MAVERIX METALS INC. (FORMERLY MACMILLAN MINERALS INC.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED JUNE 30, 2016

(Unaudited)

(Expressed in Canadian dollars)

NOTICE TO READER

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

The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

MAVERIX METALS INC. (FORMERLY MACMILLAN MINERALS INC.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited-Prepared by management)
(Expressed in Canadian Dollars)

	As at June 30, 2016	As at September 30, 2015
	$	$
ASSETS		
CURRENT		
Cash	**8,266**	52,917
Prepaid expenses and advances	**8,378**	1,330
Amounts receivable	**8,529**	2,135
Total current assets	**25,173**	56,382
TOTAL ASSETS	**25,173**	56,382
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 11)	**318,036**	396,478
Notes payable (Note 10)	**256,635**	125,000
TOTAL CURRENT LIABILITIES	**574,671**	521,478
SHAREHOLDERS' (DEFICIENCY)		
SHARE CAPITAL (Note 5(a))	**12,176,199**	11,959,859
SHARE-BASED PAYMENT RESERVE (Note 6)	**-**	37,840
DEFICIT	**(12,725,697)**	(12,462,795)
TOTAL SHAREHOLDERS' (DEFICIENCY)	**(549,498)**	(465,096)
TOTAL LIABILITIES AND SHAREHOLDERS' (DEFICIENCY)	**25,173**	56,382

NATURE AND CONTINUANCE OF OPERATIONS (Note 2)

CONTINGENT LIABILITIES (Note 12)

APPROVED ON BEHALF OF THE BOARD:

Signed "Geoff Burns" – Chairman and Director

Signed "Stefan Spicer" – Director

MAVERIX METALS INC. (FORMERLY MACMILLAN MINERALS INC.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE NINE MONTHS ENDED JUNE 30, 2016 AND 2015
(Unaudited-Prepared by management)
(Expressed in Canadian Dollars)

	Three-Months Ended June 30,		Nine-Months Ended June 30,	
	2016	2015	**2016**	2015
	$	$	$	$
EXPENSES				
Exploration and evaluation expenditures (Note 7)	**15,533**	20,000	**55,533**	73,375
Foreign exchange (gain)	**41**	68	**73**	(730)
General and administrative	**37,109**	12,414	**69,810**	41,477
Management and consulting fees (Note 11)	**(5,000)**	10,000	**15,000**	40,000
Professional fees	**86,237**	5,000	**122,486**	10,200
NET LOSS AND COMPREHENSIVE LOSS	**133,920**	47,482	**262,902**	164,322
Net loss per share – basic and diluted (Note 8)	**0.019**	0.008	**0.040**	0.028
Weighted average number of common shares outstanding – basic and diluted (Note 8)	**6,998,109**	5,966,288	**6,630,538**	5,966,421

See accompanying notes to the consolidated financial statements

MAVERIX METALS INC. (FORMERLY MACMILLAN MINERALS INC.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
FOR THE NINE MONTHS ENDED JUNE 30, 2016 AND 2015
(Unaudited-Prepared by management)
(Expressed in Canadian Dollars)

	Common Shares		Warrants		Share Based Payment Reserve	Deficit	Total Shareholders' Equity (Deficiency)
	Shares #	Amount $	Number #	Amount $	$	$	$
Balance, September 30, 2014	59,664,870	12,006,263	458,750	65,000	232,000	(12,537,703)	(234,440)
Shares cancelled	(181,570)	(62,464)	-	-	-	62,464	-
Warrants expired	-	-	(458,750)	(65,000)	-	65,000	-
Options expired	-	-	-	-	(232,000)	232,000	-
Net (loss)	-	-	-	-	-	(164,322)	(164,322)
Balance, June 30, 2015	59,483,300	11,943,799	-	-	-	(12,342,561)	(398,762)
Consolidation of shares (Note 5)	(53,534,970)	-	-	-	-	-	-
Options exercised	115,000	16,060	-	-	(9,160)	-	6,900
Tax on expired warrants	-	-	-	-	-	(9,000)	(9,000)
Share-based compensation	-	-	-	-	47,000	-	47,000
Net (loss)	-	-	-	-	-	(111,234)	(111,234)
Balance, September 30, 2015	6,063,330	11,959,859	-	-	37,840	(12,462,795)	(465,096)
Issued on private placement	750,000	150,000	-	-	-	-	150,000
Options exercised	475,000	66,340	-	-	(37,840)	-	28,500
Net (loss)	-	-	-	-	-	(262,902)	(262,902)
Balance, June 30, 2016	7,288,330	12,176,199	-	-	-	(12,725,697)	(549,498)

See accompanying notes to the consolidated financial statements

MAVERIX METALS INC. (FORMERLY MACMILLAN MINERALS INC.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED JUNE 30, 2016 AND 2015
(Unaudited-Prepared by management)
(Expressed in Canadian Dollars)

	Three-Months Ended June 30,		Nine-Months Ended June 30,	
	2016 $	2015 $	2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES				
Net (loss) income for the period	**(133,920)**	(47,482)	**(262,902)**	(164,322)
Changes in non-cash working capital balances:				
(Increase) in amounts receivable	**(1,653)**	(518)	**(6,394)**	(5,146)
Decrease (increase) in prepaid expenses and advances	**5,542**	28	**(7,048)**	7,390
Increase (decrease) in accounts payable and accrued liabilities	**10,859**	40,378	**(78,442)**	96,242
Cash flows from operating activities	**(119,172)**	(7,594)	**(354,786)**	(65,836)
CASH FLOWS FROM FINANCING ACTIVITIES				
Notes payable	**100,635**	75,000	**131,635**	125,000
Issuance of common shares for cash in a private placement	**-**	-	**150,000**	-
Exercise of options	**24,900**	-	**28,500**	-
Cash flows from financing activities	**125,535**	75,000	**310,135**	125,000
Increase (decrease) in cash	**6,363**	67,406	**(44,651)**	59,164
Cash at beginning of the period	**1,903**	5,968	**52,917**	14,210
Cash at end of the period	**8,266**	73,374	**8,266**	73,374

See accompanying notes to the consolidated financial statements

1. GENERAL INFORMATION

Maverix Metals Inc. (formerly MacMillan Minerals Inc.) (the "Company") was incorporated on September 5, 2008 under the Canada Business Corporations Act ("CBCA") for the purpose of completing a spin out transaction with MacMillan Gold Corp. On May 23, 2012, the Company's common shares commenced trading on the TSX Venture Exchange under the trading symbol "MMX". The Company has been engaged in the exploration and development of mineral properties in Mexico.

On July 11, 2016 the Company completed a statutory plan of arrangement with Pan American Silver Corp. and Maverix Metals Inc. (see Note 31 - Subsequent Events) which fundamentally changed the Company's business.

The financial statements reflect the Company's business activities prior to the completion of the plan of arrangement and the associated change in the Company's business strategy.

The Company's registered head office address is 625 Howe Street, Suite 1440, Vancouver, British Columbia V6C 2T6.

2. NATURE AND CONTINUANCE OF OPERATIONS

The business of exploring for minerals involves a high degree of risk and there can be no assurance that exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. The Company's exploration property interests are subject to increases in taxes and royalties, renegotiation of contracts, expropriation, currency exchange fluctuations and political uncertainty.

The Company incurred a net loss of $262,902 during the nine months ended June 30, 2016, and as at June 30, 2016, the Company had a working capital deficiency of $549,498.

These unaudited condensed consolidated interim financial statements have been prepared on the basis that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of business. The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations and the ability of the Company to obtain necessary financing. These financial statements do not reflect any adjustments to amounts that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

3. BASIS OF PREPARATION

Statement of compliance

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

The accounting policies set out below have been applied consistently to all periods presented. These consolidated financial statements were approved and authorized for issue by the Board of Directors on August 25, 2016.

Basis of preparation

These unaudited condensed consolidated interim financial statements have been prepared on an accrual basis, except for cash flow information, and are based on historical costs. All amounts are presented in Canadian dollars unless otherwise noted.

The significant accounting policies used in the preparation of these consolidated financial statements are described in Note 4.

3. BASIS OF PREPARATION (Continued)

Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company, which is incorporated in Canada and its wholly owned subsidiaries, Exploracion Mac-Ore S.A. de C.V. and Minera MacMillan S.A. de C.V., both of which are incorporated in Mexico. All inter-company balances and transactions are eliminated on consolidation. The consolidated financial statements include all assets, liabilities, expenses and cash flows of the Company and its subsidiaries after eliminating inter-company balances and transactions.

4. SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). They do not include all of the information required for full IFRS annual financial statements.

Please refer to the September 30, 2015 audited consolidated financial statements and accompanying notes for a description of the significant accounting policies used by the Company. The policies set out in the Company’s September 30, 2015 financial statements were consistently applied to all periods presented unless otherwise noted below. These condensed consolidated interim financial statements should be read in conjunction with the financial statements for the fiscal year ended September 30, 2015.

The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and effective as of June 30, 2016. Any subsequent changes to IFRS that are given effect in the Company’s annual consolidated financial statements for the fiscal year ending September 30, 2015 could result in restatement of these interim consolidated financial statements.

New accounting standards adopted

IFRS 8 *Operating Segments* (“IFRS 8”) was amended to require an entity to disclose the judgments made by management in aggregating segments. IFRS 8 was also amended to clarify that an entity needs to present a reconciliation between the total reporting segment's assets to the entities' total assets if this information is usually provided to the chief operating decision maker. The amendments are effective for annual periods beginning on or after July 1, 2014. The adoption of this standard did not result in any changes to the Company’s consolidated financial statements.

IFRS 13 *Fair Value Measurement* (“IFRS 13”) was amended to clarify that the exception which allows fair value measurements of a group of financial assets and liabilities on a net basis applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32. The amendment is effective for annual periods beginning on or after July 1, 2014. The adoption of this standard did not result in any changes to the Company’s consolidated financial statements.

IAS 24 *Related Party Disclosures* (“IAS 24”) was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The amendments to IAS 24 are effective for annual periods beginning on or after July

1, 2014. The adoption of this standard did not result in any changes to the Company's consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

IAS 32 *Financial Instruments: Presentation* ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014. The adoption of this standard did not result in any changes to the Company's consolidated financial statements.

IAS 36 *Impairments of Assets* ("IAS 36") was amended by the IASB in May 2013 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014. The adoption of this standard did not result in any changes to the Company's consolidated financial statements.

IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39") was amended by the IASB in June 2013 to clarify that novation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations does not terminate hedge accounting. The amendments to IAS 39 are effective for annual periods beginning on or after January 1, 2014. Earlier adoption is permitted. The adoption of this standard did not result in any changes to the Company's consolidated financial statements.

Accounting standards issued but not yet adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2015 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 *Financial Instruments* ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted.

IFRS 11 *Joint Arrangements* ("IFRS 11") was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted.

IAS 38 *Intangible Assets* and IAS 16 *Property, Plant and Equipment* were amended in May 2014 to introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. The amendment is effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted.

Significant accounting judgements, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Assets' carrying values and impairment charges
  In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

- Estimation of decommissioning and restoration costs and the timing of expenditure
  Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

- Income taxes and recoverability of potential deferred tax assets
  In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence.

(Expressed in Canadian Dollars)

Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Share-based payments
  Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- Contingencies
  See Note 12.

5. SHARE CAPITAL

a) Authorized, Issued and Outstanding shares

The Company's authorized capital consists of an unlimited number of common shares without par value.

A summary of common shares outstanding as at June 30, 2016 and September 30, 2015 and changes during the periods then ended are presented below:

	Shares #	Amount $
Balance at September 30, 2014	**59,664,870**	**12,006,263**
Cancelled (i)	(181,570)	(62,464)
Consolidation of 10 old common shares for 1 new common share (ii)	(53,534,970)	-
Options exercised (iii)	115,000	16,060
Balance at September 30, 2015	**6,063,330**	**11,959,859**
Issued in private placement (iv)	750,000	150,000
Options exercised (v)	475,000	66,340
Balance at June 30, 2016	**7,288,330**	**12,176,199**

(i) On June 30, 2015, 18,157 common shares were cancelled due to the expiry of the surrender period for any un-exchanged predecessor shares of MacMillan Gold Corp. related to the spin out transaction of October 2008.

(ii) Effective July 31, 2015, the Company consolidated all issued and outstanding common shares on the basis of one new common share for each ten old common shares.

(iii) During the year ended September 30, 2015, 115,000 options were exercised by an officer and director of the Company for proceeds of $6,900.

(iv) During the nine months ended June 30, 2016, the Company closed a private placement by issuing 750,000 common shares at $0.20 per share for gross proceeds of $150,000.

(Expressed in Canadian Dollars)

(v) During the nine months ended June 30, 2016, 475,000 options were exercised for proceeds of $28,500.

5. SHARE CAPITAL (Continued)

b) Share Purchase Warrants

A summary of warrants outstanding as at June 30, 2016 and September 30, 2015 and changes during the periods then ended are presented below:

	Warrants #	Grant date fair value $	Weighted average exercise price $
Balance at September 30, 2014	**458,750**	**65,000**	**1.00**
Expired (i)	(458,750)	(65,000)	1.00
Balance at September 30, 2015 and June 30, 2016	**-**	**-**	**-**

(i) During the year ended September 30, 2015, 458,750 warrants expired unexercised.

As at June 30, 2016 and September 30, 2015, the Company did not have any warrants outstanding.

6. SHARE-BASED PAYMENTS – EMPLOYEE SHARE OPTION PLAN

The Company adopted a stock option plan (the "Plan"), which provides that the Board of Directors may, at its discretion, grant directors, officers, employees and consultants, non-transferable stock options to purchase common shares of the Company at a price determined by the fair market value of the shares at the date immediately preceding the date of which the option is granted. Under this plan, the aggregate number of common stock options shall not exceed 10% of the issued and outstanding common shares of the Company, and if any option granted under the plan expires or terminates for any reason in accordance with the terms of the plan without being exercised, that option shall again be available for the purpose of the plan. All options vest over a period determined by the Board of Directors and expire up to five years after issuance.

A summary of options outstanding as at June 30, 2016 and September 30, 2015 and changes during the periods then ended are presented below:

	Options Outstanding #	Weighted average exercise price $
Balance at September 30, 2014	**410,000**	**1.00**
Granted	590,000	0.06
Exercised	(115,000)	0.06
Expired	(410,000)	1.00
Balance at September 30, 2015	**475,000**	**0.06**
Exercised	(475,000)	0.06
Balance at June 30, 2016	**-**	**-**

(Expressed in Canadian Dollars)

Options exercisable at June 30, 2016	-	-

On August 18, 2015, the Company granted 590,000 stock options exercisable at $0.06 with an expiry date of August 18, 2018. The grant included 530,000 options to five officers and/or directors and 60,000 options to a consultant of the Company. The fair value of these options of $47,000 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected yield of 0%; expected volatility of 372%; risk-free interest rate of 0.41%; and an expected life of 3 years. These options vested on the date of grant.

As at June 30, 2016, the Company did not have any options outstanding.

7. EXPLORATION AND EVALUATION EXPENDITURES

The following table summarizes cumulative exploration and evaluation expenditures as at June 30, 2016 and September 30, 2015:

	Las Cucharas Project	Other Mexico Exploration Projects	Total Exploration Expenditures
	$	$	$
Balance, September 30, 2014	**2,384, 782**	**79,699**	**2,464,481**
Exploration expenditures			
Geologists and other labour	1,417	757	2,174
Field	4,287	4,088	8,375
Land holding costs	89,000	30,000	119,000
For the year ended September 30, 2015	94,704	34,845	129,549
Balance, September 30, 2015	**2,479,486**	**114,544**	**2,594,030**
Exploration expenditures			
Land holding costs	40,533	15,000	55,533
For the nine months ended June 30, 2016	40,533	15,000	55,533
Balance, June 30, 2016	**2,520,019**	**129,544**	**2,649,563**

a) The Las Cucharas Project – Nayarit State
The Las Cucharas Property consists of numerous concessions.

b) The La Violetta Project – Sinaloa State
The La Violetta, the Palmira, and the Chino Gordo properties are collectively referred to as the La Violetta Project. These properties were optioned to Lake Shore Gold Corp. ("Lake Shore" formerly West Timmins Mining Inc.) in November 2007. In March 2010, Lake Shore and the Company signed a Letter Agreement amending the terms of the November 2007 agreement. In May 2010, Lake Shore issued 146,000 common shares, valued at $440,920, in exchange for transfer of these titles and an immediate 70% interest in the properties under option. Lake Shore was appointed the operator and is responsible for all costs until a bankable feasibility study is completed on a mineral resource defined at least in part on the properties under option.

The La Violetta Property option was assigned by Lake Shore to Revolution Resources Corp. ("Revolution") in November 2011 and Revolution agreed that it would remain responsible for the terms of the property option agreement. On January 30, 2013, Lake Shore announced that it was selling 100% of its Mexico portfolio to Revolution including the La Violetta Properties originally under option to Lake Shore. The property option agreement provides that MacMillan maintains a 30% assigned interest and that Revolution is responsible for all costs until a bankable feasibility study is completed on a mineral resource defined at least in part on the properties under option.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION EXPENDITURES (Continued)

c) Cerro de Oro Project – State of Zacatecas

In November 2013, the Company entered into a property option agreement with Minera Peñasquito S.A. de C.V. ("Minera Peñasquito"), a wholly owned subsidiary of Goldcorp Inc. Minera Peñasquito may acquire an initial 51% interest in the Cerro de Oro Project by making payments to the Company of US$100,000 (received $103,623) and making exploration expenditures of US$1,500,000 over three years. Minera Peñasquito then has the option to increase its interest to 70% by spending a minimum additional US$500,000 and completing a Mineral Resource Estimate Report written to be in compliance with National Instrument 43-101. The agreement also provides that the associated concession fees are to be paid by Minera Peñasquito.

Concession fees are due semi-annually in January and July each year. The Company has accrued for the cost of the fees that were due since July of 2013 plus penalties and inflation adjustments. These fees remain outstanding and therefore the titles to these concessions are at risk of termination by government authorities.

The fees required to maintain the La Violetta Properties transferred to Revolution, as described above, are the responsibility of Revolution.

The fees required to maintain the Cerro de Oro Properties optioned to Minera Peñasquito are the responsibility of Minera Peñasquito. Minera Peñasquito has reported that these concession fees have been paid up to December 31, 2016.

8. LOSS PER SHARE

a) Basic

Basic loss per share is calculated by dividing the net loss by the weighted average number of common shares issued and outstanding during the period.

	Three months ended June 30		Nine months ended June 30	
	2016	2015	2016	2015
Net loss for the period	$ 133,920	$ 47,482	$ 262,902	$ 164,322
Weighted average number of common shares outstanding (i)	6,993,440	5,966,288	6,626,030	5,966,421
Net loss per share	$0.019	$0.008	$0.040	$0.028

(i) The weighted average number of shares for the three and nine month periods ended June 30, 2015 have been restated to reflect the 10 for 1 share consolidation that was completed in July 2015.

b) Diluted

Diluted loss per common share is equal to basic loss per share as any stock options outstanding for the nine months ended June 30, 2016 and 2015 are anti-dilutive.

9. CAPITAL RISK MANAGEMENT

The capital of the Company consists of share capital, warrants, and stock options. The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition, exploration and development of exploration properties. The Company attempts to manage its capital structure in a manner that will provide sufficient funding for operational activities. The Company and its subsidiaries are not subject to externally imposed capital requirements.

(Expressed in Canadian Dollars)

9. CAPITAL RISK MANAGEMENT (Continued)

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will be required to spend its existing liquid assets and raise additional amounts as needed. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurances that the Company will be able to continue to raise equity capital in this manner.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the nine months ended June 30, 2016 and 2015. The Company’s shareholders’ (deficiency) at June 30, 2016 was ($549,498) (September 30, 2015 – ($465,096)).

10. FINANCIAL INSTRUMENTS AND RISK FACTORS

Fair Value of Financial Assets and Liabilities

The carrying values of cash, amounts receivable, notes payable, and accounts payable and accrued liabilities, approximate their respective fair values due to the short-term nature of these instruments.

The fair values together with the carrying amounts shown in the statement of financial position are as follows:

	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	As at June 30, 2016		As at September 30, 2015	
	$	$	$	$
Cash	8,266	8,266	52,917	52,917
Amounts receivable	8,529	8,529	2,135	2,135
Accounts payable and accrued liabilities	(318,036)	(318,036)	(396,478)	(396,478)
Notes payable	(256,635)	(256,635)	(125,000)	(125,000)

Risk Management

The Company may be exposed to risks of varying degrees of significance that could affect its ability to achieve its strategic objectives. The main objectives of the Company’s risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below. There were no changes in the risks, objectives, policies and procedures during the nine months ended June 30, 2016.

Credit Risk Management

Credit risk relating to accounts receivable arises from the possibility that any counterparty to an instrument fails to perform. The Company does not feel there is significant counterparty risk that could have an impact on the fair value of cash and amounts receivable.

Liquidity Risk

The Company prepares budgets on an ongoing basis to determine the amount of funds required to support the Company’s operations and planned exploration activities. Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company’s liquid assets at June 30, 2016 consisted of cash of $8,266 (September 30, 2015 - $52,917) and amounts receivable of $8,529 (September 30, 2015 - $2,135).

10. FINANCIAL INSTRUMENTS AND RISK FACTORS (Continued)

Market Risk
At the present time, the Company does not hold any interest in a mining property that is in production. The Company's viability and potential success depends on its ability to develop, exploit, and generate revenue from the development of mineral deposits. Revenue, cash flow, and profits from any future mining operations in which the Company is involved will be influenced by precious and/or base metal prices and by the relationship of such prices to production costs. Such prices can fluctuate widely and are affected by numerous factors beyond the Company's control.

Foreign Exchange Risk
The Company's financings are in Canadian dollars. Certain of the Company's expenses are incurred in foreign currencies and are therefore subject to gains or losses due to fluctuations in exchange rates. As at June 30, 2016 and September 30, 2015, the Company had the following balances in foreign currencies:

	June 30, 2016		September 30, 2015	
		$		$
Cash				
Mexican Peso	8,229 MXN	578	14,648 MXN	1,161
Accounts payable	-	-	-	-

The Company does not undertake currency hedging activities to mitigate its foreign currency risk. If the Mexican peso denominated financial instrument balances had remained consistent throughout the period, a 10% strengthening (weakening) of the Canadian dollar against the Mexican peso would have increased (decreased) the loss for the nine months ended June 30, 2016 by $58.

Interest Rate Risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It is management's opinion that the Company is not exposed to significant interest rate risk.

A sensitivity analysis has determined that an interest rate fluctuation of 1% would not have resulted in significant fluctuation in the interest income during the nine months ended June 30, 2016.

Notes payable
In January 2015, the Company obtained two loans of $25,000 each from two unrelated non-insider third parties. These loans were repayable on December 31, 2015 with interest at 1% per month or part month (12% per annum). These two loans of $25,000 each plus accrued interest of $3,000 each were extended effective December 31, 2015 to June 30, 2016 with interest at 1.5% per month or part month (18% per annum). These two loan renewals of $28,000 plus $2,520 of accrued interest each at June 30, 2016 were combined with the other loans to each lender and extended to July 30, 2016.

In May and June 2015, the Company received two additional loans of $50,000 and $25,000 respectively from the same two unrelated non-insider third parties. These two loans were repayable by May 31, 2016 with interest at 1% per month or part month (12% per annum). These two loans of $50,000 and $25,000 plus accrued interest of $6,500 and $3,000 respectively were extended effective May 31, 2016 to June 30, 2016 with interest at 1.5% per month or part month (18% per annum). These two loan renewals of $56,500 and $28,000 plus accrued interest of $847 and $420 respectively at June 30, 2016 were combined with the other loans to each lender and extended to July 30, 2016.

In February 2016, the Company obtained an additional $25,000 loan from one of the existing lenders. This loan plus accrued interest of $1,875 at 1.5% per month or part month (18% per annum) was repayable June 30, 2016.

(Expressed in Canadian Dollars)

10. FINANCIAL INSTRUMENTS AND RISK FACTORS (Continued)

All of the above loans and loan extensions maturing June 30, 2016 plus accrued interest were combined into one loan for each of the two lenders of $114,742 and $58,940 respectively with interest of 1.5% per month, or part month (18% per annum) due by July 30, 2016.

There are provisions in all the loan agreements for the interest rate to increase to 2% per month or part month (24% per annum) in the case of early repayment or an Event of Default as defined in the loan agreements. The Event of Default provisions include the sale of significant assets by the Company or the completion of financings by the Company. These loans are secured by Promissory notes which are ranked ahead of all other liabilities of the Company.

One of the lenders was fully repaid for the outstanding loan plus accrued interest of $59,842 on August 3, 2016.

The Company has a third loan payable of $91,135 at June 30, 2016 due to Maverix Metals Inc., a private company, for funds advanced to the Company and for payments made on behalf of the Company in May and June 2016.

11. RELATED PARTY TRANSACTIONS

Related parties include officers, the Board of Directors, and enterprises which are controlled by these individuals.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of officers and directors of the Company for the nine months ended June 30, 2016 and 2015 was as follows:

	2016	2015
	$	$
Aggregate cash compensation	**31,000**	40,000

The Company granted 530,000 options to five officers and/or directors during the year ended September 30, 2015.

As at June 30, 2016, the Company owed $nil (September 30, 2015 - $192,738) to related parties.

During the nine months ended June 30, 2016, the Company closed a private placement financing of 750,000 common shares at $0.20 per common share for proceeds of $150,000 with an officer of the Company. These proceeds were used to reduce the payables due to the investing officer of the Company.

12. CONTINGENT LIABILITIES

Environmental Contingencies
The Company's exploration activities are subject to various federal, state and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

13. SUBSEQUENT EVENTS

Plan of Arrangement

(Expressed in Canadian Dollars)

In April, 2016, MacMillan Minerals Inc. (TSXV: MMX) ("MacMillan"), Maverix Metals Inc. ("Maverix Private Co.") and Pan American Silver Corp. ("Pan American") announced that they had entered into an arrangement agreement dated April 18, 2016 as amended and restated on May 13, 2016 (the "Arrangement").

On July 11, 2016 MacMillan, Maverix Private Co. and Pan American completed the Plan of Arrangement (the "Arrangement") which has launched Maverix Metals Inc. ("Maverix Public Co.") (formally MacMillan Minerals Inc.) as a new publicly traded royalty and streaming company. Additional information including the plan of arrangement and the Company's press release describing the plan of arrangement were filed on SEDAR June 22, 2016 and July 11, 2016, respectively, and are available at www.sedar.com.

Under the terms of the Arrangement, MacMillan acquired all of the issued and outstanding securities of Maverix Private Co. (the "Reverse Takeover", or "RTO"). Concurrently, MacMillan purchased a package of thirteen royalties and precious metal streams from Pan American (collectively, the "Portfolio").

Upon closing of the Arrangement, MacMillan was renamed Maverix Metals Inc. ("Maverix Public Co") and continues to trade as TSX-V "MMX" on the TSX Venture Exchange. The Arrangement sets out the terms of the RTO and the Arrangement involving MacMillan, Maverix Private Co., the shareholders of MacMillan and Maverix Private Co, and Pan American, including, among other things:

- MacMillan after consolidating its share capital on a two-for-one basis (the "Consolidation") MacMillan had issued and outstanding 3,644,165 common shares;
- MacMillan then exchanged common shares for all of the outstanding common shares of Maverix Private Co. at a ratio of one MacMillan common share for each one common share of Maverix Private Co., representing a total aggregate issuance of 33,079,093 common shares of MacMillan to Maverix Private Co. (the "RTO" transaction);
- MacMillan also concurrently acquired the Portfolio from Pan American in exchange for 42,850,000 common shares of MacMillan and 20,000,000 common share purchase warrants to acquire common shares of MacMillan;

Pan American Silver Corp now holds approximately 54% of the issued and outstanding common shares of Maverix Public Co. post the RTO transaction Maverix's Private Co.'s shareholders pre-Arrangement hold approximately 41% of the issued and outstanding common shares of Maverix Public Co. and MacMillan's current shareholders pre-Arrangement hold the remaining 5% of Maverix Public Co When the Arrangement was completed. Maverix Public Co. had a total of approximately 79.9 million shares issued and outstanding.

In addition, Pan American received 20,000,000 common share purchase warrants of Maverix Metals Inc. (formally MacMillan Minerals Inc.) (the "PAS Warrants"). The PAS Warrants are exercisable for five years after closing of the Arrangement. One-half of the PAS Warrants are exercisable for USD$0.546 or CAD$0.70 per share and one-half are exercisable for USD$0.78 or CAD $1.00 per share.

The cost in accordance with the Arrangement is $59.3 million and includes the fair value of the following items as at June 30, 2016:

a) 75.93 million Maverix Public Co. common shares at CAD $0.69 per share for a total fair value of $56.7 million; and
b) 20.0 million Maverix Public Co. warrants at an average price of CAD $0.13 per warrant for a total fair value of $2.6 million determined using the Black-Scholes option pricing model; plus
c) the estimated transaction costs of $0.6 million.

The following assumptions were used for the Black-Scholes option pricing model for fair value of the warrants:

Dividend yield	0%
Expected volatility	40%
Risk free interest rate	1.0%
Expected life	5 years

The transactions were accounted for as an asset purchase and the cost of each gold stream or royalty acquired in the portfolio was determined based on its fair value at the time of acquisition.

The purchase price allocation for the transaction is summarized in the table below:

		($ thousands)
Acquisition costs:		
75.93 million shares of Maverix Public Co.	$	56,702
20.0 million Pan American Warrants		2,600
	$	59,302

Allocation of acquisition costs:		($ thousands)
Mineral property interests	$	54,912
Other assets and liabilities		4,390
	$	59,302

Stock option and share compensation plan
Pursuant to the stock option and share compensation plan approved by shareholders at the June 17, 2016 shareholders meeting, the Company granted 2,907,000 options exercisable at $0.54 expiring April 2021, and vest in two equal parts over two years. The Board also approved the issuance of 264,600 common shares to directors as part of their compensation for director fees. These were issued on July 11, 2016.