REVELO

RESOURCES CORP.

CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2016 AND 2015

(Expressed in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Revelo Resources Corp.

We have audited the accompanying consolidated financial statements of Revelo Resources Corp., which comprise the consolidated statements of financial position as at January 31, 2016 and 2015 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Revelo Resources Corp. as at January 31, 2016 and 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

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Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Revelo Resources Corp.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

May 9, 2016

REVELO RESOURCES CORP. (formerly Iron Creek Capital Corp.)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

	January 31, 2016	January 31, 2015
ASSETS		
Current assets		
Cash	$ 2,065,584	$ 2,327,870
Receivables (Note 4)	60,714	425,981
Marketable securities (Note 5)	52,267	742,404
Prepaid expenses and deposits	35,366	8,416
Total current assets	2,213,931	3,504,671
Non-current assets		
Exploration and evaluation assets (Note 6)	5,131,847	4,693,759
Property and equipment (Note 8)	152,011	65,200
Total non-current assets	5,283,858	4,758,959
TOTAL ASSETS	7,497,789	8,263,630
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	259,677	352,145
Due to related parties (Note 9)	51,462	27,085
TOTAL LIABILITIES	311,139	379,230
EQUITY		
Share capital (Note 10)	22,103,977	21,279,146
Reserves	6,159,141	5,769,888
Deficit	(21,076,468)	(19,164,634)
TOTAL EQUITY	7,186,650	7,884,400
TOTAL LIABILITIES AND EQUITY	$ 7,497,789	$ 8,263,630

Nature of Operations and Ability to Continue as a Going Concern (Note 1)

Event after the Reporting Date (Note 16)

These consolidated financial statements were authorized for issuance by the Board of Directors on May 9, 2016.

Approved on behalf of the Board of Directors

"Michael Winn" , Director   *"Timothy Beale"* , Director

REVELO RESOURCES CORP. (formerly Iron Creek Capital Corp.)

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

	Year ended January 31, 2016	Year ended January 31, 2015
EXPLORATION EXPENDITURES (Note 7)	$ 2,209,659	$ 1,378,142
Less: Recoveries	-	(100,839)
Net Exploration expenditures (Note 7)	2,209,659	1,277,303
GENERAL AND ADMINISTRATIVE EXPENSES		
Administration	103,500	62,138
Amortization (Note 8)	23,154	25,160
Consulting fees	109,169	126,913
Investor relations and shareholder information	98,674	76,773
Management compensation (Note 9)	670,314	472,376
Professional fees	104,182	63,241
Share-based compensation (Note 9)	68,947	425,809
Transfer agent and regulatory fees	32,328	71,673
Travel	45,048	79,253
Total general and administrative expenses	1,255,316	1,403,336
Loss from operations	(3,464,975)	(2,680,639)
Foreign exchange gain (loss)	403,886	(53,511)
Impairment of accounts receivable (Note 4)	(396,266)	-
Unrealized gain (loss) on marketable securities (Note 5)	13,067	(686,976)
Gain on sale of marketable securities (Note 5)	1,415,301	-
Gain on sale of exploration and evaluation assets (Note 6)	63,357	-
Gain on derecognition and sale of property and equipment (Note 8)	10,013	-
Gain on derecognition of accounts payable and accrued liabilities, and current assets (Note 4)	57,513	-
Interest income	9,209	36,933
Loss before income taxes	(1,888,895)	(3,384,193)
Income tax expense (Note 15)	(22,939)	(31,859)
Loss and comprehensive loss for the year	$ (1,911,834)	$ (3,416,052)
Basic and diluted loss per common share	$ (0.02)	$ (0.09)
Weighted average number of common shares outstanding	96,046,809	38,162,523

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

REVELO RESOURCES CORP. (formerly Iron Creek Capital Corp.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars)

	Year ended January 31, 2016	Year ended January 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (1,911,834)	$ (3,416,052)
Items not affecting cash:		
Amortization (Note 8)	23,154	25,160
Share-based compensation	68,947	425,809
Impairment of accounts receivable (Note 4)	396,266	-
Unrealized gain (loss) on marketable securities (Note 5)	(13,067)	686,976
Gain on sale of marketable securities (Note 5)	(1,415,301)	-
Gain on sale of exploration and evaluation assets (Note 6)	(63,357)	-
Gain on derecognition and sale of property and equipment (Note 8)	(10,013)	-
Gain on derecognition of accounts payable and accrued liabilities, and current assets (Note 4)	(57,513)	-
Changes in non-cash working capital items:		
Receivables	(36,470)	(31,231)
Prepaid expenses and deposits	(43,925)	10,799
Accounts payable and accrued liabilities	(12,509)	888
Due to related parties	24,377	(629,231)
Net cash used in operating activities	(3,051,245)	(2,926,882)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash acquired from acquisition (Note 3)	-	92,849
Acquisition costs (Note 3)	-	(385,747)
Proceeds from sale of marketable securities	2,157,705	-
Acquisition costs for exploration and evaluation assets	(35,995)	
Proceeds from sale of exploration and evaluation assets	24,157	-
Proceeds from sale of property and equipment	11,311	-
Purchase of property and equipment	(111,263)	-
Net cash provided by (used in) investing activities	2,045,915	(292,898)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common shares, net	743,044	5,546,560
Net cash provided by financing activities	743,044	5,546,560
Net change in cash during the year	(262,286)	2,326,780
Cash, beginning of year	2,327,870	1,090
Cash, end of year	$ 2,065,584	$ 2,327,870

Supplementary Cash Flow Information (Note 14)

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

REVELO RESOURCES CORP. (formerly Iron Creek Capital Corp.)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian Dollars)

	Number of common shares		Share Capital		Reserves		Deficit		Total Equity
Balance as at January 31, 2014	7,612,321	$	12,987,846	$	2,862,066	$	(15,748,582)	$	101,330
Private placement at $0.21 per share	26,606,762		3,512,811		2,074,609		-		5,587,420
Finders' fees in units	927,014		122,391		72,282		-		194,673
Shares issued for exploration and evaluation assets (Notes 6 and 10)	3,479,464		800,277		-		-		800,277
Shares issued for acquisition (Notes 3 and 10)	52,784,360		4,222,749		-		-		4,222,749
Share issuance costs in units	-		(194,673)		-		-		(194,673)
Share issuance costs in finders' warrants	-		(131,395)		131,395		-		-
Share issuance costs in cash	-		(40,860)		-		-		(40,860)
Fair value of PSR replacement options	-		-		184,086		-		184,086
Fair value of PSR replacement warrants	-		-		19,641		-		19,641
Share-based payments	-		-		425,809		-		425,809
Loss for the year	-		-		-		(3,416,052)		(3,416,052)
Balance as at January 31, 2015	91,409,921		21,279,146		5,769,888		(19,164,634)		7,884,400
Private placement at $0.15 per share	5,000,000		448,694		301,306		-		750,000
Shares and warrants issued for exploration and evaluation assets (Notes 6 and 10)	3,775,773		383,093		19,000		-		402,093
Share issuance costs in cash	-		(6,956)		-		-		(6,956)
Share-based payments	-		-		68,947		-		68,947
Loss for the year	-		-		-		(1,911,834)		(1,911,834)
Balance as at January 31, 2016	100,185,694	$	22,103,977	$	6,159,141	$	(21,076,468)	$	7,186,650

1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

Revelo Resources Corp. (the "Company" or "Revelo"), formerly Iron Creek Capital Corp. ("Iron Creek"), was incorporated on September 14, 2006, under the Business Corporations Act (Alberta) and continued into British Columbia on June 25, 2008. The Company's head office address is Suite 501 – 543 Granville Street, Vancouver, BC V6C 1X8, Canada. Revelo is a publicly traded company, listed on the TSX Venture Exchange ("TSX-V") under the trading symbol RVL. The Company's principal business activities are the acquisition and exploration of mineral properties in Chile.

On December 16, 2014 Iron Creek completed a Plan of Arrangement (the "Arrangement") involving Polar Star Mining Corporation ("Polar Star"). In connection with the Arrangement, Polar Star common shares were de-listed from the Toronto Stock Exchange (the "TSX"), and an application was made for Polar Star to cease to be a reporting issuer in the applicable jurisdictions. Following the Arrangement, Iron Creek changed its name to Revelo Resources Corp.

In an effort to facilitate greater flexibility in pursuing its plans to advance its projects and to conclude any additional financings required by the Company, effective April 14, 2014, the Company completed a share consolidation on a basis of seven pre-consolidation shares for one post-consolidation share (Note 10). On the share consolidation date, the number of pre-consolidation common shares was 53,286,239. The share consolidation resulted in the number of post-consolidation common shares of 7,612,321. As required by International Accounting Standard ("IAS") 33, *Earnings per Share*, all references to share capital, common shares outstanding and per share amounts in these consolidated financial statements and the accompanying notes for time periods prior to the share consolidation have been restated to reflect the seven for one share consolidation.

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from the carrying values shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company's continuing operations and the ability of the Company to meet mineral property and other commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing and to find joint venture partners. At the date of these consolidated financial statements, the Company has not identified a known body of commercial grade mineral on any of its properties. At January 31, 2016, the Company has not achieved profitable operations and has accumulated losses since inception.

With its current plans for the year and the budgets associated with those plans, in order to continue funding its administrative and exploration expenditures from the date of these financial statements, the Company will need to obtain additional cash and anticipates either financing or selling one or more of its assets. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Measurement and Presentation

These consolidated financial statements have been prepared on a historical cost basis except for assets measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. These consolidated financial statements are presented in Canadian dollars ("CAD").

Basis of Consolidation

These consolidated financial statements comprise the accounts of the parent company, and its subsidiaries, after the elimination of all material intercompany balances and transactions.

Subsidiaries

Subsidiaries are all entities over which the Company has exposure to variable returns from its involvement and has the ability to use power over the investee to affect its returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases.

The accounts of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Inter-company transactions, balances and unrealized gains or losses on transactions are eliminated. The Company's principal subsidiaries are as follows:

Name	Principal Activity	Place of incorporation	Ownership %
Iron Creek Holdings (BVI) Ltd.	Holding company	British Virgin Islands	100%
Iron Creek Chile (BVI) Ltd.	Holding company	British Virgin Islands	100%
Iron Creek Mena (BVI) Ltd.	Holding company	British Virgin Islands	100%
PSM Exploration Inc.	Holding company	Canada	100%
Celeste Uranium (Barbados) Ltd.	Holding company	Barbados	100%
Serena Mining (Barbados) Ltd.	Holding company	Barbados	100%
Minera Mena Chile Ltda.	Exploration company	Chile	100%
SCM Pampa Buenos Aires Ltda.	Exploration company	Chile	100%
TVF Exploraciones SpA	Exploration company	Chile	100%
Minera Celeste Chile Ltda.	Exploration company	Chile	100%
Minera Serena Mining Chile Ltda.	Exploration company	Chile	100%

Foreign Currency Translation

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency for the Company and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates.*

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the reporting date while non-

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency Translation (continued)

monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of loss and comprehensive loss.

Financial Instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss (“FVTPL”) - This category comprises financial assets acquired or incurred principally for the purpose of selling or repurchasing them in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the consolidated statement of loss and comprehensive loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

A financial asset is derecognized when the contractual right of the asset’s cash flows expires or if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

Impairment of financial assets

All financial assets except those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. For loans and receivables objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or,
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

The Company classifies its financial liabilities as other financial liabilities. Other financial liabilities include accounts payable and accrued liabilities and due to related parties, all of which are recognized at amortized cost.

Property and Equipment

Property and equipment is recorded at cost and amortized over its estimated useful life using the following methods:

Field equipment	20% declining balance method
Furniture and equipment	20% declining balance method
Computer equipment	30% declining balance method
Vehicles	5 year straight line method
Leasehold improvements	8 year straight line method

Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use, along with the future cost of dismantling and removing the asset.

Exploration and Evaluation Assets

Upon acquiring legal title to explore, the acquisition of mineral property interests are initially measured at cost. Mineral property acquisition costs include the cash consideration and the fair market value of shares issued for mineral property interests pursuant to the terms of the relevant agreements.

Mineral property acquisition costs and development expenditures incurred subsequent to the determination of the feasibility of mining operations and approval of development by the Company are capitalized until the property to which they relate is placed into production, sold or allowed to lapse. These costs will be amortized over the estimated life of the mineral property following commencement of commercial production, or written off if the property is sold, allowed to lapse, or when an impairment of value has been determined to have occurred.

Exploration and evaluation costs incurred prior to determination of the feasibility of mining operations are expensed as incurred. Reimbursements of current period exploration and evaluation costs are recognized as a recovery. Reimbursements of previously expensed exploration and evaluation costs are recognized in profit or loss.

When there is little prospect of further work on a property being carried out by the Company or its partners, when a property is abandoned, or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management's estimate of their net recoverable amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Long-lived Assets

At the end of each reporting year, and when relevant triggering events and circumstances occur, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and the value in use. Fair value is determined as the price that would be paid to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of loss and comprehensive loss for the year. Impairment is normally assessed at a level of cash-generating units ("CGU"), which is identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of loss and comprehensive loss.

Restoration, Rehabilitation and Environmental Obligations

Restoration, rehabilitation and environmental obligations are recognized for the expected obligations related to the retirement of long-lived tangible assets that arise from the acquisition, construction, development or normal operation of such assets. A restoration, rehabilitation or environmental obligation is recognized in the period in which it is incurred and when a reasonable estimate of the fair value of the liability can be made with a corresponding cost recognized by increasing the carrying amount of the related long-lived asset. The restoration, rehabilitation or environmental cost is subsequently allocated in a rational and systematic method over the underlying asset's useful life. The initial fair value of the liability is accreted, by charges to operations, to its estimated future value. As at January 31, 2016 and 2015, the Company has no known restoration, rehabilitation or environmental obligations.

Share Capital

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete.

Transaction costs directly attributable to the issuance of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

The proceeds from the issue of the units is allocated between common shares and share purchase warrants on a pro-rata basis based on the relative fair values as follows: the fair value of the common shares is based on the market closing price on the date the units are issued and fair value of the share purchase warrants is determined using the Black-Scholes option pricing model.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to equity shareholders of the Company by the weighted average number of common shares issued and outstanding during the period. Diluted loss per share is calculated by adjusting the loss attributable to equity shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares. The calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Share-based Payments

The stock option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that have vested.

Income Taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statement of loss and comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Chief Executive Officer.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Accounting Estimates and Critical Judgements (continued)

The preparation of consolidated financial statements in conformance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant Accounting Estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

Estimated useful lives of property and equipment

The estimated useful lives of property and equipment, which is included in the consolidated statements of financial position, will impact the amount and timing of the related amortization included in profit or loss.

Share-based compensation

The fair value of stock options issued are subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices and option life, changes in subjective input assumptions can materially affect the fair value estimate.

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Critical Accounting Judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Functional currency

The Company applied judgment in determining its functional currency and the functional currency of its subsidiaries. The functional currency was determined based on the currency in which funds are sourced and the degree of dependence of the subsidiary companies on the parent company for financial support.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Accounting Estimates and Critical Judgements (continued)

Exploration and evaluation assets

Management is required to make judgments on the status of each mineral property and the future plans with respect to finding commercial resources and/or reserves. The nature of exploration and evaluation activity is such that only a few projects are ultimately successful and some assets are likely to become impaired in future periods.

New and Future Accounting Standards

On February 1, 2015 the Company adopted IAS 32, *Financial Instruments: Presentation* ("IAS 32") which was amended to clarify requirements for offsetting of financial assets and financial liabilities. The Company has adopted the amendments to IAS 1 *Presentation of Financial Statements* ("IAS 1"). These amendments required the Company to group other comprehensive income items by those that will be reclassified subsequently to profit or loss and those that will not be reclassified. These changes did not result in any adjustments to the Company's consolidated financial statements.

Future Accounting Pronouncements

IFRS 9, *Financial Instruments* ("IFRS 9"), addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. The new standard states that an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income or loss section of the entity's statement of comprehensive loss, rather than within profit or loss. Additionally, IFRS 9 includes revised guidance related to derecognition of financial instruments. IFRS 9 applies to financial statements for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") supersedes IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers*, and SIC 31 *Revenue - Barter Transactions involving Advertising Services*. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

IFRS 16 *Leases* ("IFRS 16") specifies how an issuer will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less, or the underlying asset has an insignificant value. IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after January 1, 2019.

The Company is currently evaluating the impact of all the new standards on its consolidated financial statements.

(Expressed in Canadian dollars)

3. ACQUISITION OF POLAR STAR MINING CORPORATION

Polar Star Mining Corporation ("Polar Star") was a publicly traded corporation, with its shares listed on the TSX, continued under the Canada Business Corporations Act ("CBCA") and was an enterprise which was participating in the acquisition, exploration and development of mineral claims in Chile.

Pursuant to the Plan of Arrangement dated October 28, 2014 (the "Arrangement"), the Company acquired all of the issued and outstanding common shares of Polar Star on December 16, 2014 in consideration of 0.26 of each of the Company's common shares for each Polar Star common share issued and outstanding, which resulted in the issuance of 52,784,360 common shares of the Company. This transaction was treated as an asset acquisition.

In addition, outstanding options to purchase Polar Star common shares were converted into options to purchase Revelo shares, with appropriate adjustments to reflect the Share Exchange Ratio (0.26 Revelo common shares for each Polar Star common share), and outstanding warrants to purchase Polar Star shares, when exercised, will be exchanged into the number of Revelo shares in lieu of each Polar Star share to which such holder was theretofore entitled, with appropriate adjustments to reflect the Share Exchange Ratio.

Purchase Price:		
Fair value of 52,784,360 common share of Revelo issued	$	4,222,749
Fair value of additional obligation for 15,082,500 replacement options		184,086
Fair value of additional obligation for 5,555,555 replacement warrants		19,641
Transaction costs		418,723
Total purchase price	$	4,845,199

Purchase Price Allocation:		
Cash	$	92,849
Receivables		390,985
Prepaid expenses		5,492
Marketable securities		1,429,380
Exploration and evaluation assets		3,017,036
Accounts payable and accrued liabilities		(90,543)
Total purchase price allocated	$	4,845,199

The value of the Company's common shares was calculated based on the issuance of the Company's 52,784,360 common shares at a price per share of $0.08 which was the TSX-V closing price of the Company's common shares on December 16, 2014, the closing date of the Arrangement.

The fair value of the replacement options and warrants was estimated using the Black-Scholes option pricing model with weighted average assumptions as follows:

	Options	Warrants
Risk-free interest rate	1.00%	1.00%
Expected life	3.26 years	1.08 years
Expected volatility	159%	167%
Dividend yield	-	-

(Expressed in Canadian dollars)

4. RECEIVABLES

The Company's receivables arise from goods and services tax and harmonized sales taxes receivable from government taxation authorities, and recovery of exploration expenditures from joint venture partners, as follows:

		January 31, 2016		January 31, 2015
Refundable taxes	$	16,901	$	47,359
Recoverable exploration expenditures and advances		43,813		378,622
Receivables	$	60,714	$	425,981

Prior to the acquisition of Polar Star (Note 3), Polar Star sold certain assets to Xtract Resources Plc ("Xtract") creating a US$300,000 receivable. In December 2015, Xtract and Polar Star agreed to cancel any debt between the entities and the Company recorded an impairment of $396,266. Along with this receivable, as part of the acquisition of Polar Star the Company acquired certain current assets and liabilities in Chile. At the time of the settlement agreement, these assets and liabilities had been outstanding for greater than 2 years with no demand for repayment, and the Company recorded a gain of $57,513 on derecognition of these balances from the accounting records.

5. MARKETABLE SECURITIES

As at January 31, 2016 and 2015, the Company had the following investments:

		January 31, 2016		January 31, 2015
Cost	$	39,200	$	1,429,380
Accumulated unrealized gain (loss)		13,067		(686,976)
Fair value	$	52,267	$	742,404

During the year ended January 31, 2016, the Company sold certain marketable securities for total proceeds of $2,157,705 and recorded a gain of $1,415,301 on the sale of those securities. The Company also received marketable securities with a fair value of $39,200 related to the sale of Todd Creek (Note 6).

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS

	January 31, 2016	January 31, 2015
Las Pampas, Chile	$ 851,722	$ 851,722
Magallanes, Chile	12,888	12,888
T4, Chile	11,836	11,836
San Guillermo, Chile	240,080	320,110
Morros Blancos, Chile	80,030	-
Calvario, Chile	120,041	120,041
Mirador, Chile	120,042	120,042
Bronce Weste, Chile	80,028	80,028
San Valentino, Chile	120,041	120,041
Reina Hija, Chile	40,014	40,014
Montezuma, Chile	1,508,518	1,508,518
Los Azules, Chile	452,555	452,555
Block 2, Chile	75,000	100,000
Redondo-Veronica, Chile	25,000	-
Block 3 - Culebra, Chile	800,975	705,112
Block 4 - Anaconda, Chile	121,842	100,000
Limbo, Chile	75,426	75,426
Los Animas, Chile	75,426	75,426
Loro, Chile	31,550	-
Morsas, Chile	183,838	-
Reprado, Chile	104,995	-
Fair value	$ 5,131,847	$ 4,693,759

Sale of Todd Creek

In December 2015, the Company sold its 24.5% interest in the Todd Creek joint-venture project in the Stuart Gold camp area of British Columbia (Canada), to Millrock Resources Inc. (TSX-V: MRO) for a cash payment of $24,157 and 217,778 common shares in MRO valued at $39,200 ($0.18 per share). Todd Creek was acquired in the acquisition of Polar Star (Note 3.)

Las Pampas

As at January 31, 2016, the Company owns 100% of the Las Pampas property, comprising the consolidated properties previously named Pampa Buenos Aires and Pampa Sur properties. Hochschild Mining PLC (“Hochschild”) retains a 2% net smelter return (“NSR”) royalty on any and all future production from the Pampa Buenos Aires portion of the property. Tombstone Aruba A.V.V. retains a 2% NSR royalty on the Pampas Buenos Aires portion of the property which has a cap of US$5,000,000. The royalty cap is split between the Pampas Buenos Aires property and the Victoria property, whereby the royalty can be paid from either property or both.

In April 2014, the Company signed a definitive agreement with Kinross Minera Chile Limitada, a wholly owned subsidiary of Kinross Gold Corp. (collectively, “Kinross”), whereby Kinross had the sole and exclusive option and right to acquire up to a 75% undivided interest in the Las Pampas property by expending a total of US$25,000,000 over a 9 year 2 phase option period.

In January 2016, Kinross elected to withdraw from the option and joint venture.

6. EXPLORATION AND EVALUATION ASSETS (Continued)

Magallanes

The Company owns 100% of the Magallanes project which consists of certain exploration and exploitation concessions located in the Antofagasta region of northern Chile.

T4

The Company owns 100% of the T4 property which consists of certain exploration concessions located in the Antofagasta region of northern Chile.

Victoria

The Company retains an uncapped 2% NSR royalty on the exploration property in northern Chile known as Victoria, currently owned and operated by a subsidiary of Hochschild. Victoria is a large property that was previously subject to a joint venture agreement between the Company and Hochschild. During the year ended January 31, 2014 the Company exchanged its 33.88% ownership in SCM Victoria for Hochschild's 50% ownership in SMC Pampa Buenos Aires and recognized a gain on the exchange of property interests of $33,619.

San Guillermo, Morros Blancos, Calvario, Mirador, Bronce Weste, San Valentino, and Reina Hija

In June 2014, the Company completed the acquisition of a 100% interest in five properties from Minera Fuego Limitada, ("Fuego"), a privately owned Chilean exploration company, namely the San Guillermo, Calvario-Mirador, San Valentino, Bronce Weste and Reina Hija concessions, located in northern Chile. The Calvario-Mirador property was subsequently split into two separate properties, Calvario and Mirador, and San Guillermo was subsequently split into two separate properties, San Guillermo and Morros Blancos.

As consideration for the concessions, the Company issued 3,479,464 common shares valued at $800,277 and granted Fuego a 2% NSR royalty on precious metals and a 1% NSR royalty on base metals mined from the concessions. The Company has the perpetual right to acquire 50% of each of the NSR royalties on each property in consideration of a cash payment to Fuego of US$5,000,000, on a property by property basis. The value of the common shares was determined using the closing market price on the date of issuance, June 25, 2014. Management exercised judgment in allocating the total consideration of $800,277 to the six properties. The allocation was based on drilling results and other geological information that was available and in part based on the size of each of the concessions. $320,110 has been allocated to the San Guillermo concessions, which had by far the most drilling data and was the largest of the concessions. The other concessions: Calvario, Mirador, Bronce Weste, San Valentino, and Reina Hija were assigned lesser values as reported in the table above.

Additionally, subject to regulatory approval, the Company will issue a further 1,000,000 common shares to Fuego upon completion by the Company of its first feasibility study regarding a project to be developed on any of the five original properties.

Montezuma, Los Azules, Block 2, Redondo-Veronica, Block 3, Block 4, Limbo, and Las Animas

As part of the acquisition of Polar Star in December 2014, the Company acquired interests in eight exploration projects and existing option and project agreements. Management exercised judgment in allocating the total consideration of $3,017,036 allocated to the exploration projects (Note 3). The allocation was based on project advancement, partner funding and participation, drilling results and other geological information that was available and in part based on the size of each of the concessions. $1,508,518 has been allocated to the

6. EXPLORATION AND EVALUATION ASSETS (Continued)

Montezuma, Los Azules, Block 2, Redondo-Veronica, Block 3, Block 4, Limbo, and Las Animas (continued)

Montezuma concessions which had the most partner activity and project expenditures to date. The other concessions: Los Azules, Block 2, Redondo-Veronica, Block 3, Block 4, Limbo and Las Animas were assigned lesser values as reported in the table above.

Montezuma

On January 20, 2014, the Company (as Polar Star) entered into a Venture Agreement with Newmont Ventures Limited, a subsidiary of Newmont Mining Corporation (collectively “Newmont”), to explore, and if appropriate, develop the Montezuma project located in the Antofagasta and Calama districts of Chile. The Agreement allows Newmont to earn up to a 75% beneficial interest in the concessions via a three phase earn-in amounting to US$20,500,000 over a 7 year period if all phases are completed. The Company has the option to finance and therefore maintain its 25% beneficial interest through to production, or be diluted to a royalty interest. By forfeiting an additional 5% beneficial interest, the Company can elect for Newmont to finance the Company's portion of mine development cost through to production (the financing option). Newmont may accelerate the various earn-in phases. Newmont will act as the manager and operator of the joint venture.

In February 2015 Newmont gave notice to Revelo that it had completed the Phase 1 earn-in to 51% by funding and incurring an aggregate of more than US$2,500,000 in exploration expenditures over a period of not more than 2.5 years from the date of the agreement. Newmont also gave notice to Revelo that it had elected to continue to the Phase 2 earn-in to acquire an additional 14% beneficial interest (to 65% in total) by funding and incurring an additional US$5,500,000 in exploration expenditures over the next 2.5 years (Phase 2 earn-in). Should Newmont elect to continue to Phase 3 of the earn-in, it will be required to spend an additional US$12,500,000 over the 2 years following completion of Phase 2, in order to own a total 75% beneficial interest in the project.

Block 2, Redondo-Veronica, Block 3 and Block 4

In April 2012, the Company (as Polar Star) signed a definitive option and joint venture agreement with BHP Chile Inc., a wholly owned subsidiary of BHP Billiton (collectively, “BHPB”). According to the agreement, BHPB could earn a 51% beneficial interest in the Block 2, 3 and 4 projects (Phase 1 earn-in) by funding and incurring an aggregate of US$3,500,000 in exploration expenditures over 2.5 years from the date of the Block selection. BHPB would then have the option to acquire an additional 24% beneficial interest (to 75% in total) by funding and incurring an additional US$20,000,000 in exploration expenditures over the following 4.5 years (Phase 2 earn-in). Total expenditures to earn a 75% interest were thus US$23,500,000 over a period of 7 years.

In March 2015, Block 3 and 4, and a portion of Block 2 were returned by BHPB to Revelo. The Company has kept these projects in good standing and the section of Block 2 returned to the Company has been renamed Redondo-Veronica. Based on the geologic information to date, the Company allocated $75,000 of the original cost to the portion of Block 2 retained by BHPB and a value of $25,000 on the section renamed Redondo – Veronica. In August 2015, BHPB returned the remaining section of Block 2 to the Company. The definitive option and joint venture agreement with BHPB is consequently no longer effective and Revelo retains 100% control of the various property interests.

Los Azules, Limbo and Las Animas

Los Azules, Limbo and Las Animas are 100% owned tenements comprising both exploration and mining concessions.

6. EXPLORATION AND EVALUATION ASSETS (Continued)

Loro, Morsas, Culebra, and Anaconda

In July 2015, the Company completed the acquisition of a 100% interest in four properties from Altius Minerals Corporation's ("Altius") 49% owned Chilean subsidiary BLC SpA ("BLC"), namely the Loro, Morsas, Culebra, and Anaconda concessions, located in northern Chile. As consideration for the concessions, the Company issued 2,775,773 common shares valued at $333,093 and granted BLC a 2% NSR royalty from commercial production of precious metals and 1% NSR royalty from commercial production of base metals from each of the properties (the "Royalties"). Revelo will have the right to purchase one-half of the Royalties in respect of each of the properties for $5,000,000, which right will be exercisable at any time up to a period of 5 years following the commencement of commercial production of mineral products from each of the properties. The value of the common shares was based on the market closing price of $0.12/share on the date that the common shares were issued.

Management exercised judgment in allocating the total consideration of $333,093 to the 4 properties. The allocation was based on the size of each of the concessions and other geological information that was available.

Additionally, subject to regulatory approval, the Company will issue to BLC a further 500,000 common shares on completion of the first feasibility study on any one of the properties (in respect of all of the properties, no matter how many feasibility studies may be completed).

Reprado

In December 2015, the Company completed the acquisition of a 100% interest in the Reprado gold-silver project in Northern Chile from Teck Resources Chile Limitada ("Teck"), a subsidiary of Teck Resources Limited. As consideration for the concession, Revelo paid US$26,000 in cash and issued to Teck 1,000,000 common shares valued at $50,000 or $0.05 per share, and 1,000,000 Revelo share purchase warrants valued at $19,000 or $0.19/share. Each warrant entitles the holder to purchase one additional share for a period of two years at $0.20. Additionally, the Company granted to Teck a 1% NSR royalty on precious metals and a 0.5% NSR royalty on base metals produced from the project. The fair value of the common shares was based on the market closing price on the date the units were issued and fair value of the share purchase warrants was determined using the Black-Scholes option pricing model.

(Expressed in Canadian dollars)

7. EXPLORATION EXPENDITURES

During the year ended January 31, 2016, the Company incurred the following exploration expenditures, including regional exploration and property investigation costs, which were expensed as incurred:

	San Guillermo	Calvario	Mirador	Montezuma	Redondo-Veronica	Block 3 - Culebra	Block 4 - Anaconda	Los Azules	Las Animas	Regional project development	Total
Exploration field costs	$ 12,663	$ 5,838	$ 48,509	$ 3,063	$ 7,218	$ 10,374	$ 12,672	$ 15,180	$ 4,224	$ 75,356	$ 195,097
Legal and accounting	7,340	3,318	11,202	33,928	7,758	10,247	11,600	12,207	9,219	217,200	324,019
Office and administration	27,926	7,768	13,868	8,557	15,358	20,286	16,186	12,632	10,241	89,556	222,378
Property maintenance	139,579	36,192	30,287	19,697	84,629	111,787	86,335	54,545	49,241	144,681	756,973
Salaries and benefits	96,418	25,836	38,433	17,958	32,231	42,572	33,969	26,244	21,277	272,351	607,289
Travel	979	1,855	11,689	259	756	1,051	1,241	7,412	307	78,354	103,903
Net Expenditures	$ 284,905	$ 80,807	$ 153,988	$ 83,462	$ 147,950	$ 196,317	$ 162,003	$ 128,220	$ 94,509	$ 877,498	$ 2,209,659

During the year ended January 31, 2015, the Company incurred the following exploration expenditures, including regional exploration and property investigation costs, which were expensed as incurred:

	San Guillermo	Calvario	Mirador	Bronce Weste	Reina Hija	Las Pampas	Magallanes	Las Pampas	T4	Regional project development	Total
Exploration field costs	$ 34,618	$ 28,586	$ 15,600	$ 18,230	$ 3,294	$ -	$ 25,337	$ 15,180	$ 4,224	$ 81,356	$ 226,425
Legal and accounting	-	-	-	-	-	3,686	-	12,087	9,121	87,038	111,932
Office and administration	-	-	-	-	-	4,242	-	12,171	9,868	123,147	149,428
Property maintenance	143,553	26,737	23,565	31,168	17,693	80,957	-	54,545	49,241	(76,871)	350,588
Salaries and benefits	108,822	30,416	-	4,304	32,003	20,736	-	25,244	20,466	268,796	510,787
Travel	976	4,696	1,009	-	1,697	175	-	7,397	295	12,737	28,982
Net Expenditures	287,969	90,435	40,174	53,702	54,687	109,796	25,337	126,624	93,215	496,203	1,378,142
Recoveries	-	-	-	-	-	(72,968)	(27,871)	-	-	-	(100,839)
Net Expenditures	$ 287,969	$ 90,435	$ 40,174	$ 53,702	$ 54,687	$ 36,828	$ (2,534)	$ 126,624	$ 93,215	$ 496,203	$ 1,277,303

(Expressed in Canadian dollars)

8. PROPERTY AND EQUIPMENT

	Field equipment	Furniture and equipment	Computer equipment	Vehicles	Leasehold improvements	Total
Cost						
As at January 31, 2014 and 2015	$ 102,905	$ 24,514	$ 21,838	$ 25,958	$ 29,617	$ 204,832
Additions	-	-	-	111,263	-	111,263
Disposals and sales	-	-	-	(25,958)	-	(25,958)
As at January 31, 2016	102,905	24,514	21,838	111,263	29,617	290,137
Accumulated amortization						
As at January 31, 2014	51,872	10,396	12,424	14,278	25,502	114,472
Additions	10,205	2,824	2,824	5,192	4,115	25,160
As at January 31, 2015	62,077	13,220	15,248	19,470	29,617	139,632
Additions	8,165	2,259	1,976	10,754	-	23,154
Disposals and sales	-	-	-	(24,660)	-	(24,660)
As at January 31, 2016	70,242	15,479	17,224	5,564	29,617	138,126
Net book value						
As at January 31, 2015	$ 40,828	$ 11,294	$ 6,590	$ 6,488	$ -	$ 65,200
As at January 31, 2016	$ 32,663	$ 9,035	$ 4,614	$ 105,699	$ -	$ 152,011

During the year ended January 31, 2016, the Company sold two vehicles for proceeds of $11,311, and realized a net gain of $10,013.

9. RELATED PARTY TRANSACTIONS AND BALANCES

The Company entered into the following transactions with key management personnel. The aggregate value of these transactions and outstanding balances are as follows:

	Year ended January 31, 2016	Year ended January 31, 2015
Management		
Management fees	$ 661,209	$ 507,261
Share-based payments	68,947	170,448
Directors		
Directors' fees	72,000	86,082
Share-based payments	-	136,358
	$ 802,156	$ 900,149

(Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Amounts due to related parties as of January 31, 2016 and January 31, 2015 are as follows:

Related party liabilities	Items or services	Year ended January 31, 2016	Year ended January 31, 2015
Seabord Services Corp.	Management fees and advances	$ 10,244	$ 11,006
President	Compensation	23,218	-
Various directors	Directors' fees	18,000	16,079
		$ 51,462	$ 27,085

Seabord Services Corp. ("Seabord") is a management services company controlled by a director of the Company. Seabord provides the following services: a Chief Financial Officer ("CFO"), a Corporate Secretary, Investor Relations management, accounting and administration staff, and office space to the Company. The CFO and Corporate Secretary are employees of Seabord and are not paid directly by the Company. A company controlled by the President and Chief Executive Officer charges Revelo management fees for his services.

10. EQUITY

Authorized

As at January 31, 2016, the authorized share capital of the Company was an unlimited number of common shares and preferred shares without par value.

Share Capital

Effective April 14, 2014, the Company completed the consolidation of its issued and outstanding common shares on the basis of seven pre-consolidation common shares for one post-consolidation common share. As required by IAS 33, *Earnings per Share*, all information with respect to the number of common shares and issuance prices is presented on a post-consolidation basis.

For the year ended January 31, 2016

The Company completed a non-brokered private placement with the issuance of 5,000,000 units at $0.15 per unit for gross proceeds of $750,000 to BLC (Note 6). Each unit consisted of one common share and one non-transferable common share purchase warrant to purchase one common share for three years at $0.20. The Company also incurred $6,956 of share issuance costs paid in cash.

The gross proceeds of the private placement were allocated between the common shares and share purchase warrants using a pro-rata basis based on their relative fair values. The fair value of the common shares was based on the market closing price of $0.12/share on the date the units were issued, and the fair value of the share purchase warrant was determined using the Black-Scholes option pricing model with weighted average assumptions as follows: risk-free interest rate of 0.46%, dividend yield of 0%, volatility of 138% and an expected life of 3 years. The relative fair value method resulted in $448,694 recorded to share capital and $301,306 recorded to reserves.

The Company issued 2,775,773 common shares valued at $333,093 to BLC as consideration for the Loro, Morsas, Culebra, and Anaconda concessions (Note 6). The value of the common shares was based on the market closing price of $0.12/share on the date the common shares were issued.

10. EQUITY (Continued)

Share Capital (continued)

The Company issued 1,000,000 common shares valued at $50,000, and 1,000,000 warrants valued at $19,000 to Teck as consideration for the Reprado concessions (Note 5). The fair value of the common shares was based on the market closing price of $0.05/share on the date the units were issued, and the fair value of the share purchase warrant was determined using the Black-Scholes option pricing model with weighted average assumptions as follows: risk-free interest rate of 0.52%, dividend yield of 0%, volatility of 130% and an expected life of 2 years.

For the year ended January 31, 2015

The Company completed a non-brokered private placement with the issuance of 26,606,762 units at $0.21 per unit for gross proceeds of $5,587,420. Each unit was composed of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional share at $0.31 per share in the first 3 years and at $0.42 per share in the last 2 years.

The Company also issued 927,014 units and 927,014 non-transferable broker warrants as finders' fees. The finders' units have the same terms as the private placement units and the broker warrants have the same terms as the warrants in the private placement units. The Company also incurred $40,860 of share issuance costs paid in cash. The Company valued the finders' units at $0.21 per unit for total value of $194,673. The Company valued the finders' warrants at $131,395 using the Black-Scholes pricing model.

The gross proceeds of the private placement were allocated using the relative fair value method resulting in $3,512,811 recorded as share capital and $2,074,609 recorded as share-based payments reserve. The finders' units have also been allocated using the relative fair value method resulting in $122,391 recorded as share capital and $72,282 recorded as share-based payments reserve. The fair values of each warrant issued in the private placement, the warrants issued as part of finders' units and the finders' warrants issued were estimated as of the date of the issuance using the Black-Scholes pricing model with the following assumptions: risk-free interest rate of 1.71%, dividend yield of 0%, volatility of 79% and an expected life of 5 years. If the closing market price of the common shares on the TSX-V for a period of 20 consecutive trading days is $0.45 or greater during the first three years of the warrants, or $0.60 or greater during the last 2 years of the warrants, (an "Acceleration Triggering Event"), the Company may give written notice of acceleration to the warrant holders within 5 trading days of the Acceleration Triggering Event. The new warrant expiry date shall be 20 trading days after the date of the notice of acceleration.

The Company issued 3,479,464 common shares valued at $800,277 to Fuego as consideration for the San Guillermo, Calvario-Mirador, San Valentino, Bronce Weste and Reina Hija concessions (Note 6).

The Company issued 52,784,360 common shares valued at $4,222,749 as part consideration for the Polar Star acquisition (Note 3).

Stock Options

The Company has a formal stock option plan that was ratified and approved by the shareholders of the Company and accepted by the TSX-V in fiscal 2014 (the "Plan"). The Plan allows the Board of Directors to grant incentive stock options of up to 10% of its outstanding shares to officers, directors, employees and consultants. The exercise price of each option is to be not less than the closing market price of the Company's stock on the trading day prior to the date of grant. The vesting terms are determined at the time of the option grant. Options granted to investor relations personnel vest in accordance with TSX-V regulations. The options are granted for a maximum term of 5 years.

(Expressed in Canadian dollars)

10. EQUITY (Continued)

Stock Options (continued)

The changes in stock options outstanding are as follows:

	Number of Options	Weighted Average Exercise Price
Balance as at January 31, 2014	99,286	$ 2.76
Granted	6,916,450	0.75
Balance as at January 31, 2015	7,015,736	0.77
Granted	800,000	0.25
Expired	(1,121,486)	1.19
Balance as at January 31, 2016	6,694,250	$ 0.64
Exercisable as at January 31, 2016	6,694,250	$ 0.64

The following table summarizes the stock options outstanding and exercisable at January 31, 2016:

Date Granted	Expiry Date	Exercise Price	Number Outstanding	Number Exercisable
July 23, 2014	July 23, 2019 [(1)]	$ 0.25	2,745,000	2,745,000
December 16, 2014	December 31, 2017 [(2)]	2.88	295,750	295,750
December 16, 2014	December 31, 2017 [(3)]	1.92	422,500	422,500
December 16, 2014	December 31, 2017 [(4)]	0.77	845,000	845,000
December 16, 2014	July 23, 2018[(5)]	0.69	1,586,000	1,586,000
May 5, 2015	May 5, 2020	0.25	800,000	800,000
Total			6,694,250	6,694,250

[(1)] 5,000 expired unexercised subsequent to January 31, 2016
[(2)] 68,250 cancelled subsequent to January 31, 2016
[(3)] 97,500 cancelled subsequent to January 31, 2016
[(4)] 195,000 cancelled subsequent to January 31, 2016
[(5)] 936,000 cancelled subsequent to January 31, 2016

The weighted average remaining life of the stock options exercisable is 2.97 years (2015 – 3.17 years).

(Expressed in Canadian dollars)

10. EQUITY (continued)

Share Purchase Warrants

The changes in share purchase warrants outstanding are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance as at January 31, 2014	1,228,238	$ 0.70
Granted	29,905,234	0.34
Balance as at January 31, 2015	31,133,472	0.35
Granted	6,000,000	0.20
Expired	(2,672,682)	0.80
Balance as at January 31, 2016	34,460,790	$ 0.29

The following table summarizes the share purchase warrants outstanding and exercisable at January 31, 2016:

Date Isssued	Expiry Date	Exercise Price	Number Outstanding
April 17, 2014	April 17, 2019	(1)	28,460,790
July 3, 2015	July 3, 2018	0.20	5,000,000
December 15, 2015	December 15, 2017	0.20	1,000,000
Total			33,460,790

(1) Exercise price of $0.31 until April 17, 2017 and $0.42 until April 17, 2019

The weighted average remaining life of the share purchase warrants outstanding and exercisable is 3.06 years (2015 – 3.91 years).

Share-based Payments

During the year ended January 31, 2016, the Company recorded share-based payment expense of $68,947 (2015 - $425,809), which represents the fair value of options granted and accrued during the year with the offsetting amount credited to reserves.

The weighted average fair value of the stock options granted during the year ended January 31, 2016 was $0.09 per stock option (2015 - $0.14 per stock option). The fair value of stock options granted was estimated using the Black-Scholes option pricing model with weighted average assumptions as follows: risk-free interest rate of 0.71% (2015 - 1.47%), dividend yield of 0% (2015 – 0%), volatility of 129% (2015 - 118%) and an expected life of 5 years (2015 – 5 years).

11. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment, being the acquisition and exploration of mineral properties. Exploration and evaluation assets, exploration expenditures and property and equipment are located in Chile and substantially all of the Company's other assets and expenditures are located and incurred in Canada.

12. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial Risk Management

The Company's financial instruments are exposed to certain financial risks, which include currency risk, credit risk, liquidity risk and interest rate risk.

Credit Risk

Credit risk arises from cash as well as credit exposures to counterparties of outstanding receivables and committed transactions. There is no significant concentration of credit risk other than cash deposits and accounts receivable. The Company's cash deposits are primarily held with a Canadian chartered bank and receivables are considered collectable, as well as GST due from the federal government. Therefore credit risk is low.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to pay obligations as they fall due. Financial liabilities, at January 31, 2016, included $259,677 of accounts payable and accrued liabilities, and $51,462 of amounts due to related parties. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and Chile and a portion of the Company's expenses are incurred in U.S. dollars and Chilean pesos. A significant change in the currency exchange rates between the Canadian dollar relative to the U.S. dollar and Chilean peso would have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. As at January 31, 2016, the Company is exposed to currency risk through the following assets and liabilities denominated in U.S. dollars and Chilean pesos:

	U.S. Dollars	Chilean Pesos	Total
Cash	$ 1,273,890	$ 45,491,328	
Receivables	-	22,339,144	
Accounts payable and accrued liabilities	2,000	86,374,272	
Net exposure	1,275,890	154,204,744	
Canadian dollar equivalent	$ 1,783,694	$ 302,433	$ 2,086,128

Based on the above net exposures and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the U.S. dollar and Chilean peso would result in an increase/decrease of approximately $209,000 in the Company's pre-tax loss.

Interest Rate Risk

When the Company has sufficient cash, it is invested in term deposits which can be reinvested without penalty after thirty days should interest rates rise. As at January 31, 2016 and 2015, the Company did not have any interest-bearing loans. Accordingly, the Company does not have significant interest rate risk.

(Expressed in Canadian dollars)

12. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties. The Company relies mainly on equity issuances to raise new capital and on entering into joint venture agreements on certain properties which enables it to conserve capital and to reduce risk. In the management of capital, the Company includes the components of equity as well as cash. The Company prepares annual estimates of exploration and administrative expenditures and monitors actual expenditures compared to the estimates. The Company's investment policy is to invest its cash in savings accounts or highly liquid short-term deposits with terms of one year or less and which can be liquidated after thirty days without interest penalty. Management will need additional sources of working capital to continue its currently planned programs, by issuing new shares or the sale of assets.

13. FINANCIAL INSTRUMENTS BY CATEGORY

Fair Values

The Company's financial instruments consist of cash, receivables, marketable securities, accounts payable and accrued liabilities and due to related parties. Classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Company's designation of such instruments.

As at January 31, 2016 and 2015, the Company has made the following classifications for its financial instruments:

As at January 31, 2016	Fair value through profit and loss	Loans and receivables	Other financial liabilities	**Total**
Cash	$ -	$ 2,065,584	$ -	$ 2,065,584
Receivables	-	43,813	-	43,813
Marketable securities	52,267	-	-	52,267
Accounts payable and accrued liabilities	-	-	(259,677)	(259,677)
Due to related parties	-	-	(51,462)	(51,462)
	$ 52,267	$ 2,109,397	$ (311,139)	$ 1,850,525

As at January 31, 2015	Fair value through profit and loss	Loans and receivables	Other financial liabilities	**Total**
Cash	$ -	$ 2,327,870	$ -	$ 2,327,870
Receivables	-	378,622	-	378,622
Marketable securities	742,404	-	-	742,404
Accounts payable and accrued liabilities	-	-	(352,145)	(352,145)
Due to related parties	-	-	(27,085)	(27,085)
	$ 742,404	$ 2,706,492	$ (379,230)	$ 3,069,666

(Expressed in Canadian dollars)

13. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

Financial instruments measured at fair value on the statement of financial position are summarized into the following fair value hierarchy levels:

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
b) Level 2: 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).
c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments which are measured using the fair value hierarchy are as follows:

Financial assets	Level 1	Level 2	Level 3	Total
Cash	$ 2,065,584	$ -	$ -	$ 2,065,584
Marketable securities	52,267	-	-	52,267
	$ 2,117,851	$ -	$ -	$ 2,117,851

The carrying values of receivables, accounts payable and accrued liabilities, and due to related parties approximate their fair value because of the short-term nature of these instruments.

14. SUPPLEMENTARY CASH FLOW INFORMATION

The significant non-cash investing and financing transactions during the year ended January 31, 2016 included the issuance of 3,775,773 shares and 1,000,000 share purchase warrants valued at $383,093 and $19,000 respectively for the acquisition of exploration and evaluation assets.

The significant non-cash investing and financing transactions during the year ended January 31, 2015 included:

a) The issuance of 927,014 units as finders' fees (Note 10) valued at $194,673, of which $72,282 was allocated to share-based payments reserve and $122,391 to share capital, and 927,014 share purchase brokers' warrants valued at $131,395 as part of private placement finders' fees; and
b) The issuance of 3,479,464 common shares valued at $800,277 for the acquisition of exploration and evaluation assets.

15. INCOME TAXES

The provision for income taxes differs from the amount calculated using the Canadian federal and provincial statutory income tax rate of 26% (2015 – 25.8%) as follows:

	2016	2015
Loss for the year before income taxes	$ (1,888,895)	$ (3,384,193)
Expected income tax expense (recovery)	(491,112)	(879,889)
Permanent difference and other	(4,019,405)	(505,446)
Effect of lower tax rates in foreign jurisdictions	81,328	61,104
Changes in unrecognized deductible temporary difference	4,452,128	1,356,090
	$ 22,939	$ 31,859

(Expressed in Canadian dollars)

15. INCOME TAXES (Continued)

Significant components of the Company's unrecognized deferred tax assets are as follows:

	2016	2015
Deferred tax assets:		
Exploration and evaluation assets	$ 2,634,000	$ 2,239,000
Share issue costs and other	41,000	149,000
Non-capital losses available for future periods	6,364,000	2,198,000
Unrecognized deferred tax assets	$ 9,039,000	$ 4,586,000

The significant components of the Company's unrecognized temporary differences are as follows:

	Expiry date	2016	2015
Temporary differences:			
Exploration and evaluation assets	no expiry	$ 14,988,000	$ 13,372,000
Share issue costs and other	2037 to 2040	154,000	223,000
Non - capital losses avaialbe for future periods in Canada	2028 to 2036	6,211,000	5,320,000
Non - capital losses avaialbe for future periods in Chile	no expiry	$ 18,995,000	$ 3,257,000

Tax attributes are subject to review and potential adjustments by tax authorities.

16. EVENTS AFTER THE REPORTING DATE

Subsequent to the year ended January 31, 2016 the Company signed an option and sale agreement with Guanaco Cia. Minera SpA, a wholly owned Chilean subsidiary of Austral Gold Limited ("Austral"), whereby Austral will have the sole and exclusive option and right to acquire a 100% undivided interest in the Company's San Guillermo project by paying Revelo a total of US$2,650,000 over 3 years (out of which US$2,000,000 is an option payment in year 3 to fully acquire the project) plus spending US$3,000,000 on exploration over the same time frame of 3 years. The Company will also retain an NSR royalty on any future production from the project.