SANTA ROSA SILVER MINING CORP.

Consolidated Financial Statements

For the years ended September 30, 2016 and 2015
(expressed in Canadian dollars)

SANTA ROSA SILVER MINING CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

(Expressed in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Santa Rosa Silver Mining Corp.:

We have audited the accompanying consolidated financial statements of Santa Rosa Silver Mining Corp., which comprise the consolidated statements of financial position as at September 30, 2016 and 2015, and the consolidated statements of loss and comprehensive loss, changes in equity (deficiency), and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Santa Rosa Silver Mining Corp. as at September 30, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which highlights the existence of a material uncertainty relating to conditions that cast significant doubt on Santa Rosa Silver Mining Corp.'s ability to continue as a going concern.

MNP LLP

Mississauga, Ontario
March 3, 2017

Chartered Professional Accountants
Licensed Public Accountants

MNP

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

		As at September 30, 2016		As at September 30, 2015
ASSETS				
Current assets				
Cash	$	138,168	$	4,917
Receivables and prepaids (Notes 5 and 12)		17,849		4,136
Total assets	**$**	**156,017**	**$**	**9,053**
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (Note 6)	$	121,309	$	67,525
Total liabilities		**121,309**		**67,525**
Equity				
Share capital (Note 7)		1,700,112		1,148,132
Warrant reserve (Note 8)		63,868		36,148
Options reserve (Note 9)		51,000		36,000
Contributed surplus		28,600		-
Accumulated other comprehensive loss		5,107		(4,952)
Accumulated deficit		(1,813,979)		(1,273,800)
Total equity		**34,708**		**(58,472)**
Total equity and liabilities	**$**	**156,017**	**$**	**9,053**

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

GOING CONCERN (Note 1)
SUBSEQUENT EVENT (Note 18)
COMMITMENTS AND CONTINGENCIES (Notes 4 and 14)

APPROVED ON BEHALF OF THE BOARD

Signed: *"Christopher J. Berlet"* (director)

Signed: *"Bruce Reid"* (director)

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

		Year ended September 30, 2016		Year ended September 30, 2015
Expenses				
Professional fees (Note 12)	$	181,693	$	25,548
Consulting fees (Notes 7, 9, and 12)		157,000		32,300
Exploration and evaluation expenditures (Note 4)		149,148		135,062
General office and admin		27,276		1,879
Value added taxes (Note 13)		14,760		11,059
Travel		7,636		123
Interest and bank charges		1,924		1,863
Foreign exchange loss		742		2,779
Net loss for the year		**(540,179)**		**(210,613)**
Other comprehensive (loss) income for the year				
Foreign exchange gain (loss) on net investment in a foreign operation		(149,218)		(46,329)
Translation adjustment		159,277		47,191
Net comprehensive loss for the year	**$**	**(530,120)**	**$**	**(209,751)**
Basic and diluted net loss per share (Note 11)	$	(0.014)	$	(0.008)
Weighted average number of common shares outstanding		37,736,721		25,575,151

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	Contibuted 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 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**

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)

	Year ended September 30, 2016	Year ended September 30, 2015
Operating activities		
Net loss for the year	$ (540,179)	$ (210,613)
Share based payments	112,000	-
Changes in non-cash working capital balances		
Receivables and prepaids	(13,761)	(921)
Accounts payable and accrued liabilities	58,684	(4,118)
Net cash used in operating activities	**(383,256)**	**(215,652)**
Financing activities		
Proceeds from subscriptions for common shares	572,000	348,500
Share issue costs	(60,700)	(40,474)
Proceeds from (repayment of) shareholder loans	-	(89,191)
Net cash used in financing activities	**511,300**	**218,835**
Net change in cash and cash equivalents	128,044	3,183
Effect of foreign currency translation	5,207	(1,763)
Cash and cash equivalents, beginning of year	4,917	3,497
Cash and cash equivalents, end of year	**$ 138,168**	**$ 4,917**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Santa Rosa Silver Mining Corp. (the "Company" or "Santa Rosa") 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 as at September 30, 2016 and was not 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.

On June 9, 2016, the Company entered into a letter of intent with Canuc Resources Corporation ("Canuc"), a public company listed on the TSX Venture Exchange, under which the parties sought to complete a reverse takeover transaction (the "Transaction"), followed by a business combination agreement dated August 26, 2016. The Transaction involved the combination of Canuc and Santa Rosa Silver 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 would be converted into like issued and outstanding securities of Canuc on a two-for one basis, resulting in the shareholders of the Company owning approximately 69% of the outstanding shares of Canuc. The Transaction closed on February 21, 2017 (Note 18) and Canuc concurrently completed a private placement financing, thus reducing the proportionate ownership of Canuc by shareholders of the Company.

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.

(expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN - CONTINUED

As at September 30, 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:

	September 30, 2016	September 30, 2015
Working capital (deficiency)	$ 34,708	$ (58,472)
Accumulated deficit	$ 1,813,979	$ 1,273,800

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.

2. BASIS OF PREPARATION

(a) Statements of compliance

These consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"), effective as of September 30, 2016. The policies set out below were consistently applied to all the periods presented unless otherwise noted.

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

(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.

2. BASIS OF PREPARATION - CONTINUED

(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 consolidated 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:

(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 is reflected as a separate line within expenses in the statement of loss net of any amounts recovered. A summary of the cumulative VAT accrued is presented in Note 13.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash deposited with banks and at hand and short-term deposits with an original maturity of three months or less. As at September 30, 2016 and 2015 the Company had no cash equivalents.

3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(b) Exploration and evaluation expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral exploration properties, property option payments, and exploration and evaluation activity.

Once a project has been established as commercially viable and technically feasible, related development expenditures incurred subsequently are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

(c) Foreign currency transactions

Transactions in currencies other than the entity's functional currency ("foreign currency") are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items are measured in terms of historical cost and are not retranslated. Exchange differences are recognized in the statement of loss in the period in which they arise.

Gains or losses from the translation of Minera Stramin's financial statements from Mexican Pesos (its functional currency) to Canadian dollars (the presentation currency) are recorded in other comprehensive income (loss) (Note 2(e)(ii)).

(d) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Notes 8 and 9.

The fair value of each tranche is recognized on a graded-vesting basis over the period in which the instruments vest. The offset to the recorded cost is to options or warrants reserve. Consideration received on the exercise of stock options or warrants is recorded as share capital and the related options or warrants reserve is transferred to share capital. Upon expiry, the respective reserve value is transferred to contributed surplus.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the statement of loss such that the cumulative expense reflects the revised estimate with a corresponding adjustment to the options or warrants reserve.

Equity-settled share-based payment transactions with parties other than employees (and others providing similar services) are measured at the fair value of the goods or services received except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted at the date the entity obtains the goods or the counterparty renders the service.

3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(e) Income Tax

Income tax comprises current and deferred taxes which are recognized in profit or loss except to the extent that they relate to items recognized directly in equity (deficiency) or other comprehensive income (loss).

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity (deficiency) depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

(f) Financial instruments

<u>Fair value of financial instruments</u>

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

The Company's financial instruments measured at fair value subsequent to initial recognition are grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At the end of the reporting periods presented, the Company had no financial instruments carried at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(g) Provisions

General

Provisions are recognized when (a), the Company has a present obligation (legal or constructive) as a result of a past event, and (b), it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the consolidated statement of loss and comprehensive loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Rehabilitation provision

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes required restoration, reclamation and re-vegetation of affected areas.

The Company does not currently have any such significant legal or constructive obligations and therefore no decommissioning liabilities have been recorded as at September 30, 2016 and 2015.

(h) Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to the common shares of the Company by the weighted average number of common shares outstanding during the period. Diluted net loss per share is calculated be adjusting the loss attributed to common shareholders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares. Dilutive potential common shares shall be deemed to have been converted into common shares at the beginning of the period or, if later, at the date of issue of the potential common shares.

For the purpose of calculating diluted loss per share, an entity shall assume the exercise of dilutive options and warrants of the entity. The assumed proceeds from these instruments shall be regarded as having been received from the issue of common shares at the average market price of common shares during the period. The dilutive loss per share is equal to the basic loss per share as a result of the anti-dilutive effect of the outstanding options, warrants and agent warrants.

(i) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues or incur expenses, including revenues and expenses that relate to transactions with any of the Company’s other components. The Company operates in one business segment, mineral exploration and two geographical segments, Mexico and Canada.

3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(j) Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after October 1, 2015 or later periods. Many are not applicable to or do not have a significant impact on the Company and have not been presented herein. The following pronouncements have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in its final form in July 2014, and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company intends to adopt IFRS 9 on its effective date and has not reviewed the effects of this future policy change.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted. The Company intends to adopt IFRS10 on its effective date and has not reviewed the effects of this future policy change.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted. The Company intends to adopt IAS 1 on its effective date and has not reviewed the effects of this future policy change.

IAS 12 – Income Taxes ("IAS 12") was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted.

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.

As of September 30, 2016 and 2015, the properties comprising the San Javier Project were:

a) In June 2013, the Company entered into an option agreement under which it may acquire a 100% interest in the Ampliación de Santa Rosa and Santa Rosa concessions by making option payments totalling three million US dollars. Upon execution of the formal agreement, the Company began making quarterly payments of 10,000 US dollars for exploration rights and to maintain the option in good standing. The quarterly payments continue for a period of up to five years (which is renewable at the Company's election for a further three years) or until commencement of a drilling program. These quarterly payments are deductible from the three million US dollars in option payments that begin after such drilling program commences. Upon commencement of a drilling program by the Company, the three million US dollars, less all of the quarterly payments made, will be payable in three staged payments over a forty-two-month period. All payments are optional and only required to keep the option in force. Any of the three payments making up the three million US dollars in total payments may be paid in advance and when all have been paid the 100% interest shall have been acquired.

b) A 100% interest in the Las Bellotas concession pursuant to an option agreement that has been assigned to the Company. The option agreement required payments by the Company totaling 2,000,000 Mexican pesos in quarterly payments of 125,000 Mexican pesos each. All payments had been completed as of September 30, 2015, and transfer procedures to register title in the Company's name have commenced.

c) Thirteen additional concessions have been acquired outright, two for a payment of 1,000 Mexican pesos (approximately $70 at September 30 exchange rates), one for a payment of 261,000 Mexican pesos (approximately $17,700 at September 30 exchange rates) and the others by application and lottery under the Mexican mining lands regulations. Registration of title to several of these concessions into the Company's name is in progress.

Four NSR royalties totalling 2.5% apply to future production from all properties in the San Javier Project (Note 12).

(expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION PROPERTIES AND EXPENDITURES - CONTINUED

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

	Year ended September 30, 2016	Year ended September 30, 2015	Cumulative from inception to September 30, 2016 (unaudited)
Option payments	$ 54,395	$ 121,717	$ 334,512
Renewal and staking fees	3,444	3,729	77,020
Labour and contractors	79,485	8,412	438,311
Field supplies and services	2,068	517	37,932
Transportation	3,896	-	39,735
Assaying	409	-	72,040
Communications	20	-	396
Other	5,431	687	39,848
Total for the year	**$ 149,148**	**$ 135,062**	**$ 1,039,794**

5. RECEIVABLES AND PREPAIDS

	September 30, 2016	September 30, 2015
Accounts receivable	$ 82	$ 96
HST receivable (Canada)	8,228	3,620
Advances and prepaids	9,539	420
	$ 17,849	**$ 4,136**

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2016	September 30, 2015
Trade payables – exploration activities	$ 15,710	$ 39,323
Trade payables – corporate activities	105,681	28,332
Taxes payable (receivable)	(82)	(130)
	$ 121,309	**$ 67,525**

(expressed in Canadian dollars)

7. 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.

(iii) Legal and consulting fees related to the May 2015 (i) and June 2015 (ii) 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.

(iv) Between March 24, 2016 and May 4, 2016, the Company completed a series of non-brokered private placement financings in which investors subscribed for a total of 11,440,000 shares at a price of $0.05 per share resulting in gross proceeds to the Company of $572,000.

Legal and consulting fees included $60,700 paid in cash and 1,144,000 warrants valued at $34,320 (Note 8) and were included in share capital as share issue costs.

(v) On May 30, 2016, the Company granted 1,500,000 common shares valued at $0.05 per share to the president of the Company in consideration for services rendered. The fair value of $75,000 was included in consulting fees for the year ended September 30, 2016.

8. WARRANTS

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

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

(i) As compensation to a consultant for services rendered to the Company in 2015, 957,000 warrants were issued in May 2015. These warrants have an exercise price of $0.05 and expire two years from a future "Liquidity Event". The Company estimated the liquidity event would occur in fiscal 2017 and the expected expiry date is expected to be sometime in fiscal 2019. The issue date fair value of the warrants issued was estimated as $29,548 using the Black-Scholes option pricing model.

The Liquidity event occurred on February 21, 2017 (Note 18).

(expressed in Canadian dollars)

8. WARRANTS - CONTINUED

(ii) Two consultants were issued 1,144,000 warrants as consideration for services rendered in the May 2016 financing (Note 7(iv)). These warrants have an exercise price of $0.05 and expire two years from their date of issue. The issue date fair value of the warrants issued was estimated as $34,320 using the Black-Scholes option pricing model.

The following assumptions were used in the calculation of the fair values of the warrants issued using the Black-Scholes option pricing model:

	2016	**2015**
Number of Warrants	1,144,000	957,000
Share price	$0.05	$0.05
Exercise price	$0.05	$0.05
Risk-free interest rate	1.7%	1.7%
Expected life	2 years	3 years
Expected volatility	100%	100%
Expected dividend yield	nil%	nil%
Total fair value	$34,320	$29,548

A summary of the Company's warrants at September 30, 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	2.38	Feb 20, 2019
May 4, 2016	1,144,000	1,144,000	0.05	1.54	May 4, 2018
	2,101,000	**2,101,000**	**0.05**	**1.95**	

9. STOCK OPTIONS

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

	September 30, 2016		**September 30, 2015**	
	Number of warrants	**Weighted average exercise price ($)**	**Number of warrants**	**Weighted average exercise price ($)**
Balance, beginning of year	1,800,000	0.05	1,800,000	0.05
Issued	1,200,000	0.05	-	-
Expired/cancelled	(1,100,000)	0.05	-	-
Balance, end of year	**1,900,000**	**0.05**	**1,800,000**	**0.05**

On August 5, 2016, a total of 1,100,000 stock options were cancelled; 700,000 options were from the September 18, 2012 series and 400,000 were from the January 22, 2013 series. The options were held by three former directors and one former service provider of the Company.

(expressed in Canadian dollars)

9. STOCK OPTIONS - CONTINUED

On May 30, 2016, the Company granted to three directors a total of 1,200,000 stock options exercisable at $0.05 per share until May 30, 2019. The options were valued at $37,000 which was included in consulting fees. The options were valued using the Black-Scholes option pricing model and the following assumptions:

Number of Options	1,200,000
Share price	$0.05
Exercise price	$0.05
Risk-free interest rate	1.7%
Expected life	3 years
Expected volatility	100%
Expected dividend yield	nil%
Total fair value	$37,000

As at September 30, 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	0.97	Sep 18, 2017
May 30, 2016	1,200,000	1,200,000	0.05	2.66	May 30, 2019
	1,900,000	**1,900,000**	**0.05**	**2.04**	

10. DEFERRED TAXES

The Canadian combined federal and provincial statutory income tax rate of 26.5% reconciles to an effective tax rate of nil for 2016 and 2015. The significant reconciling items are the tax impact of non-deductible share based compensation of $19,875 and stock options expense of $9,805.

The Company has not recognized the following deductible temporary differences:

	September 30, 2016	September 30, 2015
Non-capital losses – Canada	$ 466,661	$ 191,809
Share issuance costs - Canada	$ 101,189	$ 28,020
Non-capital losses – Mexico	$ 203,420	$ 66,440
Exploration expenditures - Mexico	$ 529,910	$ 547,406

The Canadian non-capital losses carried forward will expire between 2031 and 2036.
The Mexican non-capital losses carried forward will expire between 2021 and 2026.
The Mexican exploration expenditures will be deducted for tax purposes between the calendar years 2016 and 2026.
The Canadian share issue costs will be deducted for tax purposes over the next four years.

(expressed in Canadian dollars)

11. LOSS PER SHARE

During the years ended September 30, 2016 and 2015, the calculation of diluted loss per share excluded the effect of stock options and warrants as their inclusion would have been anti-dilutive.

12. 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 remuneration of key management personnel for the years ended September 30, 2016 and 2015:

	September 30, 2016	September 30, 2015
Cash compensation	$ 45,000	$ 32,300
Share-based compensation	112,000	-
	$ 157,000	**$ 32,300**

The agreement under which Minera Stramin may acquire the Santa Rosa and Ampliación de Santa Rosa concessions (Note 4) is with an estate whose beneficiaries include an individual who is a director of Minera Stramin and therefore a key management person.

Of the NSR royalties on production from the San Javier project totalling 2.5% (as described in Note 4), a total of 1.5% NSR royalties are held by three individuals who are directors and/or key management personnel of the Company.

Certain directors have advanced interest-free loans to the Company with no repayment terms. As at September 30, 2015, all funds loaned to the Company by officers and directors of the Company had been repaid. No further loans from related parties were advanced to the Company in 2016.

During 2016, the Company paid a $40,000 retainer to a law firm in which a director of the Company is a partner and accrued an additional $40,296 in accounts payable and accrued liabilities.

13. 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.

	September 30, 2016		September 30, 2015	
	CAD	**MXN**	**CAD**	**MXN**
VAT base	55,972	825,304	49,215	626,141

14. COMMITMENTS AND CONTINGENCIES

Apart from the optional property payments under property acquisition agreements described in Note 4, 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.

15. 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 years ended September 30, 2016 and 2015. Neither the Company nor its subsidiary is subject to externally imposed capital requirements.

(expressed in Canadian dollars)

16. 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 and accounts payable and accrued liabilities 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.

(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 September 30, 2016 and 2015:

	September 30, 2016	**September 30, 2015**
Cash	$ 138,168	$ 4,917
Current liabilities	$ 121,309	$ 67,525

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 September 30, 2016 and 2015 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.

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS - CONTINUED

(b) Financial risk factors - continued

(iv) Foreign currency risk

The Company's functional currency is the Canadian dollar and Minera Stramin's functional currency is the Mexican peso. 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. Management does not believe it is practical to use hedging to reduce its exposure to foreign exchange on these transactions.

	September 30, 2016		September 30, 2015	
	US Dollar	**MXN Peso**	**US Dollar**	**MXN Peso**
Cash held in foreign currency	11,173	4,403	2,652	2,543
Value of foreign currency in Canadian dollars	15,003	299	3,326	200

(v) 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:

Some of the cash assets were kept in an interest bearing bank accounts during the period. Movements in interest rates would have had a small effect on the net loss over the year. A variation in the interest rate on the average balance of $67,000 by 0.5% during the year would have equated to a change in interest income of $355.

As at September 30, 2016, the Company held $15,003 and $299 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 $1,500 and $30 for the US dollars and Mexican pesos accounts, respectively.

(expressed in Canadian dollars)

17. 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:

	September 30, 2016		September 30, 2015	
	Canada	**Mexico**	**Canada**	**Mexico**
Total assets	$ 148,801	$ 9,927	$ 7,995	$ 1,058
	93%	7%	88%	12%
Cash in chartered banks	$ 128,628	$ 9,540	$ 4,074	$ 843
	94%	6%	83%	17%

18. SUBSEQUENT EVENT

On February 21, 2017, 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).