Condensed Consolidated Interim Financial Statements
(Unaudited)

(Stated in Canadian Dollars)

SOURCE EXPLORATION CORP

(An Exploration Stage Company)

For the three and nine months ended March 31, 2015

SOURCE EXPLORATION CORP

NOTICE TO SHAREHOLDERS

FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2015

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed consolidated interim financial statements of Source Exploration Corp. were prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Only changes in accounting policies have been disclosed in these unaudited condensed consolidated interim financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited condensed consolidated interim financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Corporation’s circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited condensed consolidated interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements and (ii) the unaudited condensed consolidated interim financial statements fairly present in all material respects the financial position, results of operations and cash flows of the Corporation, as of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed consolidated interim financial statements together with other financial information of the Corporation and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed consolidated interim financial statements together with other financial information of the Corporation. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed consolidated interim financial statements together with other financial information of the Corporation for issuance to the shareholders.

Management recognizes its responsibility for conducting the Corporation’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

In accordance with National Instrument 51-102 released by the Canadian Securities Administration, the Corporation discloses that its auditors have not reviewed the unaudited condensed consolidated interim financial statements for the period ended March 31, 2015.

SOURCE EXPLORATION CORP

(Incorporated under the laws of Ontario)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Stated in Canadian Dollars)

(Unaudited)

As at	**March 31 2015 $**	June 30 2014 $
ASSETS		
Current assets		
Cash and cash equivalents	**778,309**	551,348
Investments *[note 5]*	**28,740**	28,481
Accounts receivable	**29,172**	19,624
Prepaids and deposits	**168,101**	152,269
Total current assets	**1,004,322**	751,722
Non-current assets		
Equipment and leaseholds *[note 6]*	**24,627**	34,687
Total assets	**1,028,949**	786,409
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**136,905**	280,970
EQUITY		
Share capital *[note 8]*	**17,639,475**	16,700,213
Equity settled employee benefits *[note 8]*	**2,401,316**	2,249,329
Foreign currency translation	**43,660**	120,289
Deficit	**(19,192,407)**	(18,564,392)
Total equity	**892,044**	505,439
Total liabilities and equity	**1,028,949**	786,409

Nature of Business and Going Concern [note 1]
Commitments [note 11]
Subsequent event [note 14]

See accompanying notes to the condensed consolidated interim financial statements

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on May 22, 2015.

They are signed on the Corporation's behalf by:

"Brian Robertson"	*"David Baker"*
Director	Director

SOURCE EXPLORATION CORP

(Incorporated under the laws of Ontario)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Stated in Canadian Dollars)
(Unaudited)

	For the three months ended March 31		For the nine months ended March 31	
	2015	2014	**2015**	2014
	$	$	**$**	$
REVENUE				
Interest income	**1,129**	685	**1,681**	3,624
EXPENSES				
Depreciation *[note 6]*	**3,354**	3,354	**10,060**	10,060
Exploration expenses *[note 7]*	**337,034**	540,518	**572,114**	663,089
General and administrative *[note 10]*	**279,713**	171,584	**621,198**	317,228
Professional fees	**20,105**	48,972	**60,381**	58,032
Share-based payments *[note 8]*	**128,800**	-	**128,800**	-
Write-off (recovery) of Value Added Tax	**(469,871)**	28,707	**(762,598)**	(106,188)
Total expenses	**299,135**	793,135	**629,955**	942,221
Loss from operating activities	**(298,006)**	(792,450)	**(628,274)**	(938,597)
Unrealized gain on investments [note 5]	**82**	-	**259**	-
Loss for the period	**(297,924)**	(792,450)	**(628,015)**	(938,597)
Exchange differences on translation of foreign operations	**16,023**	(192,750)	**(76,629)**	(208,782)
Comprehensive loss for the period	**(281,901)**	(985,200)	**(704,644)**	(1,147,379)
Basic and diluted loss per share *[note 9]*	**-**	(0.02)	**(0.01)**	(0.02)

See accompanying notes to the condensed consolidated interim financial statements

SOURCE EXPLORATION CORP

(Incorporated under the laws of Ontario)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

(Stated in Canadian Dollars)

(Unaudited)

For the nine months ended March 31	2015 $	2014 $
OPERATING ACTIVITIES		
Comprehensive loss for the period	**(704,644)**	(1,147,379)
Add charges (deduct credits) to earnings not involving a current payment of cash		
Depreciation	**10,060**	10,060
Share-based payments	**128,800**	-
Unrealized gain on investment	**(259)**	-
	(566,043)	(1,137,319)
Changes in non-cash working capital balances related to operations		
Accounts receivable	**(9,548)**	(6,102)
Prepaids and deposits	**(15,832)**	(70,649)
Accounts payable and accrued liabilities	**(144,065)**	483,611
Cash used in operating activities	**(735,488)**	(730,459)
INVESTMENT ACTIVITIES		
Proceeds from the sale of investments	**-**	240,234
Cash provided by investment activities	**-**	240,234
FINANCING ACTIVITIES		
Shares issued in private placements	**1,018,000**	468,750
Share issue costs	**(55,551)**	(43,061)
Cash provided by financing activities	**962,449**	425,689
Increase (decrease) in cash and cash equivalents during period	**226,961**	(64,536)
Cash and cash equivalents, beginning of the period	**551,348**	183,486
Cash and cash equivalents, end of the period	**778,309**	118,950

See accompanying notes to the condensed consolidated interim financial statements

SOURCE EXPLORATION CORP
(Incorporated under the laws of Ontario)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Stated in Canadian Dollars)
(Unaudited)

	Share Capital		Reserves				
Issued and outstanding:	Number of Shares	Share Capital	Warrants	Equity Settled Employee Benefits	Foreign currency translation	Deficit	Total Equity
Balance as at June 30, 2013	57,626,235	15,196,498	-	1,625,597	179,190	(16,421,496)	579,789
Private placement #1	5,150,000	386,250	-	-	-	-	386,250
Private placement #2	1,100,000	82,500	-	-	-	-	82,500
Share issue costs	-	(43,061)	-	-	-	-	(43,061)
Loss and comprehensive loss for the period	-	-	-	-	(208,782)	(938,597)	(1,147,379)
Balance as at March 31, 2014	63,876,235	15,622,187	-	1,625,597	(29,592)	(17,360,093)	(141,901)
Private placement #3	10,257,166	1,230,860	-	-	-	-	1,230,860
Issued Finder's warrants	-	-	57,947	-	-	-	57,947
Share issue costs	-	(152,834)	-	-	-	-	(152,834)
Share-based payments	-	-	-	565,785	-	-	565,785
Loss and comprehensive loss for the period	-	-	-	-	149,881	(1,204,299)	(1,054,418)
Balance as at June 30, 2014	74,133,401	16,700,213	57,947	2,191,382	120,289	(18,564,392)	505,439
Private placement	12,725,000	1,018,000	-	-	-	-	1,018,000
Share issue costs	-	(78,738)	23,187	-	-	-	(55,551)
Share-based payments	-	-	-	128,800	-	-	128,800
Loss and comprehensive loss for the period	-	-	-	-	(76,629)	(628,015)	(704,644)
Balance as at March 31, 2015	**86,858,401**	**17,639,475**	**81,134**	**2,320,182**	**43,660**	**(19,192,407)**	**892,044**

See accompanying notes to the condensed consolidated interim financial statements

SOURCE EXPLORATION CORP

(Incorporated under the laws of Ontario)

NOTES TO THE CONDENSED CONSOLIDATEDINTERIM FINANCIAL STATEMENTS

(Stated in Canadian Dollars)
(Unaudited)

For the three and nine months ended March 31, 2015
(With comparative figures for the year ended June 30, 2014)

1. NATURE OF BUSINESS AND GOING CONCERN

Source Exploration Corp. (the "Corporation") was incorporated under the Business Corporation's Act (Alberta) on October 5, 2006, and is engaged in the acquisition, exploration, and evaluation of mineral properties. On January 17, 2011 the Corporation received all necessary approvals to continue into the jurisdiction of Ontario.

The Corporation is in the process of exploring and evaluating its mineral properties and, on the basis of the information to date, has not yet determined whether any of the properties contain economically recoverable reserves. The recovery of expenditures on the mineral properties is dependent upon the existence of economically recoverable mineralization, the Corporation securing and maintaining title and beneficial interest in the properties, and the ability of the Corporation to obtain the necessary financing to complete the exploration and development and future profitable production or, alternatively, on the sufficiency of proceeds from disposition.

Going concern

At March 31, 2015 the Corporation had not yet achieved profitable production, had accumulated losses of $19,192,407, had a current working capital balance of $867,417 and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Corporation's ability to continue as a going concern. The Corporation will require additional financing in order to complete its planned work programs on its mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they become due. These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Corporation be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

The Corporation's ability to continue as a going concern is dependent upon its ability to fund its exploration and evaluation programs. Management plans to secure the necessary financing through the issue of new equity. Nevertheless, there is no assurance that these initiatives will be successful.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 - *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in the annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the IASB have been condensed or omitted and these unaudited condensed consolidated interim financial statements should be read in conjunction with the Corporation's audited consolidated financial statements for the year ended June 30, 2014.

The accounting policies applied in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in the Corporation's consolidated financial statements for the year ended June 30, 2014, with the exception of certain amendments to accounting standards issued by the IASB, which were effective January 1, 2015. These amendments did not have a significant impact on the Corporation's audited condensed consolidated interim financial statements.

(Stated in Canadian Dollars)

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Corporation's assets and liabilities are accounted for prospectively. The critical judgements and estimates applied in the preparation of the Corporation's unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in note 2 to the Corporation's consolidated financial statements for the year ended June 30, 2014.

The unaudited condensed consolidated interim financial statements of the Corporation for the period ended March 31, 2015 were approved and authorized by the Board of Directors on May 22, 2015.

Statement of Compliance

These audited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

Basis of Consolidation

The Corporation's financial statements consolidate those of the parent Corporation and its subsidiary undertakings drawn up to March 31, 2015. Subsidiaries are all entities over which the Corporation has the power to control the financial and operating policies. The Corporation obtains and exercises control through more than half of the voting rights.

	Percentage of ownership	Jurisdiction	Principal activity
Roca Verde Exploracion Mexico, S.A. de C.V. ("Roca Verde")	100%	Mexico	Mineral exploration

All transactions and balances between the Corporation and its subsidiary are eliminated on consolidation, including unrealized gains and losses on transactions between the companies. Where unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of its subsidiary have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Corporation.

Profit or loss and other comprehensive income or loss of a subsidiary acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

3. RECENT ACCOUNTING PRONOUNCEMENTS

These unaudited condensed consolidated interim financial statements have been prepared on the basis of all IFRS and interpretations effective as at July 1, 2014.

Accounting standards issued and effective for annual periods beginning on or after July 1, 2014

Recent accounting pronouncements for changes in accounting standards effective in 2014 and 2015 are disclosed in the Corporation's audited consolidated financial statements for the year ended June 30, 2014. The Corporation has adopted the new and revised accounting pronouncements that were effective as of July 1, 2014 and have determined that there is no significant impact of the these changes on these condensed consolidated interim financial statements.

- IFRS 2, Share-based Payments clarifies the definition of a vesting condition and separately defines performance and service conditions.
- IFRS 3, Business Combinations requires that an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as a financial liability or as equity on the basis of definitions of IAS 32 and additionally clarifies that IFRS 3 does not apply to the formation of any joint arrangement and that the scope exemption only applies in the financial statements of the joint arrangement itself.
- IFRS 8, Operations Segments requires disclosure of the judgements made by management in aggregating operating segments, and a reconciliation of segment assets to the total assets when segment assets are reported.
- IFRS 13, Fair Value Measurement clarifies that the portfolio exception in IFRS 13, which allows fair measurement as a group of financial assets and liabilities on a net basis, applies to all contracts within the scope of IAS 39 or IFRS 9.
- IAS 16, Property, Plant and Equipment, and IAS 38, Intangible Assets clarifies the requirements for the revaluation method in these standards to address concerns about the calculation of accumulated depreciation or amortization at the date of revaluation.
- IAS 19, Employee Benefits clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.
- IAS 24, Related Party Disclosures requires a reporting entity to include as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Accounting standards issued and effective January 1, 2015

The Corporation is currently assessing the impact that the following changes to accounting standards will have on the consolidated financial statements:

- IFRS 7, Financial Instruments Disclosures requires new disclosures resulting from amendments to IFRS 9.

Accounting standards issued and effective January 1, 2017

The Corporation is currently assessing the impact that the following changes to accounting standards will have on the consolidated financial statements:

- IFRS 15, Revenue from Contracts with Customers establishes an single model in accounting for revenue arising from contracts with customers. This will supercede current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations.

Accounting standards issued and effective January 1, 2018

The Corporation is currently assessing the impact that the following changes to accounting standards will have on the consolidated financial statements:

(Stated in Canadian Dollars)

- IFRS 9, Financial Instruments introduces new requirements for the classification and measurement of financial assets and liabilities.

4. SEGMENTED INFORMATION

The Corporation currently operates in one operating segment, the exploration of mineral properties in Mexico. Management of the Corporation makes decisions about allocating resources based on the one operating segment. A geographic summary of identifiable assets, liabilities, and operating activities by country is as follows:

For the period ended March 31, 2015

	Canada $	Mexico $	Total $
Segmented Assets	**567,862**	**461,087**	**1,028,949**
Segmented Liabilities	**(82,701)**	**(54,204)**	**(136,905)**
Operating activities			
Depreciation	**10,060**	**-**	**10,060**
Exploration expenses	**-**	**572,114**	**572,114**
General and administrative	**542,715**	**78,483**	**621,198**
Professional fees	**27,672**	**32,709**	**60,381**
Share-based payments	**128,800**	**-**	**128,800**
Write-off (recovery) of Value Added Tax	**-**	**(762,598)**	**(762,598)**
Total	**709,247**	**(79,292)**	**629,955**

For the period ended March 31, 2014

	Canada $	Mexico $	Total $
Segmented Assets	376,595	42,858	419,453
Segmented Liabilities	(97,134)	(464,220)	(561,354)
Operating activities			
Depreciation	10,060	-	10,060
Exploration expenses	545,385	117,704	663,089
General and administrative	304,606	12,622	317,228
Professional fees	58,032	-	58,032
Write-off (recovery) of Value Added Tax	-	(106,188)	(106,188)
Total	918,083	24,138	942,221

5. INVESTMENTS

At March 31, 2015, the Corporation held mutual funds at the value of $$28,740 [June 30, 2014 - $28,481].

NOTES TO THE CONDENSED CONSOLIDATEDINTERIM FINANCIAL STATEMENTS

(Stated in Canadian Dollars)
(Unaudited)

For the three and nine months ended March 31, 2015
(With comparative figures for the year ended June 30, 2014)

6. EQUIPMENT AND LEASEHOLDS

	Office / Computer Equipment	Leasehold Improvements	Total
	$	$	$
Cost			
Balance, June 30, 2013	20,075	53,760	73,835
Balance, June 30, 2014	20,075	53,760	73,835
Balance, March 31, 2015	**20,075**	**53,760**	**73,835**
Accumulated depreciation			
Balance, June 30, 2013	14,087	11,648	25,735
Depreciation for the period	2,661	10,752	13,413
Balance, June 30, 2014	16,748	22,400	39,148
Depreciation for the period	1,996	8,064	10,060
Balance, March 31, 2015	**18,744**	**30,464**	**49,208**
Carrying amounts			
June 30, 2014			34,687
March 31, 2015			**24,627**

(Stated in Canadian Dollars)

7. EXPLORATION AND EVALUATION

Accumulated costs with respect to the Corporation's interest in mineral properties owned, leased or under option, consisted of the following:

	Las Minas and La Miqueta $	**Period ended March 31, 2015 $**	**Year ended June 30, 2014 $**	**Inception to date total $**
Analytical	**49,750**	**49,750**	7,494	333,404
Geological and consulting	**75,135**	**75,135**	350,146	2,732,807
Transportation and accommodation	**15,508**	**15,508**	5,232	155,165
Drilling	**230,640**	**230,640**	455,431	4,921,324
Geophysical	**-**	**-**	-	74,679
Operational support	**-**	**-**	-	275,966
Other	**52,989**	**52,989**	48,397	260,975
Subtotal	**424,022**	**424,022**	866,700	8,754,320
Acquisition costs / Option payments	**148,092**	**148,092**	143,814	499,353
Total expenditures	**572,114**	**572,114**	1,010,514	9,253,673

Las Minas and La Miqueta

On October 13, 2010, the Corporation's 100% owned Mexican subsidiary Roca Verde Exploracion de Mexico entered into exclusive Letters of Intent to acquire the Las Minas and La Miqueta properties, collectively named the Las Minas Project. The project is comprised of five privately held mineral concessions covering approximately 1,271 hectares in the core of the Las Minas district in the State of Veracruz, Mexico. The Project is located approximately 270 kilometres east of Mexico City and is accessible by road.

Pursuant to the terms of the Las Minas property agreement the Corporation has been granted the right to enter into an exclusive purchase and sale agreement to earn a 100% interest in three concessions by making staged cash payments totaling US$190,000 plus Value Added Tax (VAT) over the next 36 months and a final payment of US$1,000,000 plus VAT upon exercising the option. The Vendors will retain a 1.5% Net Smelter Return (NSR) subject to an exclusive buy-back provision allowing the Corporation to purchase one-third or a 0.5% NSR for US$500,000. The Corporation will retain a Right of First Refusal to buy the remaining 1.0 % NSR. The Corporation has also agreed to complete a work program which required $200,000 in expenditures to maintain the concessions in good standing during the three year term of the agreement.

Pursuant to the terms of the La Miqueta property agreement the Corporation has been granted the right to enter into an exclusive purchase and sale agreement to earn a 100% interest in three concessions by making staged cash payments totaling US$95,000 plus Value Added Tax (VAT), US$70,000 of which has been completed, the final payment has been extended to 42 months from 36 months, and a final payment of US$500,000 plus VAT upon exercising the option after 48 months. The Vendors will retain a 1.5% Net Smelter Return (NSR) subject to an exclusive buy-back provision allowing the Corporation to purchase one-third or a 0.5% NSR for US$500,000. The Corporation will retain a Right of First Refusal to buy the remaining 1.0 % NSR. The Corporation has also agreed to keep the property in good standing with respect to concession taxes. During 2012, an extension agreement was executed to extend the deadline for the final payment by 12 months.

Option agreement extended to 2015

On June 6, 2013 the Corporation extended the option agreement to acquire the Pepe, Pepe Tres, and San Jose concessions located at the Las Minas property in Veracruz State, Mexico, and further revised on November 20, 2013.

The amended agreement extended the term of the option agreement by an additional two years to December 5, 2015. Scheduled payments as per the terms of the amended agreement are US $130,000 over a 6 month period ending May 5, 2014, US $150,000 on December 5, 2014, with a final payment of US $1,300,000 on December 5, 2015. All payments are subject to VAT (Value Added Tax). The Corporation also retained the right to exercise the option at the latest on December 5, 2013 upon payment of US $1,000,000 as per the terms of the original option agreement on October 13, 2010. All other terms of the original agreement remain unchanged.

8. CAPITAL AND RESERVES

i. Authorized

The Corporation is authorized to issue an unlimited number of common shares.

ii. Details of share issuances

<u>2015</u>

Private placement

On February 26, 2015 the Corporation closed the non-brokered private placement (the "Private Placement") of 12,725,000 units of the Corporation (the "Units") at a price of $0.08 per Unit for gross proceeds of $1,018,000. Each Unit consists of one common share of the Corporation and one half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to purchase one common share of the Corporation for a period of twenty-four months from the closing date of the Private Placement at a price of $0.08 per common share.

In connection with the Private Placement, the Corporation paid an aggregate of $31,440 in finder's fees to certain arm's length parties, representing 6% of the proceeds received from subscribers that were introduced by such parties, and issued 393,000 finders warrants on the same terms as the common share purchase warrants.

<u>2014</u>

Private Placement #1

On January 20, 2014 the Corporation closed a non-brokered private placement (the "Private Placement") and has raised $386,250 through the issuance of 5,150,000 units (the "Units") at a price of $0.075 per Unit.

Each Unit consists of one common share of the Corporation and one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will entitle the holder to purchase one common share of the Corporation for a period of twelve months from the closing date of the Private Placement at a price of $0.125 per common share, provided that the Corporation will have the right to accelerate the expiry date on notice to the Warrant holders if the closing price of its common shares on a stock exchange in Canada is higher than $0.15 per common share for a period of 20 consecutive trading days after four months from the closing date of the Private Placement, in which case the Warrants will expire 30 days after the date on which such notice is given.

In connection with the Private Placement, the Corporation has paid an aggregate of $22,050 in finder's fees to certain arm's length parties, representing 6% of the proceeds received from subscribers that were introduced by such parties.

Private Placement #2 - Share swap agreement

On January 22, 2014, the Executive Chairman of the Corporation arranged the sale of 1,100,000 common shares ("Common Shares") at a price of $0.075 per Common Share to a third party through the facilities of the TSX Venture Exchange.

The proceeds of this sale were used by the Executive Chairman to subscribe 1,100,000 units of the Corporation ("Units") at a price of $0.075 per Unit on a private placement basis. Each Unit includes one Common Share and one transferable Common Share purchase warrant ("Warrant"). Each Warrant entitles the holder thereof to purchase one Common Share of the Corporation for a period of 24 months at a price of $0.125 per Common Share.

Private Placement #3

On May 16, 2014, the Corporation closed a non-brokered private placement (the "Private Placement") of 10,257,166 units (the "Units") at a price of $0.12 per Unit for gross proceeds of $1,230,860. Each Unit consists of one common share of the Corporation and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one common share of the Corporation at a price of $0.20 per common share until May 15, 2019.

In connection with the Private Placement, the Corporation has: (i) paid an aggregate of $62,086 in finder's fees to certain arm's length parties, representing 6% of the proceeds received from subscribers that were introduced by such parties; and (ii) issued an aggregate of 517,380 warrants (the "Finder's Warrants") to purchase 517,380 common shares of the Corporation, representing 6% of the Units that were sold to subscribers introduced by such parties. The Finder's Warrants have the same terms as the Warrants.

(Stated in Canadian Dollars)

iii. Warrants

The following table reflects the continuity of warrants as at March 31, 2015:

Expiry Date	**Exercise Price $**	**Opening Balance #**	**Warrants Issued #**	**Warrants Exercised #**	**Warrants Expired #**	**Closing Balance #**
January 20, 2015*	0.125	5,150,000	-	-	(5,150,000)	**-**
January 22, 2016	0.125	1,100,000	-	-	-	**1,100,000**
February 24, 2017	0.080	-	6,362,500	-	-	**6,362,500**
February 24, 2017**	0.080	-	393,000	-	-	**393,000**
May 15, 2019	0.200	10,257,166	-	-	-	**10,257,166**
May 15, 2019**	0.200	517,380	-	-	-	**517,380**
		17,024,546	6,755,500	-	(5,150,000)	**18,630,046**
Weighted average exercise price		0.172	0.080	-	0.125	**0.152**

*The Corporation had the right to accelerate expiry date on notice to warrant holders if the closing price of its common shares on a stock exchange in Canada was higher than $0.15 per common share for a period of 20 consecutive trading days four months from January 20, 2014, in which case the Warrants would have expired 30 days after the date on which notice is given.
** Finder's warrants.

The following table reflects the continuity of warrants as at June 30, 2014:

Expiry Date	**Exercise Price $**	**Opening Balance #**	**Warrants Issued #**	**Warrants Exercised #**	**Warrants Expired #**	**Closing Balance #**
January 20, 2015*	0.125	-	5,150,000	-	-	**5,150,000**
February 07, 2016	0.125	-	1,100,000	-	-	**1,100,000**
May 15, 2019	0.200	-	10,257,166	-	-	**10,257,166**
May 15, 2019**	0.200	-	517,380	-	-	**517,380**
		-	17,024,546	-	-	**17,024,546**
Weighted average exercise price		-	0.172	-	-	**0.172**

*The Corporation has the right to accelerate expiry date on notice to warrant holders if the closing price of its common shares on a stock exchange in Canada is higher than $0.15 per common share for a period of 20 consecutive trading days four months from January 20, 2014, in which case the Warrants will expire 30 days after the date on which notice is given.
** Finder's warrants.

The fair value of the finder's warrants were estimated using the Black-Scholes option pricing model, with the following assumptions:

	2015	2014
Risk-free interest rate	**-**	1.5979 %
Annualized volatility***	**-**	170.32%
Expected dividend	**NIL**	NIL
Expected warrant life in years	**-**	5

*** Volatility was estimated based on the historical share price of the Corporation.

(Stated in Canadian Dollars)

iv. Share purchase option compensation plan

The Corporation has a share incentive plan (the "Plan") which is restricted to directors, officers, key employees and consultants of the Corporation. The number of common shares subject to options granted under the Plan (and under all other management options and employee stock purchase plans) is limited to 10% in the aggregate and 5% with respect to any one optionee of the number of issued and outstanding common shares of the Corporation at the date of the grant of the option. Options issued under the Plan may be exercised during a period determined by the Board of Directors which cannot exceed ten years.

The following table reflects the stock options outstanding as at March 31, 2015:

Expiry Date	Exercise Price	Opening Balance	Granted	Exercised	Expired/ Cancelled	Closing Balance
	$	#	#	#	#	#
September 15, 2014	0.300	500,000	-	-	(500,000)	-
January 14, 2015	0.270	75,000	-	-	(75,000)	-
October 18, 2015	0.280	530,000	-	-	-	530,000
July 08, 2016	0.350	657,500	-	-	-	657,500
November 21, 2016	0.350	50,000	-	-	-	50,000
August 29, 2017	0.200	575,000	-	-	-	575,000
June 20, 2019	0.135	4,455,000	-	-	-	4,455,000
March 20, 2020	0.080	-	2,300,000	-	-	2,300,000
		6,842,500	2,300,000	-	(575,000)	8,567,500
Weighted average exercise price		0.187	0.080	-	0.296	0.151

The Corporation applies the fair value method of accounting for all stock based compensation awards and accordingly, $128,800 was recorded as compensation as there were no options vesting during the period (2014 - $Nil was recorded as compensation during the period). As of March 31, 2015 there were no unvested stock options (2014 - Nil unvested).

For purposes of the options granted, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions:

	2015	2014
Risk-free interest rate	**1.3523%**	1.6743%
Annualized volatility*	**166.13%**	169.34%
Expected dividend	**NIL**	NIL
Expected option life in years	**5**	5

*Volatility was estimated based on the historical share price of the Corporation.

(Stated in Canadian Dollars)

9. LOSS PER SHARE

The basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Fully diluted loss per share is the same as basic loss per share. The effect of common share purchase options and warrants on the net loss is not reflected as to do so would be anti-dilutive.

The following table sets forth the computation of basic and diluted loss per share:

	2015	2014
Numerator:		
Net loss	**(704,644)**	(1,147,379)
Denominator:		
Weighted average number of common shares	**75,758,857**	57,626,235
Basic and diluted loss per share	**(0.01)**	(0.02)

10. RELATED PARTY TRANSACTIONS

The Corporation's related parties include directors and key management personnel and entities over which they have control or significant influence as described below.

	Nature of transactions
DRAX Services Limited	Corporate secretarial and filing services
0702232 B.C. Ltd. (o/a D. Baker Capital Limited)	Investor relations, consulting and office rental

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash. The following are the related party transactions, recorded at the exchange amount as agreed to by the parties:

(a) Included in general and administrative expenses are amounts totaling $6,669 (2014 - $6,955) for corporate secretarial and filing services provided by DRAX Services Limited, a company related to the Corporation through Shaun Drake, Corporate Secretary of the Corporation.

(b) Included in general and administrative expenditures are amounts totaling $12,857 (2014 - $Nil) for office rental and $67,500 (2014 - $Nil) for investor relations and consulting services provided by 0702232 B.C. Ltd. (o/a D. Baker Capital Limited), a company related to the Corporation through David Baker, Chairman and director of the Corporation.

(Stated in Canadian Dollars)

Transactions with key management personnel

Key management personnel remuneration includes the following expenses:

	March 31, 2015	March 31, 2014
	$	$
Salary and wages	**75,896**	100,520
Share-based payments	**40,040**	-
Other compensation	**3,800**	4,207
	119,736	104,727

11. COMMITMENTS

The Corporation has commitments relating to an office lease, which includes rent, common costs, and co-op costs, expiring June 2017. The annual payments for the next 3 fiscal years, net of sublet revenues, are as follows:

	$
2015	7,994
2016	41,718
2017	41,718
	91,430

12. FINANCIAL INSTRUMENTS AND RELATED RISKS

The Corporation's operations include the acquisition and exploration of mineral properties in Mexico. The Corporation examines the various financial risks to which it is exposed and assesses the impact and likelihood of occurrence. These risks may include credit risk, liquidity risk, currency risk, interest rate risk and other risks. Where material, these risks are reviewed and monitored by the Board of Directors.

[a] Credit risk
Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Corporation by those counterparties, less any amounts owed to the counterparty by the Corporation where a legal right of set-off exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

i) Trade credit risk
The Corporation is in the exploration stage and has not yet commenced commercial production or sales. Therefore, the Corporation is not exposed to significant credit risk and overall the Corporation's credit risk has not changed significantly from the prior period.

ii) Cash and cash equivalents
In order to manage credit and liquidity risk the Corporation invests only in highly rated investment grade instruments that have maturities of three months or less. Limits are also established based on the type of investment, the counterparty and the credit rate.

iii) Derivative financial instruments
As at March 31, 2015, the Corporation has no derivative financial instruments. It may in the future enter into derivative financial instruments and in order to manage credit risk, it will only enter into derivative financial instruments with highly rate investment grade counterparties.

[b] Liquidity risk
Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk through the management of its capital structure. At March 31, 2015 the Corporation had a working capital balance of $867,417 which is sufficient to meet its upcoming liabilities.

Accounts payable and accrued liabilities are due within the current operating period.

[c] Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Corporation will realize a significant loss as a result of a decline in the fair market value of investments and other items held within cash and cash equivalents is limited given that the majority of investments have a relatively short maturity. The Corporation manages its interest rate risk with investments by investing the majority of funds in short-term investments and therefore is not exposed to significant fluctuations in interest rates.

[d] Currency risk
The Corporation is exposed to the financial risk related to the fluctuation of foreign exchange rates. The functional and reporting currency of the Corporation is the Canadian dollar. The functional currency of the subsidiary is the Mexican Peso. As at March 31, 2015, there are no significant financial instruments denominated in Mexican Pesos. Changes in the currency exchange rates between the Canadian dollar relative to Mexican Pesos could have an effect on the Corporation's results of operations, financial position or cash flows. The Corporation has not hedged its exposure to currency fluctuations. At March 31, 2015 a 100 basis point decrease/increase in the Mexican Peso would result in a foreign exchange gain/loss of CDN$7,059.

The Corporation does not invest in derivatives to mitigate these risks.

13. MANAGEMENT OF CAPITAL RISK

The Corporation manages its common shares, stock options and warrants as capital. The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going-concern in order to pursue the exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares and, acquire or dispose of mineral properties.

In order to maximize ongoing exploration efforts, the Corporation does not pay out dividends. The Corporation's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with short-term maturities, selected with regard to the expected timing of expenditures from continuing operations.

14. SUBSEQUENT EVENT

Extension of Las Minas option agreement to 2017

On April 23, 2015 the Corporation signed a two year extension to its option agreement to acquire the Pueblo Nuevo and La Luz 1 concessions located at its Las Minas property. These concessions are part of the concessions held under option or wholly owned by Roca Verde, (the wholly-owned subsidiary of Source) at Las Minas, Veracruz State, Mexico.

The new agreement extends the term of the option agreement by an additional two years to May 3, 2017. Scheduled payments per the terms of the agreement are as follows:

- US $12,500 cash consideration and $12,500 in common shares of Source as soon as is practicable following acceptance of the extension of the option agreement by the TSX Venture Exchange (the "TSX-V")
- US $12,500 cash consideration and US $12,500 in common shares of Source on April 22, 2016
- Final option payment due on May 3, 2015 extended to May 3, 2017 and reduced from us $500,000 to US $150,000.

All payments are subject to VAT (Value Added Tax). All other terms of the original agreement remain unchanged.