SANTA ROSA SILVER MINING CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

This Management Discussion and Analysis ("MD&A") is made as of March 3, 2017 and should be read in conjunction with the consolidated financial statements of Santa Rosa Silver Mining Corp. (the "Corporation") for the year ended September 30, 2016 and the related notes. The Corporation's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars ($ or CAD) unless otherwise noted. The Corporation reports its financial position, results of operations and cash-flows in accordance with International Financial Reporting Standards ("IFRS").

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Except for statements of historical fact relating to the Corporation, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Corporation's properties; the future prices of base and precious metals; success of exploration activities; cost and timing of future exploration and development; the estimation of mineral reserves and mineral resources; conclusions of economic evaluations; requirements for additional capital; and other statements relating to the financial and business prospects of the Corporation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Corporation to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during permitting; the possibility that future exploration results will not be consistent with the Corporation's expectations; timing and availability of external financing on acceptable terms and in light of the current decline in global liquidity and credit availability; future prices of precious metals; currency exchange rates; government regulation of mining operations; failure of equipment or processes to operate as anticipated; risks inherent in precious metals exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations; and uncertain political and economic environments. Although management of the Corporation has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Corporation does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

DESCRIPTION OF THE BUSINESS

The Corporation is a junior resource company focused on the acquisition, exploration and development of the San Javier Project, a silver-gold-lead-zinc exploration project located in the state of Sonora in northwest Mexico, roughly 134 km southeast of the Sonora capital city of Hermosillo.

The Corporation is a private company incorporated in the Province of Ontario. The common shares of the Corporation do not trade on any stock exchange or market quotation system. As at September 30, 2016, the Corporation had 44,730,000 common shares issued and outstanding and 4,001,000 shares subject to issuance pursuant to compensation warrants (2,101,000) and stock options (1,900,000). See “Capital Stock”.

Pursuant to a business combination agreement signed on August 26, 2016 (the “Definitive Agreement”) and announced in a press release of Canuc Resources Corporation (“Canuc”) dated August 29, 2016, Canuc and Santa Rosa announced their intention to combine by way of an amalgamation of Santa Rosa and a wholly-owned subsidiary of Canuc (the “Amalgamation”), 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 Corporation owning approximately 69% of the outstanding shares of Canuc prior to the exercise of any warrants or options and prior to a planned concurrent financing by Canuc. Subsequent to end of the year ended September 30, 2016 the Transaction closed on February 21, 2017 and Canuc completed the concurrent private placement financing, reducing the proportionate ownership of Canuc by shareholders of the Corporation.

In the period from late March through early May, 2016, the Corporation completed the sale of 11,440,000 common shares at $0.05 per share, in a non-brokered private placement financing. The financing closed in four tranches for which share issue costs of $95,020 were recognized.

The success of the San Javier Project cannot be assured. The Corporation has no current sources of revenue other than interest earned on cash which was derived from issuances of share capital. An investment in the securities of the Corporation is highly speculative and involves numerous and significant risks and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors described in the section entitled “Risks and Uncertainties” below.

THE SAN JAVIER SILVER-GOLD-LEAD-ZINC PROJECT

The following description is based on the Corporation’s National Instrument 43-101 Technical Report titled “NI 43-101 Technical Report on the San Javier Project, State of Sonora, Mexico”[1],

[1] Although as a private company at the time the Corporation did not fall under NI43-101, this report and related disclosure followed the requirements and standards of NI43-101 regarding technical disclosure and were filed on SEDAR by Canuc Resources Inc as part of its filings related to the Amalgamation.

dated August 17, 2016 prepared by Seymour M. Sears, B.A., B.Sc., P.Geo. of Sears, Barry and Associates Limited of Sudbury, Ontario (the "Technical Report"). Mr. Sears is an independent Qualified Person under National Instrument 43-101.

Through its Mexican subsidiary, Minera Stramin S. de R.L. de C.V., the Corporation variously holds title, has an option to acquire title and has title pending issue to 16 contiguous mineral concessions under Mexican mining law. The concessions cover 292 hectares, of which 28 hectares comprises two concession applications pending issue of title that make up the San Javier Project. Details are presented below in Table 1.

TABLE 1: San Javier Project lands

Name	**Area (ha)**	**Status**
Santa Rosa	27.0000	Under option
Ampliacion de Santa Rosa	10.0000	Under option
Las Bellotas	39.9930	Option exercised and title transfer pending
El Mimbres	59.0017	Title in name of Corporation
El Mimbres	15.0000	Title in name of Corporation
El Mimbres 3 Fracc 1	25.3124	Title in name of Corporation
El Mimbres 3 Fracc 2	2.1730	Title in name of Corporation
El Mimbres 4	5.8833	Title in name of Corporation
El Mimbres 5	8.4180	Application only – title issue pending
El Mimbres 6	20.0000	Application only – title issue pending
El Mimbres 7 Fracc 1	6.0000	Title in name of Corporation
El Mimbres 7 Fracc 2	1.0000	Title in name of Corporation
El Mimbres 7 Fracc 3	1.0000	Title in name of Corporation
El Mimbres 7 Fracc 4	1.0000	Title in name of Corporation
El Mimbres 8	57.7693	Title in name of Corporation
Orion 4-A	12.5142	Purchased – title transfer pending
Total	**292.0649**	

The option agreement for the Santa Rosa and the Ampliación de Santa Rosa concessions was dated June 18, 2013 and requires the following payments to acquire 100% title:

- USD 10,000 per quarter for up to five years, renewable for three additional years
- USD 500,000 six months following commencement of a first drilling program, less all the quarterly payments paid to date
- USD 1,000,000 24 months following commencement of the drilling program
- USD 1,500,000 42 months following commencement of the drilling program

Net Smelter Returns royalties totaling 2.5% on future production from the San Javier Project are held by four individuals.

The San Javier district is located along the western margin of the Sierra Madre Occidental Physiographic Province and the terrain is characterized by steep hills cut by v-shaped valleys. It has a long mining history, both for precious metals and coal, going back several centuries, but there are no generally available, detailed records of production from any of these deposits.

The Corporation's San Javier Project is interpreted to lie on the eastern end of an east-west trending volcano-sedimentary basin referred to as the Barranca Basin. This basin may have originally developed as a pull-apart basin, formed along the axis of a major transform fault that passes through this area. The San Javier Project area has undergone faulting, fracturing and igneous activity as evidenced by complex structural features and local felsic to mafic intrusive bodies. This geological environment is favourable for the emplacement of many types of mineral deposits including epithermal vein deposits, porphyry deposits and other intrusive related deposits.

Detailed geological mapping has only been undertaken in a few areas of the property and an overall mapping remains to be done. Exploration focuses on three styles of mineralization observed within the San Javier concessions. These include:

- quartz vein and vein breccia, having northeasterly strikes and southeasterly dips,
- silica and clay alteration associated with igneous dykes, and
- quartz stockwork breccia.

All mineralization types appear to be related to linear fault structures that pass through the project area. The southeastern portion of the project area has had minimal to no exploration by the Corporation. Large oxidized and clay altered zones observed in this area may represent the presence of porphyry or iron-oxide-copper-gold style mineralization. The various styles of mineralization have been broadly classified as intrusion related in the Technical Report, for better understanding of the relationships of the various areas of mineralization found there. The concessions cover numerous showings of mineralization, many showing evidence of older workings over a strike length of 2½ to 3 kilometers.

There are two areas within the San Javier property with historical mine workings and two other accessible exploration adits. The largest of these is the Santa Rosa Mine, which connects with the El Polvorin Mine, and is located within the Santa Rosa concession in the western part of the Project area. The Santa Rosa and El Polvorin mine workings are accessible and in modest condition. As such, they can be used for exploration-sampling and for potential future development access. The workings extend over a strike length of 490 meters. The total length of underground workings reported in the Santa Rosa Mine is over 1,400 meters. There are currently five levels with the deepest being the Santa Rosa Level 4 at a vertical depth of 90 meters. They include two main adits and four winzes. The deepest winze extends below the Santa Rosa Level 4 for an unknown depth (8 to 10 meters) where an additional level was being developed when the mining was suspended in 1991. The workings also include two escape/ventilation adits in the northeastern part of the mining area, at shallow levels.

The second significant area with underground workings is referred to as Cerro Colorado, on the Las Bellotas Concession in the center of the San Javier Property. These workings include two areas with underground and limited open-cut workings, named Jasmin and Cerro Colorado (also known as La Colorada). It appears that both of these workings may have been accessed by an adit named the Carlotita Adit, presently partially blocked near its entrance resulting in a water backup that has prevented access. The extent of the underground workings at Cerro Colorado is currently unknown.

Lying between the Santa Rosa Mine and Cerro Colorado, within the Las Bellotas Concession, are two other old adits of unknown age (most likely late 19^{th} or early 20^{th} century). Numerous other short adits and shallow shafts/pits are located within the Property, whose significance is presently unknown other than to indicate a wide distribution of mineralized material.

TRENDS

The Corporation is a Canadian precious metal exploration company, focused on exploring its current property interests. The Corporation's future financial success will be dependent on management's successful development of the San Javier Project. Such development may take years to complete, and the resulting income, if any, is difficult to determine with certainty. To date, the Corporation has not produced any revenues.

There are significant uncertainties regarding the prices of precious metals and the availability of equity financing for the purposes of exploration and development. The future performance of the Corporation is largely tied to the outcome of its exploration activities, the development of its property interests and other prospective business opportunities, and the overall financial markets.

Financial markets are likely to continue to be volatile, reflecting ongoing concerns about the stability of the global economy and global growth prospects. Uncertainty in the financial markets has also led to increased difficulties in raising funds for junior exploration companies. Companies worldwide have been affected particularly negatively by these trends. As a result, the Corporation may have difficulties raising equity financing for the purposes of precious metal exploration and development, particularly without excessively diluting the interests of existing shareholders. These trends may limit the ability of the Corporation to discover and develop its current mineral exploration properties and any other property interests that may be acquired in the future. See "Risks and Uncertainties" and "Cautionary Note Regarding Forward-Looking Information".

OVERALL PERFORMANCE

The Corporation's exploration activities are at an early stage, and it has not yet been determined whether its properties contain recoverable metals. As a result, the Corporation has no current sources of revenue other than interest earned on cash and equivalents, all of which were in turn derived from issuances of share capital. Within the Corporation's mineral exploration property there are no deposits of minerals presently known to be economic, and any activities of the Corporation thereon will constitute exploratory searches for minerals.

The Corporation's goal was to consolidate properties adjacent to the Santa Rosa concession into a regionally meaningful target block and explore it to demonstrate its value and viability. The land consolidation succeeded in assembling the block of concessions that presently cover 2 ½ to 3 kilometers of potentially mineralized strike length and a comfortable zone of protection of down-dip and hanging wall protection. Exploration conducted by the Corporation in 2012 and 2013 consisted of underground mapping in all accessible workings, surface mapping of trenched and open cut areas, channel sampling of mineralized veins and other material exposed in those workings and limited surface geological mapping. At that time financial markets deteriorated such that the Corporation was unable to obtain additional funds and the resulting suspension of activity continued to the present day. New funding during the past year allowed some modest line-cutting activity to be undertaken in preparation for future exploration work.

TABLE 2: Exploration Expenditures at San Javier Project (CAD)				
	Year ended Sept 30, 2016 $	Year ended Sept 30, 2015 $	Year ended Sept 30, 2014 $	Cumulative: inception in 2011 to Sept 30, 2016 (unaudited) $
Option payments	54,395	121,717	54,624	334,512
Renewal and staking fees	3,444	3,729	2,755	77,020
Labour and contractors	79,485	8,412	10,019	438,311
Field supplies and services	2,068	517	202	37,932
Transportation	3,896	-	-	39,735
Assaying	409	-	-	72,040
Communications	20	-	-	396
Other	5,431	687	370	39,848
Totals	**149,148**	**135,062**	**67,970**	**1,039,794**

The Corporation's plan following the Amalgamation is to commence exploration across the full property and start a drilling program to test the mineralization at depth and assess the potential of the whole structural zone.

SELECTED ANNUAL FINANCIAL INFORMATION

The following selected financial data for the periods from October 1, 2015 to September 30, 2016 and from October 1, 2014 to September 30, 2015 comes from the Statement of Loss and Comprehensive Loss in the audited financial statements.

	Oct 1, 2015 to Sept 30, 2016 ($)	**Oct 1, 2014 to Sept 30, 2015 ($)**
Revenues	-	-
Interest income	-	-
Operating expenses	(540,179)	(210,613)
Net loss	(540,179)	(210,613)
Other comprehensive income (loss)	10,059	862
Net and Comprehensive Profit (Loss)	(530,120)	(209,751)
Loss per share – basic and diluted	(0.014)	(0.008)

The following selected financial data at September 30, 2016, and at September 30, 2015 comes from the Statement of Financial Position in the audited annual financial statements.

	As at Sept 30, 2016 ($)	As at Sept 30, 2015 ($)
Total assets	156,017	9,053
Total non-current financial liabilities	121,309	67,525
Distributions or cash dividends	-	-

The net loss for the year ended September 30, 2016 reflected the costs of working on completing the Amalgamation and carrying out a small exploration program in preparation for future work following the Amalgamation. The net loss for the year ended September 30, 2015 represented mainly the costs of mining property holding costs and general corporate maintenance while the Corporation sought new financing opportunities.

As the Corporation currently has no recurring revenue, its ability to fund its operations is dependent on securing financing. See "Trends" and "Risks and Uncertainties".

Fourth quarter, ended September 30, 2016 compared to 2015

The Corporation's net comprehensive loss was $156,193 for the three months ended September 30, 2016 (2015 - $96,491). Work in the 2015 period was mainly corporate maintenance of the Corporation and preservation of its mining properties in Mexico, as it sought new financing to reactivate its field activities. In addition to the maintenance costs, work during the three months ended September 30, 2016 focused largely on completing the Amalgamation. Comprehensive Losses include effects of foreign exchange adjustments in the intercompany investment account.

SUMMARY OF QUARTERLY RESULTS

Quarterly financial summaries are not presented here because, as a private company, the Corporation was not required to, and did not, publish quarterly financial information.

LIQUIDITY AND CAPITAL RESOURCES

The activities of the Corporation are financed through the completion of equity transactions such as equity offerings and the exercise of warrants or stock options. There is no assurance that equity capital will be available to the Corporation in the amounts or at the times desired or on terms that are acceptable to the Corporation, if at all. See "Risks and Uncertainties".

Cash used in operating activities was $383,256 for the year ended September 30, 2016, related to corporate maintenance activity, mining titles maintenance, seeking new funding and working to complete the Amalgamation (2015 - $215,652). Financing activities produced cash in the amount of $511,300 (2015 - $218,835, from financing activity, net of share issue costs and repayment of shareholder loans). There was no investing activity in either year.

The Corporation's cash and cash equivalents totaled $138,168 at September 30, 2016 (2015 - $4,917). The Corporation had working capital of $34,708 at September 30, 2016 (2015 – negative $58,472).

Current liabilities of the Corporation at September 30, 2016 were $121,309 (2015 - $67,525), reflecting the Corporation's increased activity in pursuing completion of the Amalgamation.

From November of 2013 through May of 2015, directors of the Corporation or companies related to them provided loans to Corporation amounting to $135,671 providing working capital to maintain the mineral exploration properties and the corporate entities while it sought additional equity financing. Following a private placement equity financing, these loans were fully repaid in June, 2015. The Corporation currently has no debt and therefore no credit or interest rate risk. Amounts payable and other liabilities are short-term and non-interest-bearing. The Corporation's liquidity risk with financial instruments is minimal as excess funds are held as cash at a Canadian bank.

The Corporation's present plans are to advance the exploration work at its San Javier project following the Amalgamation with Canuc. (see "Proposed Transactions", "Subsequent Events" and "Description of Business"). See also "Cautionary Note Regarding Forward-Looking Information".

The Corporation presently has no commitments for capital expenditures and no debt financing. Following the Amalgamation, the Corporation intends to fund future mineral exploration commitments through equity financing, and any other financing arrangements that may become available. See "Risks and Uncertainties", "Cautionary Note Regarding Forward-Looking Information" and "Proposed Transactions".

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements

TRANSACTIONS WITH RELATED PARTIES

Two related parties contributed to the director loans outlined above (see "Liquidity and Capital Resources") as follows and have been repaid in full. Christopher Berlet (President and a Director of the Corporation) personally and through a related company advanced funds totaling $47,000. Dennis Waddington (CFO) advanced funds totaling $11,000.

Christopher Berlet is a director of Canuc Resources Corporation, the other party in the Amalgamation.

A portion of the NSR royalties that were granted as part of the original formation of the Corporation and its mineral concession portfolio making up the San Javier Project, is held by three of the Corporation's related parties. Christopher Berlet (President and director prior to the Amalgamation) holds an interest as to 1.0% of net smelter returns from future production, Dennis Waddington (CFO prior to the Amalgamation and presently a director of the Corporation's subsidiary Minera Stramin) holds an interest as to 0.25% of net smelter returns from future production and Marco Bernal (a director of the Corporation's subsidiary Minera Stramin) holds an interest as to 0.25% of net smelter returns from future production.

In May, 2016 the Corporation approved payments to two of its officers for services rendered over the life of the Corporation. Payment to Christopher Berlet (President) was approved for $75,000 paid in shares and to Dennis Waddington (CFO) for $45,000 in cash.

The foregoing Related Party transactions were conducted in the normal course of business and were accounted for at the exchange amount which is the amount agreed between the parties.

PROPOSED TRANSACTIONS

As outlined earlier, on August 26, 2016 the Corporation and Canuc signed the Definitive Agreement that was contemplated by the Letter of Intent ("LOI") signed on June 9, 2016 and described in a press release of the same date by Canuc to carry out a business combination to be given effect by way of a 3-cornered amalgamation. Under the terms of the Definitive Agreement, Canuc would acquire all the shares of the Corporation on the basis of Canuc exchanging one Canuc share for every two shares of the Corporation, resulting in the shareholders of the Corporation owning approximately 69% of the outstanding shares of Canuc prior to completion of a concurrent financing by Canuc. For accounting purposes this would be treated as a reverse takeover (RTO) by the Corporation. Canuc is an Ontario company listed on the TSX-Venture Exchange ("TSX-V"). The Amalgamation was completed on February 21, 2017 as announced in a news release by Canuc on SEDAR, subsequent to the Corporation's financial year ended September 30, 2016 that is covered by the audited financial statements related to this MD&A.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS generally requires management to make estimates and assumptions. Such estimates and assumptions may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the related reported amounts of revenue and expense during the reporting period. Such estimates and assumptions may affect such things as valuation of investments, funds paid as deposits in foreign currencies, warrants, stock options, accrued interest, and income tax accounts. Actual results could differ from those estimates. Management of the Corporation believes that the estimates it has used are reasonable.

SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

(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 Corporation had no cash equivalents.

(b) Exploration and evaluation expenditures

The Corporation 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 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 and comprehensive loss in the period in which they arise.

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

(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 to the financial statements.

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

At the end of each reporting period, the Corporation 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 share-based payment 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, measured at the date the entity obtains the goods or the counterparty renders the service.

(e) Income Tax

Income tax comprises current and deferred tax 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.

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

Fair value of financial instruments

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 Corporation'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 Corporation had no financial instruments carried at fair value.

(g) Provisions

General

Provisions are recognized when (a), the Corporation 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 Corporation 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 Corporation 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 Corporation 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 Corporation, 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 Corporation 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 Corporation's other components. The Corporation operates in one business segment, mineral exploration and two geographical segments, Mexico and Canada.

(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 Corporation and have not been presented herein. The following pronouncements have not yet been adopted and are being evaluated to determine their impact on the Corporation.

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 Corporation 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 Corporation 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 Corporation 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.

CAPITAL STOCK

As of September 30, 2016, the Corporation had 44,730,000 common shares issued and outstanding. This includes all shares issued during the periods covered by the financial statements, being the two years ended September 30, 2016.

(i) In May, 2015 the Corporation 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 Corporation 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 and June 2015 private placements included $40,474 paid in cash and 957,000 warrants valued at $29,548 and were included in share capital as share issue costs.

(iv) In March, 2016 the Corporation completed a non-brokered private placement financing in which investors subscribed for 5,690,000 shares at a price of $0.05 per share resulting in gross proceeds to the Corporation of $284,500.

(v) In April and May, 2016 the Corporation completed a non-brokered private placement financing in which investors subscribed for 5,750,000 shares at a price of $0.05 per share resulting in gross proceeds to the Corporation of $287,500.

(vi) On May 30, 2016 the Corporation issued 1,500,000 shares in payment for past services to a director of the Corporation. The shares were deemed to have a value of $0.05 per share in keeping with the most recently completed private placement financing.

On May 30, 2016, the Corporation granted 1,200,000 stock options to three directors with an exercise price of $0.05 per option. The options expire on May 30, 2019, three years from the grant date. The options were fully vested at the date of grant. During the year 1,100,000 options held by persons no longer associated with the Corporation and therefore no longer qualified to participate in the stock option plan were cancelled.

As of the date of this MD&A, the Corporation had stock options outstanding as summarized in the following table.

Number of Options	Exercisable Options	Exercise Price	Expiry Date
700,000	700,000	$0.05	Sept 18, 2017
1,200,000	1,200,000	$0.05	May 30, 2019
1,900,000	1,900,000		

On May 21, 2015 the Corporation issued 957,000 warrants to a consultant for services rendered. Each warrant entitles the holder to purchase one common share of the Corporation for $0.05, expiring two years following a Liquidity Event. For valuation purposes the Corporation estimated the liquidity event would occur sometime in fiscal 2016. The issue date fair value of $29,548 was estimated using the Black-Scholes pricing model with assumptions of Risk-free interest rate = 1.7%; Expected life = 3 years; Expected volatility = 100%; Expected dividend yield = Nil%.

In May, 2016 the Corporation issued 1,144,000 warrants to two consultants for services rendered to the Corporation. Each warrant entitles the holder to purchase one common share of the Corporation for $0.05, expiring two years from the date of issue. The issue date fair value of $34,320 was estimated using the Black-Scholes pricing model with assumptions of Risk-free interest rate = 1.7%; Expected life = 2 years; Expected volatility = 100%; Expected dividend yield = Nil%.

As of the date of this MD&A, the Corporation had 2,101,000 warrants to purchase common shares of the Corporation issued and outstanding as follows:

Warrants	Exercise Price	Expiry Date
957,000	$0.05	February 21, 2019
1,144,000	$0.05	May 9, 2018
2,101,000		

FINANCIAL INSTRUMENTS

The nature and extent of the Corporation's use of financial instruments and risk exposures that might impact its financial instruments are summarized below.

Financial Risk

Liquidity Risk

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2016, the Corporation had cash and cash equivalents balance of $138,168 to settle current liabilities of $121,309. As at September 30, 2015, the Corporation's cash and cash equivalents balance was $4,917 (2015 - $4,917 to settle current liabilities of $163,471). All of the Corporation's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Interest Rate Risk

The Corporation has cash balances and no interest-bearing debt. The Corporation's current policy is to invest excess cash in money market funds. The Corporation periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Credit Risk

The Corporation's credit risk is primarily attributable to sundry receivables. The Corporation has no significant concentration of credit risk arising from operations. Included in sundry receivables is sales tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to these financial instruments included in sundry receivables is remote.

Foreign Exchange Risk

The Corporation's functional and reporting currency is the Canadian dollar and purchases of goods and services have generally been transacted in Canadian dollars. The Corporation funds certain operations, exploration and administrative expenses on a cash basis in Mexican Pesos (MXN) or US Dollars (USD) converted from its Canadian dollar bank accounts held in Canada. Management believes the foreign exchange risk derived from currency conversions is for the foreseeable future negligible and therefore does not hedge its foreign exchange risk. See the following chart for cash held in foreign currencies:

	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	14,665	299	3,326	200

Sensitivity Analysis

Sensitivity to a plus or minus 1 percentage point change in interest rates, based on the balance of cash at September 30, 2016 would result in a change in interest income of approximately $1,380 (September 30, 2015 - $50) had it been held in an interest-bearing account over a twelve-month period.

Fair Value

The carrying values of the Corporation's current financial instruments comprising cash and cash equivalents and accounts payable and accrued liabilities approximate their fair values due to their short-term nature.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS

The following table sets out the material components of the general and administrative expenses for the years ended September 30, 2016 and 2015, providing additional detail from the Statement of Net Loss and Comprehensive Loss in the related financial statements.

Expenses	**2016 (year) $**	**2015 (year) $**
General	27,276	1,879
Accounting and legal	181,693	25,548
Consulting fees	157,000	32,300
Value added taxes	14,760	11,059
Travel	7,636	123
Interest and bank charges	1,924	1,863
Foreign exchange (gain) loss	742	2,779
Total General and Administrative	**391,031**	**75,551**
Exploration expenses (See "Overall Performance")	149,148	135,062
Net loss for the period	**(540,179)**	**(210,613)**
Foreign exchange translation	159,277	47,191
Foreign exchange gain (loss) on net investment in a foreign operation	(149,218)	(46,329)
Comprehensive loss for the period	**(530,120)**	**(209,751)**

The nature and amount of the general and administrative expenses of the Corporation for the periods reflect the minimum level holding costs during the period that the Corporation was unable to finance active exploration of its mineral concessions.

RISKS AND UNCERTAINTIES

Securities of the Corporation should be considered to be speculative due to the nature of the mineral exploration business in which the Corporation is engaged. Some of the risks associated with an investment in the securities of the Corporation are described below.

Lack of Reserves

The Corporation has a single project, being the San Javier Silver-Gold-Lead-Zinc Project. The San Javier Project has no resources or reserves. If exploration programs on the San Javier Project are unsuccessful, the Corporation will have no undertaking and no basis to continue in the mineral exploration sector.

Exploration, Development and Operating Risks

Exploration and mining operations generally involve a high degree of risk. Although adequate precautions to minimize risk will be taken, the Corporation's operations will be subject to all the hazards and risks normally encountered in the exploration, development and production of precious and base metals. Uncertainties in exploration operations and expenses can arise from working in remote and physically difficult environments where weather, topography and seasonal factors can be unpredictable and infrastructure taken for granted elsewhere has not yet been installed. Risks and uncertainties in the mining phase include unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Milling operations related to mining are also subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas that may result in environmental pollution and consequent liability.

The exploration for and development of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Corporation will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Corporation not receiving an adequate return on invested capital.

There is no certainty that the expenditures made by the Corporation towards the search for and evaluation of mineral deposits will result in discoveries of commercial quantities of ore.

Insurance and Uninsured Risks

The Corporation's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Corporation's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Insurance may not cover all the potential risks associated with a mining company's operations. The Corporation may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Corporation or to other companies in the mining industry on acceptable terms. The Corporation might also become subject to liability for pollution or other hazards which may not be insured against or which the Corporation may elect not to insure against because of premium costs or other reasons. Losses from these events could cause the Corporation to incur significant expenses that could have a material adverse effect upon its financial performance and results of operations.

Environmental Risks and Hazards

All phases of the Corporation's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Corporation's operations. Environmental hazards may exist on the properties on which the Corporation holds interests which are unknown to the Corporation at present and which have been caused by previous or existing owners or operators of the properties.

Government approvals, approval of aboriginal people and permits are currently, and may in the future be required in connection with the Corporation's operations. To the extent such approvals are required and not obtained, the Corporation may be curtailed or prohibited from continuing its mining operations or from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Corporation and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Corporation's operations, financial condition and results of operations.

Land Title

Although the title to the mineral concessions covering the properties in which the Corporation holds an interest were reviewed by or on behalf of the Corporation, no total assurances can be given that there are no title defects affecting such properties. Title insurance generally is not available, and the Corporation's ability to ensure that it has obtained secure claim to individual mineral properties may be severely constrained

Competition

The mining industry is competitive in all of its phases. The Corporation faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, precious and base metals. Many of these companies have greater financial resources, operational experience and technical capabilities than the Corporation. As a result of this competition, the Corporation may be unable to acquire attractive mining properties on terms it considers acceptable or at all. Consequently, the Corporation's revenues, operations and financial condition could be materially adversely affected.

Additional Capital

The exploration and development of the Corporation's properties will require substantial additional financing, through the Amalgamation or otherwise. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production on any or all of the Corporation's properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Corporation.

Commodity Prices

The price of the common shares, the Corporation's financial results and exploration, development and mining activities may in the future be significantly adversely affected by declines in the price of precious and base metals. Precious and base metal mineral prices fluctuate widely and are affected by numerous factors beyond the Corporation's control such as the sale or purchase of such commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major precious and base metal mineral-producing countries throughout the world. The prices of precious and base metals have fluctuated widely in recent years, and future serious price declines could cause continued development of and commercial production from the Corporation's properties to be impracticable. Depending on the price of precious and base metals, cash flow from mining operations may not be sufficient and the Corporation could be forced to discontinue production and may lose its interest in, or may be forced to sell, some of its properties. Future production from the Corporation's mining properties is dependent on precious and base metal mineral prices that are adequate to make these properties economic.

In addition to adversely affecting the Corporation's reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Exchange Rate Fluctuations

Exchange rate fluctuations may affect the costs that the Corporation incurs in its operations. Precious and base metal minerals are generally sold in US dollars and the Corporation's costs will be incurred principally in Canadian and US dollars and Mexican pesos. The appreciation of non-US dollar currencies against the US dollar can increase the cost of precious and base metal mineral exploration and production in US dollar terms.

Government Regulation

The mining, processing, development and mineral exploration activities of the Corporation are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. Although the Corporation's exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Corporation.

Key Executives

The Corporation is dependent on the services of key executives, including the directors of the Corporation and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Corporation, the loss of these persons or the Corporation's inability to attract and retain additional highly skilled employees may adversely affect its business and future operations.

Conflicts of Interest

Certain of the directors and officers of the Corporation also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving the Corporation should be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Corporation and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the *Business Corporations Act* (Ontario) and other applicable laws.

SUBSEQUENT EVENTS

Canuc announced by press release dated February 21, 2017 that the Amalgamation, pursuant to the Definitive Agreement previously announced on August 29, 2016, was completed on February 21, 2017 (see "Description of Business" and "Proposed Transaction". The concurrent financing that was a condition of closing the Amalgamation was completed by Canuc in a private placement equity financing with gross proceeds of $2,000,000.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Corporation's assets are safeguarded and to facilitate the preparation of relevant and timely information.