# MIRASOL RESOURCES LTD.

**(An Exploration Stage Company)**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2016**

**Canadian Funds**

**(Unaudited – Prepared by Management)**

Reader's Note:

These unaudited condensed interim consolidated financial statements of Mirasol Resources Ltd. have been prepared by management and have not been reviewed by the Company's auditors

**Mirasol Resources Ltd.**
*(An Exploration Stage Company)*

## Interim Consolidated Statements of Financial Position

*Unaudited – Prepared by Management*
*Canadian Funds*
*As at*

| ASSETS | | September 30, 2016 | | June 30, 2016 |
|---|---|---|---|---|
| **Current Assets** | | | | |
| Cash and cash equivalents | $ | 17,282,446 | $ | 17,605,111 |
| Short-term investments *(Note 3)* | | 9,211,500 | | 459,000 |
| Receivables and advances *(Note 4)* | | 221,220 | | 260,501 |
| Income taxes recoverable | | 23,991 | | 23,991 |
| | | 26,739,157 | | 18,348,603 |
| **Equipment and Software** | | 127,315 | | 65,265 |
| **Exploration and Evaluation Assets** | | 3,000,762 | | 3,000,762 |
| | $ | 29,867,234 | $ | 21,414,630 |
| **LIABILITIES** | | | | |
| **Current Liabilities** | | | | |
| Accounts payable and accrued liabilities | $ | 663,557 | $ | 784,453 |
| **EQUITY** | | | | |
| **Share Capital** | | 48,122,951 | | 38,393,240 |
| **Reserves** | | 16,359,618 | | 15,418,454 |
| **Accumulated Other Comprehensive Loss** | | (22,150) | | (23,279) |
| **Deficit** | | (35,256,742) | | (33,158,238) |
| | | 29,203,677 | | 20,630,177 |
| | $ | 29,867,234 | $ | 21,414,630 |

**Nature of Business** *(Note 1)*
**Commitments** *(Note 9)*

On Behalf of the Board:

*" Stephen C. Nano "* , Director

*" Nick DeMare "* , Director

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

**Mirasol Resources Ltd.**
*(An Exploration Stage Company)*

## Interim Consolidated Statements of (Income) Loss and Comprehensive (Income) Loss

*Unaudited – Prepared by Management*
*Canadian Funds*

| | For the Three Months Ended September 30, 2016 | 2015 |
|---|---|---|
| **Operating Expenses** | | |
| Exploration costs | $ 1,299,349 | $ 1,081,488 |
| Business development | 26,327 | 41,204 |
| Professional fees *(Note 5b)* | 58,499 | 94,553 |
| Management fees *(Note 5a)* | 78,948 | 48,692 |
| Marketing and investor communications | 86,914 | 85,079 |
| Office and miscellaneous | 105,186 | 110,574 |
| Director fees *(Note 5a)* | 24,400 | 39,600 |
| Travel | 10,799 | 16,409 |
| Depreciation | 4,377 | 4,518 |
| Transfer agent and filing fees | 804 | 2,935 |
| Share-based payments *(Note 7)* | 601,464 | 18,045 |
| | 2,297,067 | 1,543,097 |
| Interest income | (28,500) | (20,920) |
| Foreign exchange gain | (170,063) | (1,511,105) |
| **Net Loss for the Period** | $ 2,098,504 | $ 11,072 |
| **Other Comprehensive (Income) Loss to be Reclassified to Profit or Loss in Subsequent Periods** | | |
| Exchange differences on translation of foreign operations | (1,129) | (690) |
| **Comprehensive Loss for the Period** | $ 2,097,375 | $ 10,382 |
| Loss per Share (Basic and Diluted) | $ 0.05 | $ 0.00 |
| **Weighted Average Number of Shares Outstanding (Basic and Diluted)** | 45,277,398 | 44,245,661 |

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

## Mirasol Resources Ltd.

*(An Exploration Stage Company)*

## Interim Consolidated Statements of Changes in Equity

*Unaudited – Prepared by Management*
*Canadian Funds*

| | Share Capital Common Shares | | Reserves | Accumulated Other Comprehensive (Loss) income | Deficit | Total |
|---|---|---|---|---|---|---|
| | Number | $ | $ | $ | $ | $ |
| Balance – June 30, 2015 | 44,245,661 | 37,858,186 | 15,146,472 | 2,958 | (27,141,235) | 25,866,381 |
| Foreign currency translation adjustment | - | - | - | 690 | - | 690 |
| Share-based payments | - | - | 18,045 | - | - | 18,045 |
| Loss for the Period | - | - | - | - | (11,072) | (11,072) |
| Balance – September 30, 2015 | 44,245,661 | 37,858,186 | 15,164,517 | 3,648 | (27,152,307) | 25,874,044 |
| Balance – June 30, 2016 | 44,664,411 | 38,393,240 | 15,418,454 | (23,279) | (33,158,238) | 20,630,177 |
| Shares issued – Rights offering | 4,166,667 | 10,000,000 | - | - | - | 10,000,000 |
| Share issue costs | - | (466,149) | 339,700 | - | - | (126,449) |
| Option exercise | 190,750 | 195,860 | - | - | - | 195,860 |
| Share-based payments | - | - | 601,464 | - | - | 601,464 |
| Foreign currency translation adjustment | - | - | - | 1,129 | - | 1,129 |
| Loss for the period | - | - | - | - | (2,098,504) | (2,098,504) |
| Balance – September 30, 2016 | 49,021,828 | 48,122,951 | 16,359,618 | (22,150) | (35,256,742) | 29,203,677 |

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

**Mirasol Resources Ltd.**
*(An Exploration Stage Company)*

## Interim Consolidated Statements of Cash flows

## For the three months ended September 30,

*Unaudited – Prepared by Management*
*Canadian Funds*

| | | 2016 | | 2015 |
|---|---|---|---|---|
| **Operating Activities** | | | | |
| Net loss for the period | $ | (2,098,504) | $ | (11,072) |
| Adjustments for: | | | | |
| Share-based payments | | 601,464 | | 18,045 |
| Interest income | | (28,500) | | (62,873) |
| Depreciation | | 4,377 | | 4,518 |
| Depreciation included in exploration expenses | | 14,813 | | 12,820 |
| Unrealized foreign exchange | | (462,992) | | (1,501,016) |
| | | (1,969,342) | | (1,539,578) |
| Changes in non-cash working capital items: | | | | |
| Receivables and advances | | 67,781 | | (36,825) |
| Due from joint venture partner | | - | | 385,422 |
| Accounts payable and accrued liabilities | | (120,896) | | (354,505) |
| Cash used in operating activities | | (2,022,457) | | (1,545,486) |
| **Investing Activities** | | | | |
| Short-term investments | | (8,752,500) | | - |
| Interest received | | - | | 63,148 |
| Purchase of equipment and software | | (81,240) | | (1,320) |
| Cash provided by investing activities | | (8,833,740) | | 61,828 |
| **Financing Activities** | | | | |
| Rights offering, net of share issue costs | | 9,873,551 | | - |
| Exercise of incentive share purchase options | | 195,860 | | - |
| Cash provided by financing activities | | 10,069,411 | | - |
| **Effect of Exchange Rate Change on Cash and Cash Equivalents** | | 464,121 | | 1,501,706 |
| **Change in Cash and Cash Equivalents** | | (322,665) | | 18,048 |
| Cash and Cash Equivalents - Beginning of Period | | 17,605,111 | | 19,120,394 |
| **Cash and Cash Equivalents - End of Period** | $ | 17,282,446 | $ | 19,138,442 |

| **Cash and Cash Equivalents Consist of:** | | | | |
|---|---|---|---|---|
| Cash | $ | 12,719,772 | $ | 1,072,278 |
| Cash equivalents | $ | 4,562,674 | $ | 18,066,164 |

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

## 1. Nature of Business

Mirasol Resources Ltd. ("Mirasol" or the "Company") is incorporated under the laws of the Province of British Columbia, Canada. The Company's corporate registered and records office is located at 1000 – 840 Howe Street, Vancouver, British Columbia and the head office is located at 910 – 850 West Hastings Street, Vancouver, British Columbia.

Mirasol engages in acquiring and exploring mineral properties, principally located in Chile and Argentina, with the objective of identifying mineralized deposits economically worthy of subsequent development, mining or sale.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead and maintain its exploration and evaluation assets. The recovery of the Company's exploration and evaluation assets is dependent on the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets. While the Company has been successful in the past with its financing efforts, there can be no assurance that it will be able to do so in the future.

Management believes that the Company has sufficient working capital to maintain its operations and activities for the next twelve months.

## 2. Basis of Presentation

### Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, and based on the principles of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended June 30, 2015, which include the Company's significant accounting policies, and have been prepared in accordance with the same methods of application.

These condensed interim consolidated financial statements were approved by the Board of Directors on November 28, 2016.

### Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis. Financial instruments classified as financial instruments at fair value through profit or loss are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for the cash flow information.

### Significant Accounting Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended June 30, 2016.

## 3. Short-term Investments

Short term investments comprise of cashable and non-cashable Guaranteed Investment Certificates ("GIC") placed with reputable Canadian and US financial institutions with AA or higher credit ratings. Maturity dates of these GIC's are between three to twelve months. The current blended annual interest rate is .0.8% per annum.

## 4. Receivables, Prepaids and Advances

| | | September 30, 2016 | | June 30, 2016 |
|---|---|---|---|---|
| Good and services tax receivable | $ | 10,525 | $ | 7,374 |
| Interest receivable | | 29,514 | | 1,014 |
| Prepaid expenses and advances | | 160,159 | | 84,976 |
| Due from joint venture partners | | 21,022 | | 167,137 |
| | $ | 221,220 | $ | 260,501 |

## 5. Related Party Transactions

Details of the transactions between the Company's related parties are disclosed below.

### a) Compensation of key management personnel

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole.

The compensation of management and independent directors was as follows:

| | For the Three Months Ended September 30 | | | |
|---|---|---|---|---|
| | | 2016 | | 2015 |
| Management compensation (i) | $ | 133,047 | $ | 133,074 |
| Share-based payments | | 250,749 | | - |
| Director's fees (ii) | | 24,300 | | 39,600 |
| | $ | 408,096 | $ | 172,674 |

(i) Management compensation is included in Management fees (2016 - $63,606; 2015 - $48,692) and in Exploration costs (2016 - $69,441; 2015 - $84,382) in the Company's consolidated statements of loss and comprehensive loss.

(ii) The independent directors of the Company are paid, directly or indirectly, $2,100 per month. The Chairman of the Board of Directors receives an additional $3,000 per month for serving in this capacity. The independent directors are also paid for serving on special committees of the Board of Directors, as struck from time-to-time.

**b) Transactions with other related parties**

Certain of the Company's officers and directors render services to the Company as sole proprietors or through companies in which they are an officer, director, or partner.

The following companies are related parties through association of the Company's directors and officers:

| | **Nature of transactions** |
|---|---|
| Miller Thomson | Legal services |
| Avisar Chartered Professional Accountants (i) | Financial reporting and tax compliance |
| Chase Management Ltd. | Consulting services |
| Global Ore Discovery ("Global Ore") | Project generation, exploration management and GIS services |
| Evrim Resources Corp. | CFO services, office administration support services and office sharing |

(i) No longer a related party (as of March 11, 2016).

The Company incurred the following fees and expenses with related parties as follows:

| | For the Three Months Ended September 30 | |
|---|---|---|
| | 2016 | 2015 |
| Legal fees | $ 79,439 | $ 40,925 |
| Accounting fees | 18,147 | 33,000 |
| Professional fees | 6,300 | 12,300 |
| Exploration costs and project management fees | 211,715 | 203,926 |
| Office sharing and administration | 21,296 | - |
| | $ 336,897 | $ 290,151 |

Included in accounts payable and accrued liabilities at September 30, 2016, is an amount of $174,344 (June 30, 2015 - $161,585) owing to directors and officers of the Company and to companies where the directors and officers are principals.

## 6. Share Capital

The Company completed a rights offering for gross proceeds of $10,000,000 on September 19, 2015. Bonus warrants of 500,000 were issued to the guarantors of the rights offering. Each bonus warrant is exercisable at $2.40 and expires on March 10, 2017. The fair value of these bonus warrants was estimated to be $339,700 using the following weighted average assumptions in the Black-Scholes option pricing model.

| | |
|---|---|
| Expected dividend yield | 0.0% |
| Expected share price volatility | 73.06% |
| Risk-free interest rate | 0.58% |
| Expected life of options | 0.5 years |

The Company incurred $126,449 of share issuance costs in connection with the rights offering.

## 7. Incentive Stock Options

On August 26, 2016, the Company issued 715,876 incentive share purchase options to certain directors, officers, employees and consultants of the Company. The options are exercisable at $2.85 for a period of three years from the date of grant.

The fair value of these stock options was estimated to be $568,113 using the following weighted average assumptions in the Black-Scholes option pricing model.

| | |
|---|---|
| Expected dividend yield | 0.0% |
| Expected share price volatility | 51% |
| Risk-free interest rate | 0.57% |
| Expected life of options | 2.14 years |

Additional share-based payments expense of $33,351 was recognized in the Company's statement of loss due to vesting of the stock options granted during the period ended September 30, 2016.

A summary of the Company's options outstanding as at September 30, 2016 is as follows:

| Expiry Date | Exercise price $ | Options Outstanding | Weighted Average Remaining Life of Options (years) | Options Exercisable |
|---|---|---|---|---|
| December 16, 2018 | 0.88 | 8,000 | 2.21 | 8,000 |
| March 23, 2019 | 0.88 | 195,000 | 2.48 | 195,000 |
| August 4, 2019 | 0.88 | 170,000 | 2.84 | 170,000 |
| September 26, 2017 | 2.34 | 62,500 | 0.99 | 62,500 |
| May 14, 2018 | 1.28 | 512,500 | 1.62 | 512,500 |
| April 29, 2021 | 0.88 | 1,095,000 | 4.58 | 595,000 |
| April 29, 2021 | 1.38 | 255,000 | 4.58 | 127,500 |
| April 29, 2021 | 1.38 | 65,000 | 2.58 | 32,500 |
| April 29, 2021 | 2.85 | 715,876 | 2.90 | 715,876 |
| | | 3,078,876 | 3.35 | 2,418,876 |

## 8. Segmented Information

The Company's business consists of a single reportable segment being mineral exploration and development. Details on a geographical basis are as follows:

| **Total Non-Current Assets** | | September 30, 2016 | | June 30, 2016 |
|---|---|---|---|---|
| Canada | $ | 18,444 | $ | 22,449 |
| Argentina | | 2,837,300 | | 2,847,637 |
| Chile | | 272,333 | | 195,941 |
| | $ | 3,128,077 | $ | 3,066,027 |

## 9. Commitments

a. The Company has entered into a three-year consulting agreement with Global Ore for the provision of geological consulting services. The agreement expires on June 30, 2018 but is subject to early termination provisions including the right of the Company to terminate the agreement upon payment to Global Ore of AUD$ 225,000.

b. The Company has entered into a three-year CEO consulting contract with Mr. Nano for the provision of management services. The agreement expires on June 30, 2018 but is subject to early termination provisions, including the right of the Company to terminate the agreement upon paying Mr. Nano one year of consulting fees. The agreement also provides that Mr. Nano is entitled to payment of two years of consulting fees in the event of a change of control event, as defined.

c. The Company entered into a cost-sharing agreement with Evrim Resources Corp. which expires the earlier of February 28, 2018 or upon the Company giving Evrim six months' notice of termination.