



ARGENTUM SILVER CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

(UNAUDITED – PREPARED BY MANAGEMENT)



**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

The accompanying condensed interim consolidated financial statements of the Company for the quarters ended December 31, 2015 and 2014 and as at December 31, 2015 and June 30, 2015 have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

ARGENTUM SILVER CORP.
Condensed Interim Consolidated Statements of Financial Position
Expressed in Canadian dollars
(Unaudited – Prepared by Management)

	Note	December 31, 2015 \$	June 30, 2015 \$
ASSETS			
Current			
Cash		26,621	409
Receivables	6	2,595	526
Total current assets		<u>29,216</u>	<u>935</u>
Total assets		<u>29,216</u>	<u>935</u>
LIABILITIES			
Current			
Accounts payable	11	428,180	404,811
Accrued liabilities	11	72,740	93,740
Due to related parties	11	25,561	24,150
Total current liabilities		<u>526,481</u>	<u>522,701</u>
SHAREHOLDERS' EQUITY (DEFICIT)			
Share capital	8	8,455,896	8,363,896
Reserves	8	1,026,592	1,026,592
Deficit		(9,979,753)	(9,912,254)
Total equity (deficit)		<u>(497,265)</u>	<u>(521,766)</u>
Total liabilities and shareholders equity		<u>29,216</u>	<u>935</u>

On behalf of the board of directors:

<u>"David Toyoda"</u>	Director	<u>"Geoff Balderson"</u>	Director
David Toyoda		Geoff Balderson	

See accompanying notes

ARGENTUM SILVER CORP.
Condensed Interim Consolidated Statements of Comprehensive Loss
Expressed in Canadian dollars
(Unaudited – Prepared by Management)

	Note	Three Months Ended December 31		Six Months Ended December 31	
		2015	2014	2015	2014
		\$	\$	\$	\$
Expenses					
Exploration and evaluation expenditures		21,511	16,138	22,311	16,138
Management fees	11	-	-	-	6,250
Office and general		471	8,774	1,883	11,291
Professional fees	11	25,677	25,781	27,677	40,629
Rent		-	-	-	7,000
Shareholder communication		315	11,866	495	12,759
Transfer agent and filing fees		11,441	11,262	11,808	15,583
Loss before other items		(59,415)	(73,821)	(64,174)	(109,650)
Other items					
Interest and bank charges		(310)	(1,002)	(375)	(1,100)
Recovery of allowance for doubtful account		-	-	-	76,838
Gain on settlement of accounts payable		-	-	-	27,371
Foreign exchange gain (loss)		(3,562)	21,122	(2,950)	5,798
Loss and total comprehensive loss for the period		(63,287)	(53,701)	(67,499)	(743)
Basic and diluted loss per share		(0.01)	(0.01)	(0.01)	(0.00)
Weighted average number of shares outstanding, basic and diluted		10,107,327	7,457,654	8,879,501	6,055,419

See accompanying notes

ARGENTUM SILVER CORP.
Condensed Interim Consolidated Statements of Cash Flows
Expressed in Canadian dollars
(Unaudited – Prepared by Management)

Six months ended December 31	Note	2015 \$	2014 \$
Operating activities			
Loss for the period		(67,499)	(743)
Adjustments for:			
Recovery of allowance for doubtful account		-	(76,838)
Gain on settlement of accounts payable		-	(27,371)
Changes in non-cash working capital items:			
Receivables		(2,069)	2,057
Prepaid expenses		-	667
Accounts payables		23,369	24,140
Accrued liabilities		(21,000)	(49,738)
Cash used in operating activities		(67,199)	(127,826)
Financing activities			
Shares issued for cash		92,000	125,450
Due to related parties		1,411	-
Cash provided by financing activities		93,411	125,450
Increase (decrease) in cash		26,212	(2,376)
Cash, beginning of period		409	6,893
Cash, end of period		26,621	4,517
Non-cash transactions			
Accounts payables	\$	-	\$ (50,000)
Share capital		-	50,000

See accompanying notes

ARGENTUM SILVER CORP.
Condensed Interim Consolidated Statements of Changes in Equity
Expressed in Canadian dollars
(Unaudited – Prepared by Management)

	Notes	Common Stock					Total \$
		Issued Shares #	Amount \$	Reserves \$	Deficit \$		
Balance as at June 30, 2014		4,601,537	8,188,446	1,026,592	(9,787,995)	(572,957)	
Debt settlement at \$0.065	8	769,230	50,000	-	-	50,000	
Private placement at \$0.055	8	2,280,908	125,450	-	-	125,450	
Loss for the period		-	-	-	(743)	(743)	
Balance as at December 31, 2014		7,651,675	8,363,896	1,026,592	(9,788,738)	(398,250)	
Loss for the period		-	-	-	(123,516)	(123,516)	
Balance as at June 30, 2015		7,651,675	8,363,896	1,026,592	(9,912,254)	(521,766)	
Private placement at \$0.025	8	3,680,000	92,000	-	-	92,000	
Loss for the period		-	-	-	(67,499)	(67,499)	
Balance as at December 31, 2015		11,331,675	8,455,896	1,026,592	(9,979,753)	(497,265)	

See accompanying notes

ARGENTUM SILVER CORP.

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Period Ended December 31, 2015

(Unaudited – Prepared by Management)

1. Corporate Information

Argentum Silver Corp. (“Argentum”) was incorporated as Silex Ventures Ltd. under the Business Corporations Act (*British Columbia*) on March 21, 2007. Argentum and its subsidiaries (collectively, the “Company”) engage in the acquisition, exploration and development of mineral properties. The Company is in the exploration stage and has not yet determined whether any of its properties contain economically recoverable ore reserves.

The Company’s head office and principal place of business is Suite 1000 - 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2.

2. Basis of Presentation

a) Statement of compliance

These condensed interim consolidated financial statements for the six-month period ended December 31, 2015 have been prepared in accordance with *IAS 34 - Interim Financial Reporting* and should be read in conjunction with the Company’s June 30, 2015 audited annual financial statements which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the Company’s June 30, 2015 audited annual financial.

The Company’s board of directors approved the release of these condensed interim consolidated financial statements on February 25, 2016.

b) Basis of measurement

These condensed interim consolidated financial statements have been prepared on an historical cost basis. The condensed interim consolidated financial statements are presented in Canadian dollars.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

c) Going concern

The Company has not generated revenue from operations and incurred a loss of \$67,499 during the period ended December 31, 2015 and, as of that date, the Company’s deficit was \$9,979,753. As the Company is in the exploration stage, the recoverability of costs incurred on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. These material uncertainties cast significant doubt upon the Company’s ability to continue as a going concern. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

ARGENTUM SILVER CORP.

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Period Ended December 31, 2015

(Unaudited – Prepared by Management)

3. Prior Period Reporting

a) Effect of Change in Accounting Policy

Effective June 30, 2015, as permitted under IFRS 6, *Exploration for and Evaluation of Mineral Resources*, the Company voluntarily changed its accounting policy for its exploration and evaluation (“E&E”) expenditures, to expense these costs in the Comprehensive Statement of Loss in the period in which they were incurred whereas previously all of the E&E expenditures had been capitalized on the Statement of Financial Position.

The Company has determined that this change in accounting policy enhances the reliability of the financial statements because of the difficulty associated with demonstrating that these costs meet the definition of an asset. The Company also has determined that reflecting its E&E expenditures as line items in the Statement of Comprehensive Loss and the Statement of Cash Flows better reflects the economic substance of its operating activities during the fiscal periods presented. This change in accounting policy has been applied retrospectively. The Company’s accounting policies for the significant components of its exploration and evaluation expenditures are noted below.

Exploration and evaluation rights to explore

All direct costs related to the acquisition of rights to explore mineral property interests are expensed in the Statement of Comprehensive Loss in the period incurred until such time as it has been determined that a property has economically recoverable resources, in which case subsequent acquisition costs and the costs incurred to explore and develop the property are capitalized into property, plant and equipment. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated reserves as a depletion base.

Exploration and evaluation expenditures

Exploration and evaluation expenditures are charged to operations in the year incurred until such time as it has been determined that a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment.

The effect of the change in accounting policy in the condensed interim consolidated financial statements for the three and six month period ended December 31, 2014 resulted in the following changes from the amounts previously reported in the Company’s condensed interim consolidated financial statements:

ARGENTUM SILVER CORP.**Notes to the Condensed Interim Consolidated Financial Statements**

Expressed in Canadian dollars

Period Ended December 31, 2015

(Unaudited – Prepared by Management)

3. Prior Period Reporting (continued)**Condensed Interim Consolidated Statement of Financial Position as at December 31, 2014**

	Note	As previously reported \$	(a) Effect of change in accounting policy \$	As restated under new policy \$
Non-Current Assets				
Exploration and evaluation assets	(1)	1,494,060	(1,494,060)	-
Total assets		1,494,060	(1,494,060)	19,226
EQUITY				
Deficit	(1)	(8,286,816)	(1,494,060)	(9,780,876)
Total equity		1,103,672	(1,494,060)	(390,388)
Total liabilities and equity		1,513,306	(1,494,060)	19,226

(1) All exploration and evaluation expenditures have been charged to deficit as at December 31, 2014.

Condensed Interim Consolidated Statement of Loss for the three months ended December 31, 2014

	Note	As previously reported \$	(a) Effect of change in accounting policy \$	As restated under new policy \$
Expenses				
Exploration and evaluation expenditures		-	16,138	16,138
Loss before other items		(57,683)	(16,138)	(73,821)
Loss and total comprehensive loss for the period		(37,563)	(16,138)	(53,701)

Condensed Interim Consolidated Statement of Loss for the six months ended December 31, 2014

	Note	As previously reported \$	(a) Effect of change in accounting policy \$	As restated under new policy \$
Expenses				
Exploration and evaluation expenditures		-	16,138	16,138
Loss before other items		(93,512)	(16,138)	(109,650)
Income (loss) and total comprehensive income (loss) for the period		15,395	(16,138)	(743)

ARGENTUM SILVER CORP.**Notes to the Condensed Interim Consolidated Financial Statements**

Expressed in Canadian dollars

Period Ended December 31, 2015

(Unaudited – Prepared by Management)

3. Prior Period Reporting (continued)**Condensed Interim Consolidated Statement of Cash Flows for the six months ended December 31, 2014**

	Note	As previously reported \$	(a) Effect of change in accounting policy \$	As restated under new policy \$
Operating activities				
Income (loss) for the period		15,395	(16,138)	(743)
Cash used in operating activities		(111,688)	(16,138)	(127,826)
Investing activities				
Exploration and evaluation expenditures		(16,138)	16,138	-
Cash used in investing activities		(16,138)	16,138	-

4. Significant Accounting Policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited consolidated financial statements as at June 30, 2015. The accompanying unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended June 30, 2015.

Recent Accounting Pronouncements

Accounting Standards and Amendments Issued Not Yet Effective

The following new standards and interpretations are not yet effective and have not been applied in preparing these condensed interim consolidated financial statements. The Company is currently evaluating the potential impacts of these new standards.

IFRS 9, *Financial Instruments* (effective January 1, 2018) introduces new requirements for the classification and measurement of financial assets, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options available in IAS 39.

IFRS 15 *Revenue from Contracts with Customers* provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2018.

ARGENTUM SILVER CORP.**Notes to the Condensed Interim Consolidated Financial Statements**

Expressed in Canadian dollars

Period Ended December 31, 2015

(Unaudited – Prepared by Management)

4. Significant Accounting Policies (continued)

IAS 1 *Presentation of Financial Statements* amendments are a part of a major initiative to improve disclosure requirements in IFRS financial statements. The amendments clarify the application of materiality to note disclosure and the presentation of line items in the primary statements provide options on the ordering of financial statements and additional guidance on the presentation of other comprehensive income related to equity accounted investments. The effective date for these amendments is January 1, 2016.

There are no other IFRSs that are not yet effective that are expected to have a material impact on the Company.

5. Critical Accounting Estimates and Judgments

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements is included in the following notes:

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Going concern

The assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year is a judgment. The factors considered by management are disclosed in Note 2.

6. Receivables

	December 31, 2015 \$	June 30, 2015 \$
Recoverable sales taxes	2,595	526
Receivables	2,595	526

ARGENTUM SILVER CORP.

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Period Ended December 31, 2015

(Unaudited – Prepared by Management)

7. Exploration and Evaluation Expenditures

Arco Option

In February 2011, Arco granted the Company the right to earn up to a 100% interest in three of Arco's mineral claim blocks located in the State of Oaxaca, Mexico (the "Oaxaca Properties"). The Oaxaca Properties comprised the Lachiguri, Silacayoapan and Nino Perdido (relinquished in February 2012) mining claim blocks. This transaction with Arco constituted the Company's qualifying transaction.

In May 2012, the Company accelerated the option agreement and acquired a 100% interest in the Oaxaca Properties in consideration for a cash payment of \$285,000. The Company had previously paid \$150,000 and issued 2,500,000 common shares in accordance with the option agreement, of which 1,500,000 common shares remained in escrow. Arco also agreed to return the 1,500,000 shares in escrow and the Company returned these shares to treasury. The fair value of the shares cancelled was \$225,000 and the excess value over cash paid was applied to reduce option payments otherwise determined. The acceleration of the option agreement was a non-arm's length transaction under the policies of the TSX Venture Exchange ("TSX-V"), as the Company and Arco had common directors and officers during the year.

Soltoro Option

In April 2011, the Company signed an option agreement with Soltoro Ltd. ("Soltoro") which was later approved by the TSX-V. Under the option agreement, Soltoro granted the Company the right to earn a 100% undivided interest in Soltoro's Mexican Victoria and Coyote silver-gold projects (the "Jalisco Properties") in exchange for cash payments of \$255,000 (including a \$35,000 due diligence payment), issuing Soltoro an aggregate of 5,000,000 common shares of the Company and spending a total of \$1,100,000 on exploration on the Jalisco Properties over two years. The option agreement provided the Company the right to accelerate exercise of the option by making all cash and share payments to Soltoro and by spending a total of \$750,000 in exploration on the Jalisco Properties before July 28, 2012.

The Company is also obliged to make advance royalty payments originally contracted by Soltoro to various landowners in connection with the Jalisco Properties. These payments totaled US\$65,000 in 2011, US\$100,000 in 2012, US\$25,000 in 2013 and between US\$25,000 and US\$30,000 from fiscal 2014 until 2017. Soltoro retains a 3% net smelter return ("NSR") in each project, which the Company has the right to purchase 1% of each NSR for US\$1.5 million to a maximum of 2% for each project. In connection with closing the Soltoro option, the Company paid finder's fees of \$120,250 in cash in accordance with TSX-V policies.

In July 2012, the Company fulfilled all of the option agreement requirements and elected to accelerate the exercise of the Soltoro option and acquired a 100% undivided interest in the Jalisco Properties. Under the terms of the option, the Company did not have to pay additional shares or cash to Soltoro but is now responsible for the continuing advanced royalty payments and NSRs disclosed above.

The Company intends to explore and develop the Coyote and Victoria properties, but does not currently have funds to do so.

ARGENTUM SILVER CORP.**Notes to the Condensed Interim Consolidated Financial Statements**

Expressed in Canadian dollars

Period Ended December 31, 2015

(Unaudited – Prepared by Management)

7. Exploration and Evaluation Expenditures (continued)

The following is an analysis of the exploration and evaluation expenditures incurred during the six months ended December 31, 2015.

	Coyote \$	Victoria \$	Lachiguiri \$	Silacayoapan \$	Total \$
Exploration expenditure					
Claims and maintenance	21,511	-	-	-	21,511
Geological	800	-	-	-	800
Total	22,311	-	-	-	22,311

The following is an analysis of the exploration and evaluation expenditures incurred during the six months ended December 31, 2014.

	Coyote \$	Victoria \$	Lachiguiri \$	Silacayoapan \$	Total \$
Exploration expenditure					
Claims and maintenance	11,528	-	-	-	11,528
Office and administrative	4,610	-	-	-	4,610
Total	16,138	-	-	-	16,138

8. Share Capital**Authorized**

Unlimited common shares without par value

Issued

During the six month period ended December 31, 2015 the Company issued the following:

On October 23, 2015, the Company issued 2,680,000 units at \$0.025 per unit for gross proceeds of \$67,000. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable into one common share of the Company for \$0.10 per share until October 23, 2020.

On November 20, 2015, the Company issued 1,000,000 units at \$0.025 per unit for gross proceeds of \$25,000. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable into one common share of the Company for \$0.10 per share until November 20, 2020.

ARGENTUM SILVER CORP.**Notes to the Condensed Interim Consolidated Financial Statements**

Expressed in Canadian dollars

Period Ended December 31, 2015

(Unaudited – Prepared by Management)

8. Share Capital (continued)**Issued (continued)**

During the year ended June 30, 2015 the Company issued the following:

On August 12, 2014 the Company approved a common share consolidation on the basis of ten pre-consolidation common shares for one post-consolidation common share of the Company. The consolidation was made effective on August 25, 2014. All references to the number of shares and per share amounts have been retroactively restated.

On September 23, 2014 the Company issued 769,230 common shares at a quoted market price of \$0.065 per share to settle debt of \$50,000.

On October 2, 2014, the Company issued 1,905,908 units at \$0.055 each for gross proceeds of \$104,825. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable into one common share of the Company for \$0.10 per share until October 2, 2016.

On November 12, 2014, the Company issued 375,000 units at \$0.055 each for gross proceeds of \$20,625. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable into one common share of the Company for \$0.10 per share until November 12, 2016.

Reserves

Reserves comprise the cost of shares cancelled for no consideration and the fair value of stock option grants and warrants prior to exercise.

Share-Based Payments

The Company has a stock option plan (the “Plan”) under which it is authorized to grant options to directors, officers, consultants and employees of the Company. The number of options granted under the Plan is limited to 10% in the aggregate of the number of issued and outstanding common shares of the Company at the date of the grant of the options. The exercise price of options granted under the Plan may not be less than the closing price of the Company’s common shares on the TSX-V on the trading day immediately before the date the options are granted, less the discount permitted under the TSX-V’s policies, subject to a minimum exercise price of \$0.10. Options granted under the Plan have a maximum life of five years and vest according to conditions set by the Company’s board of directors at the time the options are granted.

A summary of stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price \$
June 30, 2014	356,875	2.20
Forfeited	(321,875)	2.20
June 30, 2015 and December 31, 2015	35,000	2.05

ARGENTUM SILVER CORP.**Notes to the Condensed Interim Consolidated Financial Statements**

Expressed in Canadian dollars

Period Ended December 31, 2015

(Unaudited – Prepared by Management)

8. Share Capital (continued)**Share-Based Payments (continued)**

A summary of the Company's outstanding and exercisable stock options at December 31, 2015 is presented below:

Exercise Price	Outstanding Options			Exercisable Options	
	Number	Weighted Average Remaining Life	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
\$2.00	31,760	1.70 years	\$ 2.00	31,760	\$ 2.00
\$2.50	3,240	0.59 years	\$ 2.50	3,240	\$ 2.50
	35,000	1.60 years	\$ 2.05	35,000	\$ 2.05

There were no stock options granted during the six month period ended December 31, 2015 and during the year ended June 30, 2015.

Share Purchase Warrants

A summary of share purchase warrants activity is as follows:

	Number of Warrants	Weighted Average Exercise Price \$
June 30, 2014	-	-
Issued	2,280,908	0.10
June 30, 2015	2,280,908	0.10
Issued	3,680,000	0.10
December 31, 2015	5,960,908	0.10

As at December 31, 2015, the following share purchase warrants are outstanding:

Number of Warrants	Exercise Price \$	Expiry Date
1,905,908	0.10	October 2, 2016
375,000	0.10	November 12, 2016
2,680,000	0.10	October 23, 2020
1,000,000	0.10	November 20, 2020
5,960,908		

ARGENTUM SILVER CORP.

Notes to the Condensed Interim Consolidated Financial Statements

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Period Ended December 31, 2015

(Unaudited – Prepared by Management)

9. Capital Management

The Company considers its management of capital to include all components of debt and shareholders' equity. Its objectives are to ensure that the Company continues to operate as a going concern in order to pursue the development of its mineral properties, to sustain future development and growth as well as to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, seek debt financing, or acquire or dispose of assets. The Company, with approval from its board of directors, makes changes to its capital structure as it deems appropriate under specific circumstances. The Company is not subject to any externally imposed capital requirements and did not make any changes in capital management compared to the prior year.

10. Financial Instruments – Risk Management

Fair value of financial instruments

The Company's financial instruments include cash, accounts payable, accrued liabilities and due to related parties. The fair values of these financial instruments approximate their carrying values because of their short-term nature.

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in 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); and
- 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).

The Company does not hold any financial instruments subject to Level 1, 2 or 3 fair value measurements.

Credit Risk

The Company is exposed to credit risk with respect to amounts receivable if a creditor fails to meet its contractual obligations. The Company undertakes credit evaluations on debtors as necessary and has monitoring processes intended to mitigate credit risks and maintain appropriate provisions for potential credit losses.

The Company is exposed to credit risk with respect to cash. The carrying amount of assets included on the balance sheet represents the maximum credit exposure.

ARGENTUM SILVER CORP.**Notes to the Condensed Interim Consolidated Financial Statements**

Expressed in Canadian dollars

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(Unaudited – Prepared by Management)

10. Financial Instruments – Risk Management (continued)*Liquidity Risk*

Liquidity risk is the risk that the Company may encounter difficulties in meeting obligations associated with financial liabilities. The Company's growth strategy requires additional cash that the Company expects to raise from the issuance of equity. As at December 31, 2015, the Company was holding cash of \$26,621 (June 30, 2015 - \$409). The Company does not have sufficient cash to meet its obligations for at least 12 months from the end of the reporting period. The Company plans to undertake further share capital or debt financings but there can be no guarantee that management's efforts to raise additional funds will be successful (see Note 2).

Interest Rate Risk

The Company is not exposed to significant interest rate risks arising from financial instruments.

Commodity Price Risk

The Company is exposed to price risk with respect to commodity prices of precious minerals. The Company expects the risk exposure to fluctuating market prices and trends will have a significant impact on its ability to secure financing.

Currency Risk

The Company is exposed to foreign exchange risk as its financial statements are expressed in Canadian dollars and it finances its operations in Canadian dollars but undertakes a large proportion of its operations in Mexican pesos and United States dollars. The Company does not engage in any form of derivative or hedging instruments.

The Company's Canadian dollar-equivalent holdings of balances denominated in foreign currencies were:

December 31, 2015	United States Dollars (CDN\$ Equivalent)	Mexican Pesos (CDN\$ Equivalent)
Cash	252	361
Accounts payable	-	230,509

June 30, 2015	United States Dollars (CDN\$ Equivalent)	Mexican Pesos (CDN\$ Equivalent)
Cash	-	1,419
Accounts payable	-	153,835

ARGENTUM SILVER CORP.
Notes to the Condensed Interim Consolidated Financial Statements
Expressed in Canadian dollars
Period Ended December 31, 2015
(Unaudited – Prepared by Management)

11. Related Party Transactions

The Company incurred the following charges by a company owned by a former officer of the Company or a law firm in which a director of the Company is an associate counsel for the six month period ended December 31, 2015 and 2014:

Six months ended December 31,	2015	2014
	\$	\$
Key management personnel compensation		
Management fees	-	6,250
Legal fees	4,227	12,491
	4,227	18,741

The Company considers its Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”) and directors of the Company to be key management. See above table for Key management compensation.

Accounts payables and accrued liabilities at December 31, 2015 included \$108,496 due to current and former related parties (June 30, 2015 - \$110,003).

Effective July 17, 2014, the employment agreement with its former CEO was terminated upon his resignation and a mutual release agreement was signed for the release and discharge of amounts owing to the former CEO.

As at December 31, 2015 the Company owed \$25,561 (June 30, 2015: \$24,150) to a company with a common director and a director of the Company. These loans were provided to the Company as working capital. The amounts owed are unsecured, non-interest bearing and due on demand.

12. Segment Information

The Company operates in Canada and Mexico, with operations in the mineral resource sector. The Company’s revenues and non-current assets are allocated to each country respectively.

As at December 31, 2015 and June 30, 2015, there are no revenues and non-current assets to disclose.