REVELO
RESOURCES CORP.

CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2017 AND 2016

(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, 2017 and 2016 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, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

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 17, 2017

REVELO RESOURCES CORP.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

		January 31, 2017		January 31, 2016
ASSETS				
Current assets				
Cash	$	662,324	$	2,065,584
Receivables (Note 3)		7,397		60,714
Marketable securities (Note 4)		-		52,267
Prepaid expenses and deposits		29,557		35,366
Total current assets		699,278		2,213,931
Non-current assets				
Investment in associated entity (Note 5)		78,890		-
Exploration and evaluation assets (Note 6)		3,304,859		5,131,847
Property and equipment (Note 8)		119,831		152,011
Total non-current assets		3,503,580		5,283,858
TOTAL ASSETS		4,202,858		7,497,789
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		197,875		259,677
Due to related parties (Note 9)		9,322		51,462
TOTAL LIABILITIES		207,197		311,139
EQUITY				
Share capital (Note 10)		23,252,601		22,103,977
Reserves		7,269,217		6,159,141
Deficit		(26,526,157)		(21,076,468)
TOTAL EQUITY		3,995,661		7,186,650
TOTAL LIABILITIES AND EQUITY	$	4,202,858	$	7,497,789

Nature of Operations and Ability to Continue as a Going Concern (Note 1)
Events after the Reporting Date (Note 15)

These consolidated financial statements were authorized for issuance by the Board of Directors on May 17, 2017.

Approved on behalf of the Board of Directors

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

REVELO RESOURCES CORP.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

	Year ended January 31, 2017	Year ended January 31, 2016
EXPLORATION EXPENDITURES (Note 7)	$ 2,562,527	$ 2,209,659
GENERAL AND ADMINISTRATIVE EXPENSES		
Administration	77,684	103,500
Amortization (Note 8)	32,180	23,154
Consulting fees	96,586	109,169
Investor relations and shareholder information	66,836	98,674
Management compensation (Note 9)	655,902	670,314
Professional fees	60,776	104,182
Share-based compensation (Note 9)	172,294	68,947
Transfer agent and regulatory fees	33,414	32,328
Travel	35,296	45,048
Total general and administrative expenses	1,230,968	1,255,316
Loss from operations	(3,793,495)	(3,464,975)
Foreign exchange gain (loss)	(41,757)	403,886
Impairment of accounts receivable (Note 3)	-	(396,266)
Unrealized gain (loss) on marketable securities (Note 4)	-	13,067
Equity loss in associated entity (Note 5)	(1,502,093)	-
Gain on sale of marketable securities (Note 4)	46,508	1,415,301
Gain on sale of exploration and evaluation assets (Note 6)	-	63,357
Write-off of exploration and evaluation assets (Note 6)	(168,339)	-
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 3)	-	57,513
Interest income	9,487	9,209
Loss before income taxes	(5,449,689)	(1,888,895)
Income tax expense (Note 15)	-	(22,939)
Net loss for the year	$ (5,449,689)	$ (1,911,834)
Translation of investment in associated entity	72,465	-
Total comprehensive loss for the year	$ (5,377,224)	$ (1,911,834)
Basic and diluted loss per common share	$ (0.05)	$ (0.02)
Weighted average number of common shares outstanding	115,418,387	96,046,809

REVELO RESOURCES CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year ended January 31, 2017	Year ended January 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (5,449,689)	$ (1,911,834)
Items not affecting cash:		
Amortization (Note 8)	32,180	23,154
Share-based compensation	172,294	68,947
Impairment of accounts receivable (Note 3)	-	396,266
Unrealized gain (loss) on marketable securities (Note 4)	-	(13,067)
Equity loss in associated entity (Note 5)	1,502,093	-
Gain on sale of marketable securities (Note 4)	(46,508)	(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 3)	-	(57,513)
Write-off of exploration and evaluation assets (Note 6)	168,339	-
Changes in non-cash working capital items:		
Receivables	53,317	(36,470)
Prepaid expenses and deposits	5,809	(43,925)
Accounts payable and accrued liabilities	(61,802)	(12,509)
Due to related parties	(42,140)	24,377
Net cash used in operating activities	(3,666,107)	(3,051,245)
CASH FLOWS FROM INVESTING ACTIVITIES		
Option payments received	150,131	-
Proceeds from sale of marketable securities (Note 4)	98,775	2,157,705
Acquisition costs for exploration and evaluation assets	-	(35,995)
Proceeds from sale of exploration and evaluation assets (Note 6)	-	24,157
Proceeds from sale of property and equipment	-	11,311
Purchase of property and equipment	-	(111,263)
Net cash provided by investing activities	248,906	2,045,915
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common shares, net	2,013,941	743,044
Net cash provided by financing activities	2,013,941	743,044
Net change in cash during the year	(1,403,260)	(262,286)
Cash, beginning of year	2,065,584	2,327,870
Cash, end of year	$ 662,324	$ 2,065,584

Supplementary Cash Flow Information (Note 13)

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

REVELO RESOURCES 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, 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
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	-	(36,059)	-	-	(36,059)
Share-based payments	-	-	172,294	-	172,294
Other comprehensive income on translation of investment in associated entity	-	-	72,465	-	72,465
Loss for the year	-	-	-	(5,449,689)	(5,449,689)
Balance as at January 31, 2017	128,486,027	$ 23,252,601	$ 7,269,217	$ (26,526,157)	$ 3,995,661

The accompanying notes are an integral part of these consolidated 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 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, 2017, 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 consolidated 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").

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

(Expressed in Canadian dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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-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 consolidated 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2017 and 2016, 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.

Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares, calculated by dividing the income (loss) attributable to equity shareholders of the Company by the weighted average number of common shares issued and outstanding during the period. Diluted EPS is calculated by adjusting the income (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 EPS 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 EPS does not adjust the income (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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Significant Accounting Estimates and Critical Judgements

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

The following standards and pronouncements have been issued by the IASB and have not yet been adopted by the Company:

Future Accounting Pronouncements

IFRS 9, *Financial Instruments* (“IFRS 9”), addresses the classification, measurement and de-recognition 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 de-recognition 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.

(Expressed in Canadian dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

3. RECEIVABLES

The Company's receivables arise from goods and services tax ("GST") receivable from government taxation authorities, and recovery of exploration expenditures from joint venture partners, as follows:

	January 31, 2017	January 31, 2016
Refundable taxes	$ 7,397	$ 16,901
Recoverable exploration expenditures and advances	-	43,813
Receivables	$ 7,397	$ 60,714

As a result of the acquisition of Polar Star Mining Corporation ("Polar Star") in the year ended January 31, 2015, the Company agreed to cancel an existing US$ 300,000 receivable between certain entities within the agreement and recorded an impairment of $396,266 for the year ended January 31, 2016. Along with this receivable, as part of the acquisition 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 de-recognition of these balances from the accounting records for the year ended January 31, 2016.

4. MARKETABLE SECURITIES

As at January 31, 2017 and 2016, the Company had the following investments:

	January 31, 2017	January 31, 2016
Cost	$ -	$ 39,200
Accumulated unrealized gain	-	13,067
Fair value	$ -	$ 52,267

During the year ended January 31, 2017, the Company sold its marketable securities for total proceeds of $98,775 and recorded a realized gain of $46,508.

5. 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 Agreement with Minera Newmont (Chile) Ltda. ("Newmont"), a subsidiary of Newmont Mining

(Expressed in Canadian dollars)

5. INVESTMENT IN AN ASSOCIATED ENTITY (Continued)

Corporation (NYSE: NEM), to hold and manage the Montezuma Project (Note 6). In exchange for a 49% interest in SCM, the Company transferred its Montezuma licenses to SCM.

On initial recognition, the Company valued its 49% interest in SCM In accordance with IAS 28, and recorded a value of its 49% interest equal to the asset value prior to the sale.

Pursuant to the Shareholder Agreement, the operations, policies, objectives, and procedures of SCM are controlled and determined by a Management Committee. The Management Committee was 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 January 31, 2017, Newmont had not incurred the additional required expenditures and continued to hold a 51% interest in SCM. As at January 31, 2017, the Company's investment less its share of accumulated equity losses was $78,890. The Company's share of the net loss for the year ended January 31, 2017 was $1,502,093.

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

Subsequent to the year ended January 31, 2017, Newmont elected to withdraw from the Montezuma project and returned its earned interest to Revelo in exchange for a perpetual 1% Net Smelter Return ("NSR") Royalty interest in the project (Note 15 (a).

As at January 31, 2017, the associated companies' aggregate assets, aggregate liabilities and net losses are as follows:

		SCM
Current assets	$	551,756
Non-current assets		6,390,196
Current liabilities		(3,586,062)
Other comprehensive income		72,465
Loss for the period		(3,065,497)
The Company's ownership percentage		49%
The Company's share of loss for the period	$	(1,502,093)

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS

	January 31, 2017	January 31, 2016
Las Pampas, Chile	$ 851,722	$ 851,722
Magallanes, Chile	1	12,888
T4, Chile	11,836	11,836
San Guillermo, Chile	89,949	240,080
Morros Blancos, Chile	80,030	80,030
Calvario, Chile	120,041	120,041
Mirador, Chile	120,042	120,042
Bronce Weste, Chile	1	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	1	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
	$ 3,304,859	$ 5,131,847

During the year ended January 31, 2017, the Company wrote down the Magallanes, Bronce Weste, and Limbo properties in Chile to a nominal value and recorded a total write down of $168,339. Other than maintenance costs, the Company does not expect to incur significant exploration costs on these projects in the foreseeable future. The Company still holds a 100% interest, continues to look for opportunities, and intends to keep these projects in good standing.

During the year ended January 31, 2016, 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). There were no capitalized costs related to the project.

Las Pampas, Cerro Blanco, Cerro Buenos Aires

As at January 31, 2017, the Company owns 100% interest in the Las Pampas, Cerro Blanco, and Cerro Buenos Aires projects (formerly a single project, Las Pampas). Hochschild Mining PLC ("Hochschild") retains a 2% NSR royalty on any and all future production from portions of these properties.

In January 2016, Kinross Minera Chile Limitada, a wholly owned subsidiary of Kinross Gold Corp. (collectively, "Kinross") elected to withdraw from an option and joint venture agreement entered into in April 2014 in which Kinross had the right to acquire up to a 75% undivided interest in the undivided Las Pampas property.

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.

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. During the year ended January 31, 2017, the Morros Blancos property was further split into two separate properties, Morros Blancos and Altamira.

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.

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.

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 year ended January 31, 2017, 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% NSR royalty on all metals produced from the project. For those areas subject to the underlying Sociedad Quimica y Minera de Chile S.A. 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.

6. EXPLORATION AND EVALUATION ASSETS (Continued)

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 a 100% interest in eight exploration projects and existing option agreements including the Montezuma, Los Azules, Block 2, Redondo – Veronica, Block 3, Block 4, Limbo, and Las Animas projects.

Montezuma

In January 2014 the Company entered into a Venture Agreement with Newmont that allowed Newmont to earn up to a 75% beneficial interest in the Montezuma concessions. Pursuant to this agreement, 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).

As a result of Newmont completing phase 1 and electing to continue with phase 2 of the 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 5).

Subsequent to the year ended January 31, 2017, Newmont elected to withdraw from the Montezuma project and returned its earned interest to Revelo (Note 15 (a).

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

In April 2012, the Company 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 portion of Block 2 returned to the Company was 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 a 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, 2017, 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	Culebra	Las Animas	Regional project development	Total
Exploration field costs	$ 12,663	$ 59,297	$ 7,434	$ 22,321	$ -	$ -	$ 1,636	$ -	$ 14,748	$ 38,542	$ 156,641
Legal and accounting	4,556	6,103	5,461	49,088	5,421	4,414	2,886	4,460	3,084	81,065	166,538
Office and administration	717	15,810	15,948	7,561	16,332	13,298	8,208	13,436	9,292	78,974	179,576
Property maintenance	217,641	66,834	112,678	10,232	122,713	99,920	61,514	100,959	65,152	412,254	1,269,897
Salaries and benefits	289	64,856	65,421	31,016	66,996	54,552	33,672	55,119	38,117	294,491	704,529
Travel	-	6,326	7,231	409	883	719	444	726	3,414	65,194	85,346
Net Expenditures	$ 235,866	$ 219,226	$ 214,173	$ 120,627	$ 212,345	$ 172,903	$ 108,360	$ 174,700	$ 133,807	$ 970,520	$ 2,562,527

Included in property maintenance costs for regional project development is US$50,000 ($65,460) related to a payment made to Tombstone Aruba A.V.V pursuant to a mutual release and termination agreement related to a NSR Royalty agreement dated as of April 4, 2008 respecting the Vaquillas property and certain other properties in Chile.

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

(Expressed in Canadian dollars)

8. PROPERTY AND EQUIPMENT

	Field equipment	Furniture and equipment	Computer equipment	Vehicles	Leasehold improvements	Total
Cost						
As at January 31, 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 and 2017	102,905	24,514	21,838	111,263	29,617	290,137
Accumulated amortization						
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
Additions	6,532	1,807	1,589	22,252	-	32,180
Disposals and sales	-	-	-	-	-	-
As at January 31, 2017	76,774	17,286	18,813	27,816	29,617	170,306
Net book value						
As at January 31, 2016	$ 32,663	$ 9,035	$ 4,614	$ 105,699	$ -	$ 152,011
As at January 31, 2017	$ 26,131	$ 7,228	$ 3,025	$ 83,447	$ -	$ 119,831

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, 2017	Year ended January 31, 2016
Management		
Management fees	$ 640,110	$ 661,209
Share-based payments	62,379	68,947
Directors		
Directors' fees	79,000	72,000
Share-based payments	51,982	-
	$ 833,471	$ 802,156

(Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Amounts due to related parties as of January 31, 2017 and January 31, 2016 are as follows:

Related party liabilities	Items or services		Year ended January 31, 2017		Year ended January 31, 2016
Seabord Services Corp.	Management fees and advances	$	9,322	$	10,244
President	Compensation		-		23,218
Various directors	Directors' fees		-		18,000
		$	9,322	$	51,462

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, 2017, the authorized share capital of the Company was an unlimited number of common shares and preferred shares without par value.

Share Capital

For the year ended January 31, 2017

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 $36,059 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.

10. EQUITY (Continued)

Share Capital (continued)

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.

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 6). 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.

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, 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
Granted	3,435,000	0.15
Expired	(1,301,750)	0.91
Balance as at January 31, 2017	8,827,500	$ 0.41
Exercisable as at January 31, 2017	8,677,500	$ 0.42

The following table summarizes the stock options outstanding and exercisable at January 31, 2017:

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	3,285,000
May 5, 2015	May 5, 2020	0.25	800,000	800,000
Total			8,827,500	8,677,500

The weighted average remaining life of the stock options exercisable is 2.29 years (2016 – 2.97 years).

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, 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
Granted	15,117,167	0.20
Balance as at January 31, 2017	49,577,957	$ 0.24

(Expressed in Canadian dollars)

10. EQUITY (continued)

The following table summarizes the share purchase warrants outstanding and exercisable at January 31, 2017:

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 1.87 years (2016 – 3.06 years).

Share-based Payments

During the year ended January 31, 2017, the Company recorded share-based payment expense of $172,294 (2016 - $68,947), which represents the fair value of options granted and accrued, and vested 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, 2017 was $0.05 (2016 - $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% (2016 - 0.71%), dividend yield of 0% (2016 – 0%), volatility of 129% (2016 - 129%) and an expected life of 3 years (2016 – 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 amounts 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.

12. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

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, 2017, included $207,197 of accounts payable and accrued liabilities, and 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, 2017, 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	$ 13,130	$ 28,457,669	
Accounts payable and accrued liabilities	(16,721)	(59,387,203)	
Net exposure	(3,591)	(30,929,534)	
Canadian dollar equivalent	$ (4,681)	$ (62,507)	$ (67,188)

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 $6,700 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, 2017 and 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 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.

(Expressed in Canadian dollars)

12. FINANCIAL INSTRUMENTS BY CATEGORY

Fair Values

The Company's financial instruments consist of cash, 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, 2017, the Company has made the following classifications for its financial instruments:

As at January 31, 2017	Fair value through profit and loss	Loans and receivables	Other financial liabilities	**Total**
Cash	$ -	$ 662,324	$ -	$ 662,324
Accounts payable and accrued liabilities	-	-	(197,875)	(197,875)
Due to related parties	-	-	(9,322)	(9,322)
	$ -	$ 662,324	$ (207,197)	$ 455,127

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).

The Company has no financial instruments classified at FVTPL which are measured using the fair value hierarchy.

The carrying values of 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 year ended January 31, 2017 included:

a) The fair value allocation of $781,129 to reserves related to 27,333,333 units issued in the private placement (Note 10), the issuance of 967,000 units as finders' fees (Note 10) 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; and
b) The increase in the investment in associated entity by $72,465 related to other comprehensive income from the translation of an investment in an associated entity with a functional currency different from the Company.

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.

(Expressed in Canadian dollars)

14. INCOME TAXES

The provision for income taxes differs from the amount calculated using the Canadian federal and provincial statutory income tax rate of 26% (2016 – 26%) as follows:

	2017	2016
Loss for the year before income taxes	$ (5,449,689)	$ (1,888,895)
Expected income tax expense (recovery)	(1,416,919)	(491,112)
Permanent difference and other	(950,774)	(4,019,405)
Effect of lower tax rates in foreign jurisdictions	87,496	81,328
Changes in unrecognized deductible temporary difference	2,280,197	4,452,128
	$ -	$ 22,939

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

	2017	2016
Deferred tax assets:		
Exploration and evaluation assets	$ 3,336,000	$ 2,634,000
Share issue costs and other	35,000	41,000
Non-capital losses available for future periods	7,970,000	6,364,000
Unrecognized deferred tax assets	$ 11,341,000	$ 9,039,000

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

	Expiry date	2017	2016
Temporary differences:			
Exploration and evaluation assets	no expiry	$ 16,163,000	$ 14,988,000
Share issue costs and other	2037 to 2041	133,000	154,000
Non - capital losses avaialbe for future periods in Canada	2028 to 2037	7,418,000	6,211,000
Non - capital losses avaialbe for future periods in Chile	no expiry	$ 24,166,000	$ 18,995,000

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

15. EVENTS AFTER THE REPORTING DATE

Subsequent to the year ended January 31, 2017;

a) The Company re-acquired a 100% interest in the Montezuma project when Newmont elected to withdraw from the project and return its 51% earned interest to Revelo in exchange for a perpetual 1% NSR royalty interest in the property (Note 6); and

b) The Company completed a private placement for gross proceeds of $1,945,950 by the issuance of 38,919,000 units at a price of $0.05 per unit. Each unit will consists of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one common share of Revelo at a price of $0.11 per share for a period of 2 years from the closing date.