)

**Condensed Interim Consolidated Financial Statements**  
**Unaudited**

**March 31, 2017 and 2016**

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Canuc Resources Corporation (formerly Santa Rosa Silver Mining Corp. and referred to as the "Company" or "Canuc") are the responsibility of management. The condensed interim consolidated 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 condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the condensed interim consolidated 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 condensed interim consolidated financial statements and (ii) the condensed interim consolidated 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 years presented by the condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the condensed interim consolidated 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 condensed interim consolidated 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 audited condensed interim consolidated 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.

(signed)

*"Christopher J. Berlet"*

Christopher J. Berlet  
Chief Executive Officer

(signed)

*"Julio DiGirolamo"*

Julio DiGirolamo  
Chief Financial Officer

Toronto, Canada  
May 29, 2017

# CANUC RESOURCES CORPORATION

(Formerly Santa Rosa Silver Mining Corp.)

## Consolidated Interim Statements of Financial Position

Unaudited, Expressed in Canadian dollars

	March 31, 2017	September 30, 2016
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 1,152,494	\$ 138,168
Receivables and prepaids	102,934	17,849
	1,255,428	156,017
Oil and gas properties and interests (note 5)	523,543	---
	\$ 1,778,971	\$ 156,017
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 308,708	\$ 121,309
Loans	5,000	---
	313,708	121,309
<b>Shareholders' equity</b>		
Share capital (note 6)	5,056,679	1,700,112
Warrants (note 7)	860,485	63,868
Options (note 8)	371,385	51,000
Contributed surplus	28,800	28,600
Accumulated and comprehensive loss	(8,479)	5,107
Deficit	(4,843,607)	(1,813,979)
	1,465,263	34,708
	\$ 1,778,971	\$ 156,017

### Going Concern (note 1)

### Commitments and Contingencies (note 12)

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

On behalf of the Board,

"Signed"

*Hubert Mockler*

Hubert Mockler  
Director

"Signed"

*Chris Berlet*

Chris Berlet  
Director

# CANUC RESOURCES CORPORATION

(Formerly Santa Rosa Silver Mining Corp.)

## Consolidated Interim Statements of Loss and Comprehensive Loss

For the three and six month periods ended March 31, 2017

Unaudited, Expressed in Canadian dollars

	Six Months Ended March 31, 2017	Three Months Ended March 31, 2017
<b>Sales of Petroleum Products</b>		
Sales (note 3)	\$ 11,000	\$ 11,000
Operating costs	8,940	8,940
	\$ 2,060	\$ 2,060
<b>Expenses</b>		
Listing costs (note 3)	2,525,506	2,525,506
Stock-based compensation	264,220	264,220
Management fees	162,784	162,784
Shareholder and investor relations	111,591	111,591
Evaluation expenses	29,000	11,530
Office and general costs	13,344	11,082
Value added taxes	11,881	4,226
Interest expense	387	16
Professional fees	(77,901)	(101,299)
Foreign exchange	(9,123)	(10,849)
	3,031,689	2,978,807
Operating loss before income taxes	(3,029,628)	(2,978,807)
Provision for income taxes	---	---
Net loss	\$(3,029,628)	\$(2,976,747)
Other Comprehensive Loss:		
Foreign exchange gain on net investment in a Foreign operation	52,610	201,848
Currency translation differences	(66,196)	(225,473)
Comprehensive loss	\$(3,043,214)	\$(3,000,392)
Basic and diluted loss per common share (note 9)	\$ (0.11)	\$ (0.10)
Weighted average number of shares outstanding during the year - basic and diluted	26,345,801	30,415,064

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

# CANUC RESOURCES CORPORATION

(Formerly Santa Rosa Silver Mining Corp.)

## Consolidated Interim Statements of Changes in Shareholders' Equity

For the periods ended March 31, 2017 and 2016

Unaudited, Expressed in Canadian dollars

	Number Of Shares	Share Capital	Warrants	Options Reserve	Contributed Surplus	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
<b>Balance at September 30, 2015</b>	<b>15,895,000</b>	<b>\$1,148,132</b>	<b>\$ 35,948</b>	<b>\$ 36,000</b>	<b>\$ ---</b>	<b>\$ (4,952)</b>	<b>\$ (1,273,800)</b>	<b>\$ (58,472)</b>
Net loss for the year	---	---	---	---	---	---	(540,179)	(540,179)
Private placements	5,720,000	572,000	---	---	---	---	---	572,000
Share issue costs	---	(95,020)	34,320	---	---	---	---	(60,700)
Share based payments	750,000	75,000	---	37,000	---	---	---	112,000
Cancellation of options and warrants	---	---	(6,600)	(22,000)	28,800	---	---	---
Foreign exchange gain loss on net investment in a foreign operation	---	---	---	---	---	(149,218)	---	(149,218)
Cumulative translation adjustment	---	6,000	---	---	---	159,277	---	159,277
<b>Balance at September 30, 2016</b>	<b>22,365,000</b>	<b>\$1,700,112</b>	<b>\$ 63,668</b>	<b>\$ 51,000</b>	<b>\$ 28,800</b>	<b>\$ 5,107</b>	<b>\$ (1,813,979)</b>	<b>\$ 34,708</b>
Net loss for the period	---	---	---	---	---	---	(3,029,628)	(3,029,628)
Acquisition of Former Canuc	10,186,751	2,139,398	379,290	75,495	---	---	---	2,594,183
Private placements	8,000,000	1,582,473	417,527	---	---	---	---	2,000,000
Shares issued as part of broker units	75,064	---	---	---	---	---	---	---
Share issue costs	---	(450,684)	---	---	---	---	---	(450,684)
Exercise of warrants - cash	300,000	30,000	---	---	---	---	---	30,000
Exercise of options - cash	205,000	36,050	---	---	---	---	---	36,050
Exercise of options – book value	---	19,330	---	(19,330)	---	---	---	---
Share based payments	---	---	---	264,200	---	---	---	264,200
Foreign exchange gain on net investment in a foreign operation	---	---	---	---	---	52,610	---	52,610
Cumulative translation adjustment	---	---	---	---	---	(66,196)	---	(66,196)
<b>Balance at March 31, 2017</b>	<b>41,131,815</b>	<b>\$5,056,679</b>	<b>\$ 860,485</b>	<b>\$ 371,385</b>	<b>\$ 28,800</b>	<b>\$ (8,479)</b>	<b>\$ (4,843,607)</b>	<b>\$ 1,465,263</b>

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

**CANUC RESOURCES CORPORATION**  
(Formerly Santa Rosa Silver Mining Corp.)  
**Consolidated Interim Statements of Cash Flows**  
For the six months ended March 31, 2017

*Unaudited, Expressed in Canadian dollars*

	<b>Six Months Ended March 31, 2017</b>	<b>Year Ended Sept. 30, 2016</b>
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (3,029,628)	\$ (540,179)
Items not affecting cash:		
Listing costs	2,525,506	---
Share based payments	264,220	112,000
Net change in non-cash working capital balances:		
Receivables and prepaids	(49,497)	(13,761)
Accounts payable and accrued liabilities	(849,119)	58,684
	<b>(1,138,518)</b>	<b>(383,256)</b>
<b>INVESTING ACTIVITIES</b>		
Cash portion of purchase price	(136,423)	---
Cash acquired from Former Canuc	704,247	---
	<b>567,824</b>	<b>---</b>
<b>FINANCING ACTIVITIES</b>		
Private placements	2,000,000	572,000
Exercise of options and warrants	66,050	---
Share issue costs	(450,684)	(60,700)
Loans	5,000	---
	<b>1,620,366</b>	<b>511,300</b>
Impact of foreign exchange on cash	(35,345)	5,207
Net increase in cash	<b>1,014,326</b>	<b>133,251</b>
Cash, beginning of the year	<b>138,168</b>	<b>4,917</b>
Cash, end of the year	<b>\$ 1,152,494</b>	<b>\$ 138,168</b>

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

# **CANUC RESOURCES CORPORATION**

**(Formerly Santa Rosa Silver Mining Corp.)**

## **Notes to the Consolidated Interim Financial Statements**

**For the periods ended March 31, 2017**

*Unaudited, Expressed in Canadian dollars unless otherwise indicated*

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

Canuc Resources Corporation (the “Company” or “Canuc”), a company incorporated under the Business Corporation Act (Ontario), and its wholly-owned subsidiaries (collectively the “Canuc” or the “Company”) are engaged in the acquisition, exploration, development and extraction of natural resources, specifically precious metals.

On February 21, 2017, Santa Rosa Silver Mining Corp. (“Santa Rosa”) and Canuc Resources Corporation (“Former Canuc”) completed a reverse takeover transaction and continued as one company, Canuc Resources Corporation. The Company is listed on the TSX-V under the symbol CDA. The registered office is located at 25 Adelaide Street East, Suite 1612, Toronto, Ontario, M5C 1Y2.

The Company currently has one project in the state of Sonora, Mexico where it is assembling and exploring, through its subsidiary Minera Stramin S. de R.L. de C.V. (“Minera Stramin”), a package of prospective silver-lead-gold properties. The Company’s project presently has no NI 43-101 resources or reserves of minerals. The Company also has oil and gas interests in Texas, U.S.A. owned through its subsidiary Midtex Oil & Gas Corporation (“Midtex”).

These unaudited condensed 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. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements, such adjustments could be material.

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.

The ability of the Company to realize the costs it has incurred to date on its properties is dependent upon the Company being able to identify economically recoverable reserves, to finance their development costs and to resolve any environmental, regulatory, or other constraints, which may hinder the successful development of the reserves. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and development activities and in which it has an interest, in accordance with industry standards for the current stage of exploration and development 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 environmental requirements.

The unaudited condensed consolidated financial statements of the Company for the periods ended March 31, 2017 and 2016 were authorized for issue in accordance with a resolution of the directors dated May 30, 2017.

# CANUC RESOURCES CORPORATION

(Formerly Santa Rosa Silver Mining Corp.)

## Notes to the Consolidated Interim Financial Statements

For the periods ended March 31, 2017

*Unaudited, Expressed in Canadian dollars unless otherwise indicated*

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### 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 unaudited condensed 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 May 30, 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 current fiscal year 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) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries, Santa Rosa, Minera Stramin, incorporated in Mexico, and Midtex, incorporated under the laws of Ontario. 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 Canuc. The Mexican peso is the functional currency of Minera Stramin. The United States dollar is the functional currency of Midtex.

Assets and liabilities are translated at the closing rate at the date of the statements of financial position. Income and expenses are translated at the exchange rates at the dates of the transactions. All resulting exchanges differences are recognized in other comprehensive income (loss) and accumulated as a separate component of equity.

#### (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.

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



# CANUC RESOURCES CORPORATION

(Formerly Santa Rosa Silver Mining Corp.)

## Notes to the Consolidated Interim Financial Statements

For the periods ended March 31, 2017

*Unaudited, Expressed in Canadian dollars unless otherwise indicated*

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### 2. BASIS OF PREPARATION (CONT'D)

(e) Significant accounting judgments, estimates and assumptions (cont'd)

(i) Net investment in a foreign operations

As part of the normal course of operations, the Company advances funds to its subsidiaries in the form of loans repayable in Canadian dollars. Because Minera Stramin's functional currency is the Mexican peso and Midtex's functional currency is the United States dollar, 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 11.

(iii) Reserve estimates

The estimation of oil and gas reserves is an inherently complex process requiring significant judgment. Proved and probable reserves are estimated based on geological data, geophysical data, engineering data, projected future rates of production estimated commodity prices, costs, discount rates, and the timing of future expenditures. Reserve estimates, although not reported as part of the Company's consolidated financial statements, can have a significant effect on earnings and assets as a result of their impact on depletion and impairment, decommissioning provisions and deferred taxes. Accordingly, the impact to the consolidated financial statements in future periods could be material.

### 3. MERGER - CANUC AND SANTA ROSA

On February 21, 2017 Canuc announced the completion of the reverse takeover transaction previously announced, on the terms set out in the business combination agreement dated August 26, 2016 (the "Transaction"). The Transaction involved the combination of Former Canuc and Santa Rosa by way of an amalgamation of Santa Rosa and a wholly-owned subsidiary of Canuc, to form one company as a wholly owned subsidiary of Canuc. Pursuant to the amalgamation, all issued and outstanding securities in the capital of Santa Rosa were converted into like issued and outstanding securities of Canuc on a two-for one basis. The Transaction was approved by written consent of the holders of more than 50% of the issued and outstanding common shares of the Company held by disinterested shareholders. This Transaction resulted in 22,365,000 shares being issued to Santa-Rosa shareholders. All Santa Rosa options and warrants were converted to options and warrants of Canuc, on the same two-for one basis.

These financial statements, as a result of it being a reverse takeover, are a continuation of Santa Rosa's historical disclosures, combining Canuc's assets and liabilities as of March 31, 2017 and including transactions that flow through the Statements of Loss and Comprehensive Loss from February 21, 2017 through March 31, 2017. Revenues for the quarter ended March 31, 2017 represent oil and gas sales from February 21, 2017 through March 31, 2017

After evaluating all the facts surrounding this Transaction, Management determined that IFRS 3, *Business Combinations*, is not applicable and that the Transaction was accounted for as an asset acquisition with Santa Rosa as the acquirer for accounting purposes.

# CANUC RESOURCES CORPORATION

(Formerly Santa Rosa Silver Mining Corp.)

## Notes to the Consolidated Interim Financial Statements

For the periods ended March 31, 2017

Unaudited, Expressed in Canadian dollars unless otherwise indicated

### 3. MERGER - CANUC AND SANTA ROSA (CONT'D)

The issued and outstanding common shares, warrants and options of Former Canuc are included in the identified assets acquired by AuRico, with each valued as of February 21, 2017. The difference between these combined values, net costs associated with the acquisition, and the value of net assets as of February 21, 2017, is accounted for as Listing Costs on the Statement of Loss and Comprehensive Loss.

The following table summarizes the fair value of the total consideration transferred from Former Canuc shareholders and the provisional fair value of identified assets acquired and liabilities assumed, based on preliminary estimates of fair value. The fair values are provisional due to the complexity of the acquisition. These numbers may change and could result in material differences from the preliminary values presented in these financial statements.

The Company used a discounted cash flow model to estimate the expected future cash flows of from is oil and gas properties and interests. Expected future cash flows are based on estimates of future production and commodity prices, operating costs and forecast capital expenditures based on the life of production as at the acquisition date.

<b>Purchase Price</b>	
Common shares issued	\$ 2,139,398
Share-based compensation	75,495
Warrants	379,290
Transaction costs	136,423
	<b>\$ 2,730,606</b>
<b>Net Assets Acquired</b>	
Cash	\$ 704,247
Receivables and prepaids	35,588
Oil and gas properties and interests	501,604
Accounts payable and accrued liabilities	(1,036,339)
	<b>\$ 205,100</b>
<b>Net Listing costs</b>	<b>\$ 2,525,506</b>

The As a condition of closing the Transaction, the Company 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 results in the issuance of 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 and each share purchase warrant having a life of two years from the date of issue and an exercise price of \$0.50. In connection with the financing, Canuc paid fees to Finley Holdings Ltd, Bonaventure Explorations Limited, and Leede Jones Gable Inc. aggregating to \$150,617, 602,468 commission warrants and 75,064 commission units, with the commission units having the same terms and conditions as those units issued under the financing. The commission warrants have an exercise price of \$0.25 but otherwise have the same terms and conditions as the warrants issued under the financing. The funds are being used for the exploration and development of the Company's San Javier project in Sonora, Mexico and for general working capital purposes.

# CANUC RESOURCES CORPORATION

(Formerly Santa Rosa Silver Mining Corp.)

## Notes to the Consolidated Interim Financial Statements

For the periods ended March 31, 2017

*Unaudited, Expressed in Canadian dollars unless otherwise indicated*

### 4. 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 March 31, 2017 as outlined below:

	Six months ended Mar. 31, 2017 (unaudited)	Year ended Sept. 30, 2016	Year ended Sept. 30, 2015	Cumulative from inception to Dec. 31, 2016 (unaudited)
Option payments	\$ 13,217	\$ 54,395	\$121,717	\$ 347,729
Renewal and staking fees	2,533	3,444	3,729	79,553
Labour and contractors	4,727	79,485	8,412	443,038
Field supplies and services	210	2,068	517	38,142
Transportation	---	3,896	---	39,735
Assaying	5,975	409	---	78,015
Communications	---	20	---	396
Other	2,338	5,431	687	42,186
Total for the year/period	<b>\$ 29,000</b>	<b>\$149,148</b>	<b>\$135,062</b>	<b>\$1,068,794</b>

### 5. OIL AND GAS PROPERTIES AND INTERESTS

At March 31, 2017, the Company's oil and gas properties consisted of the Coody Morales Lease, a 100% working interest (80% net revenue interest) in an oil and gas lease. The asset belongs to the US reportable segment.

The Company's oil and gas interests are comprised of the following:

(a) Thompson Lease

A 20% working interest (16% net revenue interest) in an oil and gas lease and five producing gas wells.

The Thompson leases are part of the US reportable segment.

(b) Walker Buckler Lease

A 15% working interest (11.25% net revenue interest), in an oil and gas lease and one producing gas well. The lease is located in Shackelford County, Texas, USA.

The Walker Buckler lease is part of the US reportable segment.

(c) Texas Oil and Gas prospect leases

The Company had purchased between a 15% and 20% working interest (12% and 16% net revenue interest), in several oil and gas leases located in Stephens and Shackelford Counties, Texas, USA.

# CANUC RESOURCES CORPORATION

(Formerly Santa Rosa Silver Mining Corp.)

## Notes to the Consolidated Interim Financial Statements

For the periods ended March 31, 2017

*Unaudited, Expressed in Canadian dollars unless otherwise indicated*

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### 6. SHARE CAPITAL

(a) Authorized

Unlimited number of Common shares

Unlimited number of Class A shares

(b) Shares issued

(i) In May, 2015 the Company completed the sale of 1,750,000 common shares at \$0.02 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 3,135,000 common shares at \$0.10 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 478,500 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 2,845,000 shares at a price of \$0.10 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 2,875,000 shares at a price of \$0.10 per share resulting in gross proceeds to the Company of \$287,500.

(v) On May 30, 2016 the Corporation issued 750,000 shares in payment for past services to a director of the Corporation. The shares were deemed to have a value of \$0.10 per share in keeping with the then most recently completed private placement financing.

(vi) On February 21, 2017 Former Canuc completed the reverse takeover transaction resulting in the combination of Former Canuc and Santa Rosa. Pursuant to the amalgamation, all issued and outstanding securities in the capital of Santa Rosa were converted into like issued and outstanding securities of Canuc on a two-for one basis.

(vii) On February 21, 2017 the Company closed a concurrent financing of \$2,000,000. The closing of this financing resulted in the issuance of 8,000,000 units, with each unit priced at \$0.25 and comprised of one common share and one half of one common share purchase warrant.

(viii) During the quarter, 300,000 warrants with a \$0.10 exercise price were exercised for proceeds of \$30,000.

(ix) During the quarter, since the Transaction closing date of February 21, 2017, a total of 205,000 stock options were exercised, resulting in proceeds of \$36,050.

# CANUC RESOURCES CORPORATION

(Formerly Santa Rosa Silver Mining Corp.)

## Notes to the Consolidated Interim Financial Statements

For the periods ended March 31, 2017

Unaudited, Expressed in Canadian dollars unless otherwise indicated

### 7. WARRANTS

On February 21, 2017, all Santa Rosa warrants were exchanged for securities of Canuc on a 2 for 1 basis, resulting in half the number of warrants and with the exercise price of all warrants doubling. The continuity of the Company's warrants, below, is adjusted for this consolidation:

	March 31, 2017 (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	1,050,500	0.10	808,500	0.46	330,000	1.00
Issued	8,190,000	0.35	572,000	0.10	478,500	0.10
Exercised	(300,000)	0.10	---	---	---	---
Expired	---	---	(330,000)	1.00	---	---
Balance, end of year/period	<b>8,940,500</b>	<b>0.33</b>	<b>1,050,500</b>	<b>0.10</b>	<b>808,500</b>	<b>0.46</b>

A summary of the Company's warrants at March 31, 2017 is as follows:

Date of Issue	Warrants outstanding #	Warrants exercisable #	Exercise price \$	Expiry date
October 9, 2013	350,000	350,000	1.00	October 9, 2017
November 4, 2015	2,900,000	2,900,000	0.10	November 4, 2017
February 21, 2017	478,500	478,500	0.10	February 21, 2019 <sup>(1)</sup>
February 21, 2017	572,000	572,000	0.10	May 9, 2018
February 21, 2017	4,000,000	4,000,000	0.50	February 21, 2019
February 21, 2017	602,468	602,468	0.25	February 21, 2019
February 21, 2017	37,532	37,532	0.50	February 21, 2019
	<b>8,940,500</b>	<b>8,940,500</b>	<b>0.33</b>	

<sup>(1)</sup> The expiry date of these warrants was two years from a Liquidity Event, now known to be February 21, 2017

The closing of the \$2,000,000 financing on February 21, 2017 resulted in the issuance of 4,000,000 common share purchase warrants, with each warrant having a life of two years from the date of issue and an exercise price of \$0.50.

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### 7. WARRANTS (CONT'D)

In connection with the financing, Canuc paid commissions to Finley Holdings Ltd, Bonaventure Explorations Limited, and Leede Jones Gable Inc. aggregating to \$150,617, 602,468 commission warrants and 75,064 commission units, with the commission units having the same terms and conditions as those units issued under the financing. The resulting 37,532 commission warrants have an exercise price of \$0.25 but otherwise have the same terms and conditions as the warrants issued under the financing.

The estimated fair value of the warrants transferred from Former Canuc as a result of the Transaction was determined using the Modified Black-Scholes option-pricing model with the following weighted average assumptions:

	<b>February 2017</b>
Risk-free rate	0.90%
Dividend yield	0%
Volatility factor of expected market price of the Company's shares <sup>(1)</sup>	100%
Expected life (in years)	0.63 – 0.71
Forfeiture rate	---
Weighted-average grant date price	\$0.25

<sup>(1)</sup> Based upon the Company's historical volatility.

The estimated fair value of the warrants as a result of the concurrent financing was determined using the Modified Black-Scholes option-pricing model with the following weighted average assumptions:

	<b>February 2017</b>
Risk-free rate	0.90%
Dividend yield	0%
Volatility factor of expected market price of the Company's shares <sup>(1)</sup>	100%
Expected life (in years)	2
Forfeiture rate	---
Weighted-average grant date price	\$0.25

<sup>(1)</sup> Based upon the Company's historical volatility.

During the quarter, 300,000 warrants with a \$0.10 exercise price were exercised for proceeds of \$30,000. Subsequent to quarter-end, an additional 760,000 warrants with a \$10.10 exercise price were exercised for proceeds of \$76,000.

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### 8. STOCK OPTIONS

On February 21, 2017, all Santa Rosa options were exchanged for securities of Canuc on a 2 for 1 basis, resulting in half the number of Santa Rosa options and with the exercise price of all options doubling. The continuity of the Company's options, below, is adjusted for this consolidation:

	March 31, 2017		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	950,000	0.10	900,000	0.10	900,000	0.10
Issued	3,005,000	0.40	600,000	---	---	---
Exercised	(205,000)	0.14	---	---	---	---
Expired	---	---	(550,000)	---	---	---
Balance, end of year/period	<b>3,750,000</b>	<b>0.34</b>	<b>950,000</b>	<b>0.10</b>	<b>900,000</b>	<b>0.10</b>

As at March 31, 2017, 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	350,000	350,000	0.10	0.47	Sep. 18, 2017
May 30, 2016	600,000	600,000	0.10	2.16	May 30, 2019
February 21, 2017	415,000	415,000	0.06	1.52	Oct. 5, 2018
February 21, 2017	185,000	185,000	0.25	2.13	May 17, 2019
March 3, 2017	2,200,000	2,200,000	0.50	2.93	Mar. 3, 2020
	<b>3,750,000</b>	<b>3,750,000</b>	<b>0.34</b>	<b>2.38</b>	

The options, noted above, as being granted February 21, 2017 are the options carried over from Former Canuc, having the same terms as at their grant date. The estimated fair value of these options was determined using the Modified Black-Scholes option-pricing model with the following weighted average assumptions:

	February 2017
Risk-free rate	1.00%
Dividend yield	0%
Volatility factor of expected market price of the Company's shares <sup>(1)</sup>	0.90%
Expected option life (in years)	2.2 – 3.0
Forfeiture rate	0
Weighted-average grant date price	\$0.25

<sup>(1)</sup> Based upon the Company's historical volatility.

On March 8, 2017, the Company issued 2,200,000 incentive stock options to Officers, Directors and consultants of the Company. These options have a 3 year term, a \$0.50 exercise price and vested immediately. In April 2017, an additional 400,000 options were granted on the same terms. The estimated fair value of the options granted during March 2017 was determined using the Modified Black-

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### 8. STOCK OPTIONS (CONT'D)

Scholes option-pricing model with the following weighted average assumptions:

	<b>March 2017</b>
Risk-free rate	1.00%
Dividend yield	0%
Volatility factor of expected market price of the Company's shares <sup>(1)</sup>	100%
Expected option life (in years)	3
Forfeiture rate	0
Weighted-average grant date price	\$0.25

<sup>(1)</sup> Based upon the Company's historical volatility.

During the quarter, since the Transaction closing date of February 21, 2017, a total of 205,000 stock options were exercised, resulting in proceeds of \$36,050.

Subsequent to quarter-end 100,000 options were exercised resulting in proceeds of \$6,800.

### 9. LOSS PER SHARE

During the periods represented in the financial statements, 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.

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 4).

#### Rental Payments and Receipts

In the quarter ended March 31, 2017 rental receipts of \$2,658 were received from corporations with common directors. No such receipts were received prior to this quarter.

Prior to the quarter, there was no compensation paid to key management or directors. Compensation of key management personnel and directors for the period ended March 31, 2017 was as follows:

<b>For the quarter ended March 31,</b>	<b>2017</b>
Cash-based remuneration	<b>\$ 69,500</b>
Non-cash-based compensation	<b>264,220</b>
	<b>\$ 185,610</b>

At March 31, 2017, there is \$7,512 payable to a corporation of which a Director of Canuc is the President (December 31, 2016 - nil).

At March 31, 2017, there is a receivable of \$300 from a corporation of which a director of Canuc is a director (December 31, 2016 - nil).



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### 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.

	March 31, 2017		September 30, 2016	
	CAD	MXN	CAD	MXN
VAT base	71,300	1,004,789	55,972	825,304

### 12. COMMITMENTS AND CONTINGENCIES

The Company has certain optional property payments under property acquisition agreements. The Company also has entered into a lease for premises effective May 1, 2016. The lease has one renewal term of five years after the initial 5-year and 4-month term. The Company received a rent free period from May 1, 2016 until August 31, 2016. As a result of the free rent period, the Company has recorded deferred charges on the balance sheet. The recording of the deferred charges results in a straight-line rent charge to the statement of profit and loss.

The Company has entered into two sublease agreements, each for a term of 5 years. The expected minimum sublease rents to be received from March 31, 2017 to the end of the sublease agreements is \$70,293.

The Company leases its head office space with the following aggregate minimum lease payments:

Not later than a year	\$	24,593
Between 1 and 5 years		84,025
Later than 5 years		---
	\$	108,618

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.

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### 13. CAPITAL MANAGEMENT (CONT'D)

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 March 31, 2017. 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.

#### (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.

#### (b) Financial risk factors (continued)

##### (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 as at March 31, 2017 and September 30, 2016.

	March 31, 2017	September 30, 2016
Cash	\$ 1,153,494	\$ 138,168
Current liabilities	\$ 313,708	\$ 121,309

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 March 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.

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### 14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (CONT'D)

#### (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 the United States and Mexico on a cash basis using US dollar and Mexican peso currencies converted from its Canadian dollar bank accounts held in Canada. At this time, Management does not believe it is practical to use hedging to reduce its exposure to foreign exchange on these transactions.

	March 31, 2017		September 30, 2016	
	US Dollar	MXN Peso	US Dollar	MXN Peso
Cash held in foreign currency	18,421	180,082	11,173	4,403
Value of foreign currency in Canadian dollars	24,502	12,779	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) As at March 31, 2017, the Company held \$24,502 and \$12,779 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 \$2,450 and \$1,278 respectively for the US dollars and Mexican pesos accounts.

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### 15. SEGMENTED INFORMATION

The Company is engaged in the exploration and evaluation of properties for the mining of precious and base metals and the development of oil and gas properties. The Company does not have formal operating segments. The corporate office operates to support the Company's projects. As of March 31, 2017, the projects are located in the United States and Mexico.

As of March 31, 2017, the Company's oil and gas wells in Texas represent 100% of its revenues and 29% of its assets. The San Javier Project in Mexico represents 1% of its assets at March 31, 2017 (September 30, 2016 – 5%) as the Company expenses exploration and evaluation expenditures as incurred. Management makes decisions by considering exploration potential and results on a project-by-project basis.

A geographic breakdown of assets by segment follows:

	March 31, 2017	September 30, 2016
Canada - Corporate	\$ 1,543,329	\$ 148,801
United States – Texas	220,379	---
Mexico – Sonora	15,263	7,216
	<b>\$ 1,778,971</b>	<b>\$ 156,017</b>