REVELO

RESOURCES CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

OCTOBER 31, 2016 AND 2015

(Unaudited - Expressed in Canadian dollars)

NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of Revelo Resources Corp. for the nine months ended October 31, 2016 and 2015 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed consolidated interim financial statements have not been reviewed by the Company's external auditors.

REVELO RESOURCES CORP.

(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	October 31, 2016	January 31, 2016
ASSETS		
Current assets		
Cash	$ 1,222,612	$ 2,065,584
Receivables	16,563	60,714
Marketable securities (Note 3)	93,645	52,267
Prepaid expenses and deposits	35,273	35,366
Total current assets	1,368,093	2,213,931
Non-current assets		
Investment in an associated entity (Note 4)	2,879,619	-
Exploration and evaluation assets (Note 5)	3,473,197	5,131,847
Property and equipment (Note 7)	127,801	152,011
Total non-current assets	6,480,617	5,283,858
TOTAL ASSETS	7,848,710	7,497,789
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	144,938	259,677
Due to related parties (Note 9)	19,527	51,462
TOTAL LIABILITIES	164,465	311,139
EQUITY		
Share capital (Note 8)	23,259,230	22,103,977
Reserves	7,192,621	6,159,141
Deficit	(22,767,606)	(21,076,468)
TOTAL EQUITY	7,684,245	7,186,650
TOTAL LIABILITIES AND EQUITY	$ 7,848,710	$ 7,497,789

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

These condensed consolidated interim financial statements were authorized for issuance by the Board of Directors on December 15, 2016.

Approved on behalf of the Board of Directors

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

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

REVELO RESOURCES CORP.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Comprehensive Income and Loss

(Unaudited - Expressed in Canadian dollars)

	Three months ended		Nine months ended	
	October 31, 2016	October 31, 2015	October 31, 2016	October 31, 2015
EXPLORATION EXPENDITURES (Note 6)	$ 529,531	$ 417,325	$ 2,084,044	$ 1,711,458
GENERAL AND ADMINISTRATIVE EXPENSES				
Administration	21,290	21,876	53,387	76,338
Amortization (Note 7)	7,973	4,398	24,210	13,192
Consulting fees (Note 9)	18,000	21,520	55,000	68,545
Investor relations and shareholder information	7,568	6,514	32,068	86,694
Management compensation (Note 9)	162,803	163,733	497,623	498,632
Professional fees	16,074	8,460	45,362	77,506
Share-based payments (Note 8)	168,163	-	168,163	68,947
Transfer agent and regulatory fees	11,383	5,712	32,598	30,946
Travel	4,285	2,466	19,063	28,833
Total general and administrative expenses	417,539	234,679	927,474	949,633
Loss from operations	(947,070)	(652,004)	(3,011,518)	(2,661,091)
Foreign exchange gain (loss)	16,121	7,103	(99,513)	230,973
Unrealized gain on marketable securities (Note 3)	(17,422)	-	41,378	-
Gain on sale of marketable securities (Note 3)	-	-	-	1,415,301
Gain on acquistion of an associated entity (Note 4)	-	-	1,602,454	-
Equity loss in an associated entity (Note 4)	(220,873)	-	(231,353)	-
Impairment of accounts receivable	-	-	-	(186,716)
Interest income	3,965	1,182	7,414	8,459
Loss, and comprehensive loss for the period	$ (1,165,279)	$ (643,719)	$ (1,691,138)	$ (1,193,074)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.01)
Weighted average number of common shares outstanding	128,486,027	96,481,077	111,030,712	94,827,843

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

REVELO RESOURCES CORP.

(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Nine months ended	
	October 31, 2016	October 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (1,691,138)	$ (1,193,074)
Items not affecting cash:		
Amortization (Note 7)	24,210	13,192
Unrealized gain on marketable securities (Note 3)	(41,378)	-
Gain on acquistion of an associated entity (Note 4)	(1,602,454)	-
Equity loss in an associated entity (Note 4)	231,353	-
Gain on sale of marketable securities (Note 3)	-	(1,415,301)
Share-based payments (Note 8)	168,163	68,947
Impairment of accounts receivable	-	186,716
Changes in non-cash working capital items:		
Receivables	44,151	(67,208)
Prepaid expenses and deposits	93	(48,189)
Accounts payable and accrued liabilities	(114,739)	(143,594)
Due to related parties	(31,935)	(1,882)
Net cash used in operating activities	(3,013,674)	(2,600,393)
CASH FLOWS FROM INVESTING ACTIVITIES		
Option payments received	150,132	-
Proceeds from sale of marketable securities	-	2,157,705
Net cash provided by investing activities	150,132	2,157,705
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of common shares	2,050,000	750,000
Share issuance costs	(29,430)	(6,956)
Net cash provided by financing activities	2,020,570	743,044
Net change in cash during the period	(842,972)	300,356
Cash, beginning of period	2,065,584	2,327,870
Cash, end of period	$ 1,222,612	$ 2,628,226

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

REVELO RESOURCES CORP.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited - Expressed in Canadian dollars)

	Number of common shares		Share Capital		Reserves		Deficit		Total Equity
Balance as at January 31, 2016	100,185,694	$	22,103,977	$	6,159,141	$	(21,076,468)	$	7,186,650
Private placement at $0.075 per share	27,333,333		1,268,871		781,129		-		2,050,000
Finders' fees in units	967,000		44,890		27,635		-		72,525
Share issuance costs in units	-		(72,525)		-		-		(72,525)
Share issuance costs in finders' warrants	-		(56,553)		56,553		-		-
Share issuance costs in cash	-		(29,430)		-		-		(29,430)
Share-based payments	-		-		168,163		-		168,163
Net loss for the period	-		-		-		(1,691,138)		(1,691,138)
Balance as at October 31, 2016	128,486,027	$	23,259,230	$	7,192,621	$	(22,767,606)	$	7,684,245

	Number of common shares		Share Capital		Reserves		Deficit		Total Equity
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 issued for exploration and evaluation assets	2,775,773		249,096		-		-		249,096
Share-based payments	-		-		68,947		-		68,947
Share issuance costs in cash	-		(6,956)		-		-		(6,956)
Net loss for the period	-		-		-		(1,193,074)		(1,193,074)
Balance as at October 31, 2015	99,185,694	$	21,969,980	$	6,140,141	$	(20,357,708)	$	7,752,413

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

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

Revelo Resources Corp. (the "Company" or "Revelo"), 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.

These condensed consolidated interim financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets, discharge its liabilities and continue in operation for the following twelve months.

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 October 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 condensed consolidated interim financial statements, the Company may need to obtain additional capital by either financing or selling one or more of its assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 using accounting policies consistent 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").

Basis of Measurement and Presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis using the accrual basis of accounting except for cash flow information. These condensed consolidated interim financial statements are presented in Canadian dollars ("CAD"), which is also the Company's functional currency.

Basis of Consolidation

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Significant Accounting Policies

The accounting policies applied by the Company in these unaudited condensed consolidated interim financial statements are consistent with those applied in its consolidated annual financial statements and related note disclosures as at and for the year ended January 31, 2016.

Effective February 1, 2016, the Company adopted the following accounting standards

Investments in Associated Companies

The Company accounts for its long-term investments in affiliated companies over which it has significant influence on the equity basis of accounting, whereby the investment is initially recorded at cost, adjusted to recognize the Company's share of earnings or losses and reduced by dividends received.

The Company assesses its equity investments for impairment if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the equity investment and that the event or events has an impact on the estimated future cash flow of the investment that can be reliably estimated. Objective evidence of impairment of equity investments includes:

- Significant financial difficulty of the associated companies;
- Becoming probable that the associated companies will enter bankruptcy or other financial reorganization; or,
- National or local economic conditions that correlate with defaults of the associated companies.

Classification of investments as subsidiaries, joint ventures, associated company and portfolio investments

Classification of investments requires judgement as to whether the Company controls, has joint control of or significant influence over the strategic financial and operating decisions relating to the activity of the investee. In assessing the level of control or influence that the Company has over an investment, management considers ownership percentages, board representation as well as other relevant provisions in shareholder agreements. If an investor holds 20% or more of the voting power of the investee, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the investor holds less than 20% of the voting power of the investee, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated.

(Unaudited - Expressed in Canadian dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Pronouncements not yet Effective

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.

Critical Accounting Judgments and Significant Estimates and Uncertainties

The critical judgments and estimates applied in the preparation of the Company's unaudited condensed interim consolidated financial statements for the nine months ended October 31, 2016 are consistent with those applied in the Company's January 31, 2016 audited consolidated financial statements.

3. MARKETABLE SECURITIES

As at October 31, 2016 and January 31, 2016, the Company had the following marketable securities:

	October 31, 2016	January 31, 2016
Cost	$ 39,200	$ 39,200
Accumulated unrealized gain	54,445	13,067
Fair value	$ 93,645	$ 52,267

During the nine months ended October 31, 2015 the Company disposed of certain marketable securities for net proceeds of $2,157,705 and recognized a gain on sale of $1,415,301.

(Unaudited - Expressed in Canadian dollars)

4. INVESTMENT IN AN ASSOCIATED ENTITY

In May 2016, through its wholly owned subsidiary, Minera Serena Mining Chile Ltda, the Company established a Chilean Joint Venture entity named Sociedad Contractual Minera Montezuma (“SCM”), and an associated Shareholder’s Agreement with Minera Newmont (Chile) Ltda. (“Newmont”), a subsidiary of Newmont Mining Corporation (NYSE: NEM), to hold and manage the Montezuma Project (Note 5). In exchange for a 49% interest in SCM, the Company transferred its Montezuma licenses.

On initial recognition, the Company valued its 49% interest in SCM at $3,110,972 (US$2,401,961) and recorded a gain of $1,602,454 on the contribution of Montezuma to SCM. The value of the Company’s 49% was based on the cost of Newmont’s 51% interest being US$2,500,000.

Pursuant to the Shareholder Agreement, the operations, policies, objectives, and procedures of SCM are controlled and determined by a Management Committee. The Management Committee is comprised of two members each appointed by Newmont and the Company, with Newmont, having a 51% interest the right to be the overall manager of operations and holding the deciding vote in case of a tie.

Pursuant to the January 2014 venture agreement, Newmont elected to acquire an additional 14% interest in the Montezuma Project by incurring an additional US$5,500,000 in expenditures. As at October 31, 2016, the Company’s investment less its share of accumulated equity losses was $2,879,619. The Company’s share of the net loss for the nine months ended October 31, 2016 was $231,353.

The Company has a minority position on the management committee of SCM, and does not control operational decisions. The Company’s judgment is that it has significant influence, but not control and accordingly equity accounting is appropriate.

As at October 31, 2016, the associated companies’ aggregate assets, aggregate liabilities, other comprehensive income, and net losses are as follows:

		SCM
Current assets	$	1,010,015
Non-current assets		6,570,098
Current liabilities		(1,492,569)
Other comprehensive income		210,771
Loss for the period		(472,149)
The Company's ownership percentage		49%
The Company's share of loss for the period	$	(231,353)

(Unaudited - Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS

	October 31, 2016	January 31, 2016
Las Pampas, Chile	$ 851,722	$ 851,722
Magallanes, Chile	12,888	12,888
T4, Chile	11,836	11,836
San Guillermo, Chile	89,948	240,080
Morros Blancos, Chile	80,030	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
Los Azules, Chile	452,555	452,555
Block 2, Chile	75,000	75,000
Redondo-Veronica, Chile	25,000	25,000
Block 3 - Culebra, Chile	800,975	800,975
Block 4 - Anaconda, Chile	121,842	121,842
Limbo, Chile	75,426	75,426
Los Animas, Chile	75,426	75,426
Loro, Chile	31,550	31,550
Morsas, Chile	183,838	183,838
Reprado, Chile	104,995	104,995
Fair value	$ 3,473,197	$ 5,131,847

Changes during the nine months ended October 31, 2016:

<u>San Guillermo</u>

On February 8, 2016, the Company signed an Option and Sale Agreement with Guanaco Cia. Minera SpA, a wholly onwed subsidiary of Austral Gold Limited (“Austral”) whereby Austral will have the sole and exclusive option and right to acquire a 100% undivided interest in Revelo’s San Guillermo project, located in Northern Chile, by paying Revelo a total of US$ 2,650,000 over three years (of which US$ 2,000,000 is an optional payment in year 3 to fully exercise the option), and spending US$ 3,000,000 on exploration over the same three years.

During the nine months ended October 31, 2016, the Company received a cash payment of $69,693 (US$ 50,000) upon signing of the agreement, and a further $80,439 (CLP 41,117,772) as a repayment of prior year land maintenance fees incurred by the Company. The full amount of cash received has been credited against capitalized costs.

Revelo will retain a 0.5% Net Smelter Returns (“NSR”) royalty on all metals produced from the project. For those areas subject to the underlying SQM royalty, Austral has the right to reduce the Revelo royalty in those areas only to 0.25%, by making a one-time cash payment to Revelo of US$ 250,000.

5. EXPLORATION AND EVALUATION ASSETS (Continued)

Montezuma

Pursuant to the January 2014 venture agreement, the Company and Newmont established a Chilean Joint Venture entity, SCM Montezuma. In exchange for contributing the Montezuma licenses, the Company acquired a 49% interest in SCM (Note 4).

Subsequent to October 31, 2016, the Company divided two of its projects into five separate projects. The divisions were based on geological formations and mineral priority. As such, the Las Pampas property was divided into, Las Pampas, Cerro Blanco, and Cerro Buenos Aires. The Morrros Blancos property was split into Morros Blancos and Altamira.

(Unaudited - Expressed in Canadian dollars)

6. EXPLORATION EXPENDITURES

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

	Las Pampas	Morros Blancos	Morsas	Montezuma	Redondo - Veronica	Block 3 - Culebra	Block 4 - Anaconda	Los Azules	Las Animas	Regional project development	Total
Exploration field costs	$ -	$ 53,721	$ 7,189	$ -	$ -	$ -	$ 1,636	$ 500	$ 14,675	$ 42,643	$ 120,364
Legal and accounting	2,820	4,970	4,089	58,602	4,359	6,730	2,082	3,210	2,338	53,779	142,979
Office and administration	621	12,644	12,494	4,970	14,024	21,067	6,186	5,708	8,379	48,149	134,242
Property maintenance	197,404	60,189	102,475	-	115,956	179,619	51,062	41,343	57,009	304,907	1,109,964
Salaries and benefits	240	50,777	50,172	16,271	53,486	82,581	23,622	20,011	28,695	182,410	508,265
Travel	-	6,109	6,974	282	797	1,230	352	298	3,092	49,096	68,230
Net Expenditures	$ 201,085	$ 188,410	$ 183,393	$ 80,125	$ 188,622	$ 291,227	$ 84,940	$ 71,070	$ 114,188	$ 680,984	$ 2,084,044

Included in property maintenance costs for regional project development is US$50,000 ($65,460) related to the termination of an NSR royalty agreement related to a former project held by the Company.

During the nine months ended October 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	Montezuma	Los Azules	Redondo Veronica	Block 3 - Culebra	Block 4 - Anaconda	Las Animas	Regional project development	Total
Exploration field costs	$ 12,659	$ 5,840	$ 48,631	$ 3,063	$ 15,195	$ 7,229	$ 10,390	$ 8,047	$ 4,241	$ 9,892	$ 125,187
Legal and accounting	6,116	2,942	10,662	13,395	11,962	8,446	8,154	7,151	8,432	177,813	255,073
Office and administration	23,023	6,250	11,567	5,758	10,389	18,926	18,271	16,023	7,876	56,936	175,019
Property maintenance	137,160	35,332	29,925	19,208	52,492	84,980	81,076	70,981	44,236	122,801	678,191
Salaries and benefits	75,290	19,689	28,133	6,936	16,926	22,797	22,009	19,300	12,833	181,896	405,809
Travel	900	861	11,700	140	7,403	750	880	680	258	48,607	72,179
Net Expenditures	$ 255,148	$ 70,914	$ 140,618	$ 48,500	$ 114,367	$ 143,128	$ 140,780	$ 122,182	$ 77,876	$ 597,945	$ 1,711,458

Revelo’s option and joint venture partners either pay directly, or reimburse to Revelo, property maintenance costs on their respective projects.

(Unaudited - Expressed in Canadian dollars)

7. PROPERTY AND EQUIPMENT

	Field equipment	Furniture and equipment	Computer equipment	Vehicles	Leasehold improvements	Total
Cost						
As at October 31, and January 31, 2016	$ 102,905	$ 24,514	$ 21,838	$ 111,263	$ 29,617	$ 290,137
Accumulated amortization						
As at January 31, 2016	70,242	15,479	17,224	5,564	29,617	138,126
Additions	4,899	1,356	1,265	16,690	-	24,210
As at October 31, 2016	75,141	16,835	18,489	22,254	29,617	162,336
Net book value						
As at January 31, 2016	$ 32,663	$ 9,035	$ 4,614	$ 105,699	$ -	$ 152,011
As at October 31, 2016	$ 27,764	$ 7,679	$ 3,349	$ 89,009	$ -	$ 127,801

8. EQUITY

Authorized

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

Share Capital

For the nine months ended October 31, 2016

The Company completed a non-brokered private placement with the issuance of 27,333,333 units at $0.075 per unit for gross proceeds of $2,050,000. Each unit was composed of one common share and one-half of one common share purchase warrant. Each full warrant entitles the holder to purchase an additional share at $0.11 per share for 2 years.

The Company also issued 967,000 units and 967,000 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 $29,430 of share issuance costs paid in cash. The Company valued the finders' units at $0.075 per unit for total value of $72,525. The Company valued the finders' warrants at $56,553 using the Black-Scholes pricing model.

The gross proceeds of the private placement were allocated using the relative fair value method resulting in $1,268,871 recorded as share capital and $781,129 recorded as reserves. The finders' units have also been allocated using the relative fair value method resulting in $44,890 recorded as share capital and $27,635 recorded as reserves. 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 0.58%, dividend yield of 0%, volatility of 129% and an expected life of 2 years.

(Unaudited - Expressed in Canadian dollars)

8. EQUITY (Continued)

For the nine months ended October 31, 2015

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. 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 $249,096 to BLC as consideration for the Loro, Morsas, Culebra, and Anaconda concessions.

Stock Options

The changes in stock options outstanding are as follows:

	Number of Options	Weighted Average Exercise Price
Balance as at January 31, 2016	6,694,250	$ 0.64
Granted	3,435,000	0.15
Expired	(1,301,750)	0.91
Balance as at October 31, 2016	8,827,500	$ 0.41
Exercisable as at October 31, 2016	8,627,500	$ 0.42

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

Date Granted	Expiry Date	Exercise Price	Number Outstanding	Number Exercisable
July 23, 2014	July 23, 2019	$ 0.25	2,740,000	2,740,000
December 16, 2014	December 31, 2017	2.88	227,500	227,500
December 16, 2014	December 31, 2017	1.92	325,000	325,000
December 16, 2014	December 31, 2017	0.77	650,000	650,000
December 16, 2014	July 23, 2018	0.69	650,000	650,000
August 19, 2016	August 19, 2019	0.15	3,435,000	3,235,000
May 5, 2015	May 5, 2020	0.25	800,000	800,000
Total			8,827,500	8,627,500

The weighted average remaining life of the stock options exercisable is 2.54 years (January 31, 2016 – 2.97 years).

(Unaudited - Expressed in Canadian dollars)

8. 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, 2016	34,460,790	$	0.29
Granted	15,117,167		0.11
Balance as at October 31, 2016	49,577,957	$	0.24

The following table summarizes the share purchase warrants outstanding and exercisable at October 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
July 18, 2016	July 18, 2018	0.11	15,117,167
Total			49,577,957

(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 2.13 years (January 31, 2016 – 3.06 years).

Share-based Payments

During the nine months ended October 31, 2016, the Company recorded share-based payment expense of $168,163 (2015 - $68,947), which represents the fair value of options granted and accrued during the period with the offsetting amount credited to reserves.

The weighted average fair value of the stock options granted during the nine months ended October 31, 2016 was $0.05 (2015 - $0.09) 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 0.58% (2015 - 0.71%), dividend yield of 0% (2015 – 0%), volatility of 129% (2015 - 129%) and an expected life of 3 years (2015 – 5 years).

(Unaudited - Expressed in Canadian dollars)

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:

	Nine months ended October 31, 2016	Nine months ended October 31, 2015
Management		
Management fees	$ 485,825	$ 493,132
Share-based payments	62,379	68,947
Directors		
Directors' fees	55,000	54,000
Share-based payments	51,984	-
	$ 655,188	$ 616,079

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

Related party liabilities	Items or services	October 31, 2016	January 31, 2016
Seabord Services Corp.	Management fees and advances	$ 9,527	$ 10,244
President	Compensation and reimbursable expenses	-	23,218
Various directors	Directors' fees	10,000	18,000
		$ 19,527	$ 51,462

Seabord Services Corp. ("Seabord") is a management services company controlled by a director of the Company. Seabord provides the services of: 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. 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.

11. 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.

11. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

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 October 31, 2016, included $144,938 of accounts payable and accrued liabilities, and $19,527 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 October 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	$ 96,848	$ 71,361,141	
Receivables	-	8,058,049	
Accounts payable and accrued liabilities	-	55,941,224	
Net exposure	96,848	135,360,414	
Canadian dollar equivalent	$ 129,805	$ 278,142	$ 407,947

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 $40,000 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 October 31, 2016, the Company did not have any interest-bearing loans. Accordingly, the Company does not have significant interest rate risk.

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

(Unaudited - Expressed in Canadian dollars)

11. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

liquidated after thirty days without interest penalty. There has been no change in approach to managing capital in the past twelve months. The Company may need to obtain additional capital to fund its administrative and exploration expenditures for the next twelve months.

12. FINANCIAL INSTRUMENTS BY CATEGORY

Fair Values

The Company's financial instruments consist of cash, receivables, marketable securities, accounts payable and accrued liabilities, and amounts 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 October 31, and January 31, 2016, the Company has made the following classifications for its financial instruments:

As at October 31, 2016	Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total
Cash	$ -	$ 1,222,612	$ -	$ 1,222,612
Receivables	-	9,975	-	9,975
Marketable securities	93,645	-	-	93,645
Accounts payable and accrued liabilities	-	-	(144,938)	(144,938)
Due to related parties	-	-	(19,527)	(19,527)
	$ 93,645	$ 1,232,587	$ (164,465)	$ 1,161,767

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

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).

(Unaudited - Expressed in Canadian dollars)

12. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

Fair Values (Continued)

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

Financial assets	Level 1	Level 2	Level 3	Total
Cash	$ 1,222,612	$ -	$ -	$ 1,222,612
Marketable securities	93,645	-	-	93,645
	$ 1,316,257	$ -	$ -	$ 1,316,257

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.

13. SUPPLEMENTARY CASH FLOW INFORMATION

The significant non-cash investing and financing transactions during the nine months ended October 31, 2016 included the fair value allocation of $781,129 to reserves related to 27,333,333 units issued in the private placement (Note 7), the issuance of 967,000 units as finders' fees (Note 7) valued at $72,525, of which $27,635 was allocated to reserves and $44,890 to share capital, and 967,000 share purchase brokers' warrants valued at $56,553 as part of private placement finders' fees.

The significant non-cash investing and financing transactions during the nine months ended October 31, 2015 included the issuance of 2,775,773 common shares valued at $249,096 for the acquisition of mineral properties (Note 5).