



**AGAVE SILVER  
CORPORATION**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
SIX MONTHS ENDED SEPTEMBER 30, 2015 AND 2014**

(Expressed in Canadian dollars)  
(Unaudited)

# AGAVE SILVER CORP.

## Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

	September 30, 2015	March 31, 2015
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 169	\$ 2,827
Amounts receivable and prepaid expenses (Note 6)	16,804	22,766
<b>Total Current Assets</b>	<b>16,973</b>	<b>25,593</b>
<b>Non-current Assets</b>		
Deferred charge	18,750	21,875
Deferred finance fee	25,000	28,900
Equipment	234	351
Reclamation deposits	18,000	18,000
<b>Total Non-current Assets</b>	<b>61,984</b>	<b>69,126</b>
<b>Total Assets</b>	<b>\$ 78,957</b>	<b>\$ 94,719</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (Note 8)	\$ 30,942	\$ 97,615
Accounts payable, related parties (Note 9)	146,964	282,981
<b>Total Liabilities</b>	<b>177,906</b>	<b>380,596</b>
<b>Deficiency</b>		
Share capital (Note 11)	34,028,235	33,755,285
Share subscription	--	100,000
Warrant reserve	341,631	341,631
Share-based payments reserve (Note 11)	563,023	964,950
Deficit	(35,031,838)	(35,447,743)
<b>Total Deficiency</b>	<b>(98,949)</b>	<b>(285,877)</b>
<b>Total Liabilities and Deficiency</b>	<b>\$ 78,957</b>	<b>\$ 94,719</b>

### Going Concern (Note 1)

Approved and authorized for issue on behalf of the board of directors on November 26, 2015 by:

/s/Ronald M. Lang  
Director

/s/Robert Paul  
Director

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

**AGAVE SILVER CORP.****Condensed Consolidated Interim Statements of Operations and Comprehensive Income (Loss)**

(Expressed in Canadian dollars)

(Unaudited)

	<b>Three Months Ended September 30,</b>		<b>Six Months Ended September 30,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Expenses</b>				
Exploration costs (Note 7)	\$ 760	\$ 5,062	\$ (3,017)	\$ 8,223
Foreign exchange	--	1,188	(336)	958
General and administrative (Note 10)	15,051	18,473	27,601	45,892
Professional fees	9,804	17,358	26,217	35,237
Salaries and benefits	14,773	48,800	54,712	96,374
Shareholder communications	6,821	7,825	10,673	10,855
Stock-based compensation (Note 11)	--	--	25,873	--
<b>Loss Before Other Income</b>	<b>(47,209)</b>	<b>(98,706)</b>	<b>(141,723)</b>	<b>(197,539)</b>
<b>Other Income</b>				
Gain on settlement of debt (Note 9)	--	--	129,121	--
Interest	707	31	707	31
<b>Total Other Income</b>	<b>707</b>	<b>31</b>	<b>129,828</b>	<b>31</b>
<b>Net Loss and Comprehensive Loss for the Period</b>	<b>(46,502)</b>	<b>(98,675)</b>	<b>(11,895)</b>	<b>(197,508)</b>
<b>Loss Before Discontinued Operations</b>	<b>(46,502)</b>	<b>(98,675)</b>	<b>(11,895)</b>	<b>(197,508)</b>
<b>Discontinued Operations</b>				
Exploration and evaluation costs	--	104,560	--	220,817
<b>Net Loss From Discontinued Operations</b>	<b>--</b>	<b>(104,560)</b>	<b>--</b>	<b>(220,817)</b>
<b>Net Loss and Comprehensive Loss for the Period</b>	<b>(46,502)</b>	<b>(203,235)</b>	<b>(11,895)</b>	<b>(418,325)</b>
<b>Loss per Common Share, Basic and Diluted (Note 11)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>	<b>\$ (0.02)</b>
<b>Weighted Average Number of Shares Outstanding – Basic and Diluted</b>	<b>31,981,559</b>	<b>25,834,059</b>	<b>29,357,283</b>	<b>25,834,059</b>

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

## AGAVE SILVER CORP.

### Condensed Consolidated Interim Statements of Changes in (Deficiency) Equity

For the six months ended September 30, 2015 and 2014

(Expressed in Canadian dollars)

(Unaudited)

	Common Shares Without Par Value		Share Subscriptions	Warrant Reserve	Share-based Payments Reserve	Deficit	Total (Deficiency) Equity
	Shares	Amount					
<b>Balance, March 31, 2014</b>	25,834,059	\$ 33,755,285	\$ 50,000	\$ 341,631	\$ 1,376,550	\$ (35,861,001)	\$ (337,535)
Share subscriptions	--	--	(50,000)	--	--	--	(50,000)
Net loss for the period	--	--	--	--	--	(418,325)	(418,325)
<b>Balance, September 30, 2014</b>	25,834,059	33,755,285	--	341,631	1,376,550	(36,279,326)	(805,860)
<b>Balance, March 31, 2015</b>	25,834,059	33,755,285	100,000	341,631	964,950	(35,447,743)	(285,877)
Private Placement	5,000,000	250,000	(100,000)	--	--	--	150,000
Shares issued for debt	1,147,500	22,950	--	--	--	--	22,950
Share-based payments	--	--	--	--	25,873	--	25,873
Options forfeited/expired, unexercised	--	--	--	--	(427,800)	427,800	--
Net income (loss) for the period	--	--	--	--	--	(11,895)	(11,895)
<b>Balance, September 30, 2015</b>	31,981,559	\$ 34,028,235	\$ --	\$ 341,631	\$ 563,023	\$ (35,031,838)	\$ (98,949)

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

**AGAVE SILVER CORP.****Condensed Consolidated Interim Statements of Cash Flows**

(Expressed in Canadian dollars)

(Unaudited)

	<b>For the six months ended September 30,</b>	
	<b>2015</b>	<b>2014</b>
<b>Cash provided by (used in):</b>		
<b>Operations</b>		
Net loss for the period	\$ (11,895)	\$ (418,325)
Items not involving cash		
Depreciation	117	3,524
Foreign exchange	--	236
Gain on settlement of debt	(129,121)	--
Share-based payments	25,873	--
Changes in non-cash operating assets and liabilities		
Amounts receivable and prepaid expenses	5,962	6,687
Deferred charge	3,125	3,125
Deferred finance fee	3,900	--
Foreign value-added taxes recoverable	--	(1,504)
Accounts payable and accrued liabilities	(66,673)	89,164
Accounts payable, related parties	(25,760)	139,417
<b>Cash used in operating activities</b>	<b>(194,472)</b>	<b>(177,676)</b>
<b>Investing activities</b>		
Proceeds of short-term investments	--	10,000
Interest on short-term investments	--	69
<b>Cash provided by investing activities</b>	<b>--</b>	<b>10,069</b>
<b>Financing activities</b>		
Common shares	250,000	--
Share subscriptions	(100,000)	(50,000)
Loan from related party	41,814	200,000
<b>Cash provided by financing activities</b>	<b>191,814</b>	<b>150,000</b>
<b>Increase (decrease) in cash during the period</b>	<b>(2,658)</b>	<b>(17,607)</b>
<b>Cash, beginning of the period</b>	<b>2,827</b>	<b>29,350</b>
<b>Cash, end of the period</b>	<b>\$ 169</b>	<b>\$ 11,743</b>
<b>Supplemental information</b>		
Interest paid	\$ --	\$ --
Income taxes paid	\$ --	\$ --
Non-cash portion of warrants exercised	\$ --	\$ --
Non-cash portion of options exercised	\$ --	\$ --

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

# **AGAVE SILVER CORP.**

## **Notes to the Condensed Consolidated Interim Financial Statements**

**For the six months ended September 30, 2015 and 2014**

(Expressed in Canadian dollars)

(Unaudited)

### **1. Nature of Operations and Going Concern**

Agave Silver Corp. (the “Company”) was incorporated on October 12, 1966 in the Province of British Columbia under the Business Corporations Act of British Columbia, and its principal business activity is the exploration of mineral properties in Canada.

The Company’s head office and principal address is #1601-675 West Hastings Street, Vancouver, B.C., Canada, V6B 1N2. The Company’s registered and records office is 25<sup>th</sup> Floor-700 West Georgia Street, Vancouver, B.C., Canada, V7Y 1B3.

The Company’s continuing operations are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its mineral property interests and on future profitable production or proceeds from the disposition of the mineral property interest or other interests.

During the year ended March 31, 2015, the Company sold its wholly-owned Mexican subsidiary, Cream Minerals de Mexico S.A. de C.V. (“CMM”) to Frank Lang and Ferdinand Holcapek (the “Buyers”). CMM holds all rights and title to the mineral concessions comprising the Company’s Nuevo Milenio Property. As consideration for the securities of CMM held by the Company, the Buyers paid the aggregate sum of \$686,000, payable as the forgiveness of the debts owed by the Company to Frank Lang (or other entities controlled by Frank Lang) and Ferdinand Holcapek.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. This assumes the Company will operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has incurred operating losses from inception to September 30, 2015 of \$35,031,838 (March 31, 2015 – \$35,447,743). Additionally, the Company has no source of operating cash flow, minimal income from short-term investments, and there can be no assurances that sufficient funding, including adequate financing, will be available to explore its mineral properties and to cover general and administrative expenses necessary for the maintenance of a public company. The ability of the Company to arrange additional financing in the future depends in part, on the prevailing capital market conditions and mineral property exploration success. These factors cast substantial doubt on the Company’s ability to continue as a going concern. Accordingly, the financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities, contingent obligations and commitments other than in the normal course of business and at amounts different from those in these consolidated financial statements.

### **2. Significant Accounting Policies**

#### **(a) Statement of Compliance**

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

# AGAVE SILVER CORP.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended September 30, 2015 and 2014

(Expressed in Canadian dollars)

(Unaudited)

### 2. Significant Accounting Policies (Continued)

#### (a) Statement of Compliance (Continued)

Certain disclosures that are required to be included in the annual financial statements prepared in accordance with IFRS are not included in these interim financial statements. These statements should be read in conjunction with the consolidated financial statements for the year ended March 31, 2015.

#### (b) Basis of Measurement and Presentation

These condensed consolidated interim financial statements have been prepared using the historical cost convention using the accrual basis of accounting except for some financial instruments, which have been measured at fair value. In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation have been included.

#### (c) Basis of Consolidation

The September 30, 2014 condensed consolidated interim financial statements incorporate the financial statements of the Company and its wholly-owned subsidiary, Cream Minerals de Mexico, S.A. de C.V. ("CMM"), a Mexican corporation. The subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtained control until the date that such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies. All intercompany transactions and balances were eliminated on consolidation. During the year ended March 31, 2015, the company sold its wholly-owned subsidiary, CMM.

#### (d) New Standards Not Yet Adopted

IFRS 9 "Financial Instruments": "Classification and Measurement" is effective for annual periods beginning on or after January 1, 2018.

The Company anticipates that the application of these standards, amendments and interpretations will not have a material impact on the results and financial position of the Company.

### 3. Critical Accounting Judgments and Estimates

The preparation of financial statements requires management to make judgments and estimates that affect the amounts reported in the financial statements and notes. By their nature, these judgments and estimates are subject to change and the effect on the financial statements of changes in such judgments and estimates in future periods could be material. These judgments and estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these judgments and estimates. The more significant areas are as follows:

#### (a) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

# AGAVE SILVER CORP.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended September 30, 2015 and 2014

(Expressed in Canadian dollars)

(Unaudited)

### 3. Critical Accounting Judgments and Estimates (Continued)

#### (b) Going Concern

The assessment of the Company's ability to raise sufficient funds to finance its exploration and administrative expenses involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### (c) Intangible Exploration and Evaluation Assets

Management is required to assess impairment in respect of intangible exploration and evaluation assets. Note 7 discloses the carrying value of such assets. The triggering events for exploration and evaluation assets are defined in IFRS 6 *Exploration for and Evaluation of Mineral Properties* and are as follows:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.

#### (d) Determination of Cash Generating Units

The determination of cash generating units ("CGUs") requires judgment in defining a group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risks and materiality.

#### (e) Foreign Currency

The Company applied judgment in determining the functional currency of the Company and its subsidiary. Functional currency was determined based on the currency in which funds are provided to its subsidiary and the degree of dependence on the Company for financial support.



# AGAVE SILVER CORP.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended September 30, 2015 and 2014

(Expressed in Canadian dollars)

(Unaudited)

### 3. Critical Accounting Judgments and Estimates (Continued)

#### (f) Accrued Liabilities

The Company has applied judgment in recognizing accrued liabilities, including judgment as to whether the Company has a present obligation (legal or constructive) as a result of a past event; whether it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and whether a reliable estimate can be made of the amount of the obligation.

### 4. Discontinued Operations – Sale of Mexican Subsidiary

On February 12, 2015, the Company closed the sale of its wholly-owned Mexican subsidiary, Cream Minerals de Mexico S.A. de C.V. (“CMM”) to Frank Lang and Ferdinand Holcapek (the “Buyers”). CMM holds all rights and title to the mineral concessions comprising the Company’s Nuevo Milenio Property. As consideration for the securities of CMM held by the Company, the Buyers paid the aggregate sum of \$686,000, payable as the forgiveness of the debts owed by the Company to Frank Lang (or other entities controlled by Frank Lang) and Ferdinand Holcapek.

The loss on sale of the Mexican subsidiary was as follows:

Investment in and amounts receivable from CMM	\$ 7,888,482
Retained earnings from CMM	(7,886,505)
Forgiveness of debts	(686,000)
<b>Gain on sale of discontinued operations</b>	<b>\$ (684,023)</b>

During the six months ended September 30, 2015, the Company spent \$Nil (2014 - \$220,817) in cash in exploration and evaluation costs on the discontinued operations, resulting in net cash used in operating activities of the same amount.

### 5. Investment in Associate

The Company holds a one third interest in Quorum Management and Administrative Services Inc. (“Quorum”), a private company incorporated for the purpose of administering cost sharing between the Company and two other public companies related through directors in common. Under the terms of the Quorum cost sharing agreement all three companies are joint and severally liable for Quorum’s obligations. Quorum provided services on a full cost recovery basis until August 31, 2012. In September 2012, the Company took over the services that were provided by Quorum. The three public companies have deferred dissolving Quorum and intend to maintain Quorum as inactive.

### 6. Amounts Receivable and Prepaid Expenses

	September 30, 2015	March 31, 2015
GST/HST	\$ 8,104	\$ 13,888
Prepayments and other receivable	8,700	8,878
<b>Total</b>	<b>\$ 16,804</b>	<b>\$ 22,766</b>

# **AGAVE SILVER CORP.**

## **Notes to the Condensed Consolidated Interim Financial Statements**

**For the six months ended September 30, 2015 and 2014**

(Expressed in Canadian dollars)

(Unaudited)

### **7. Exploration and Evaluation Assets**

The Company's exploration and evaluation assets as at September 30 and March 31, 2015 were \$Nil.

Detailed exploration and evaluation expenditures incurred in respect to the Company's mineral property interests owned, leased or held under option are disclosed at the end of this note.

#### **(a) Kaslo Silver Property, Kaslo, British Columbia, Canada**

The 100% owned Kaslo Silver Property, a silver target, was written off during the year ended March 31, 2012, as there were no plans at that time to continue with exploration. During the year ended March 31, 2014, a review of geological data was completed, however, no further work was done during the year ended March 31, 2015 or during the six months ended September 30, 2015.

#### **(b) Nuevo Milenio Property, Nayarit, Mexico**

During the year ended March 31, 2015, the Company closed the sale of the Company's interest in the Nuevo Milenio Property to Frank Lang and Ferdinand Holcapek via the sale of all of the securities of Cream Minerals de Mexico S.A. de C.V. held by the Company. CMM holds all rights and title to the mineral concessions comprising the Company's Nuevo Milenio Property. As consideration for the securities of Cream Minerals de Mexico, the buyers paid the aggregate sum of \$686,000, payable as the forgiveness of the debts owed by the Company to Frank Lang (or other entities controlled by Frank Lang) and Ferdinand Holcapek.

#### **(c) Hastings Highland Property, Limerick Township, Ontario**

Effective May 9, 2015, the Company and Hastings Highland Resources Limited ("Hastings") entered into an agreement (the "Agreement") with respect to the exclusive option to earn a 90% interest in Hastings' Limerick Township nickel-copper property located in Ontario, Canada (the "Property"), however, the Company was unable to secure the requisite financing and terminated the option on September 3, 2015.

# AGAVE SILVER CORP.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended September 30, 2015 and 2014

(Expressed in Canadian dollars)

(Unaudited)

### 7. Exploration and Evaluation Assets (Continued)

Six months ended September 30, 2015	Kaslo Silver Property, British Columbia	Nuevo Milenio Property, Mexico	Total September 30, 2015
Incurring during the year			
Geological and geophysical	\$ (2,905)	\$ --	\$ (2,905)
Land lease and property taxes	760	--	760
Travel and accommodation	(872)	--	(872)
<b>Total Expenses September 30, 2015</b>	<b>\$ (3,017)</b>	<b>\$ --</b>	<b>\$ (3,017)</b>

Six months ended September 30, 2014	Kaslo Silver Property, British Columbia	Nuevo Milenio Property, Mexico	Total September 30, 2014
Incurring during the period			
Geological and geophysical	\$ 6,791	\$ 81,409	\$ 88,200
Site activities	560	136,676	137,236
Travel and accommodation	872	2,732	3,604
<b>Total Expenses September 30, 2014</b>	<b>\$ 8,223</b>	<b>\$ 220,817</b>	<b>\$ 229,040</b>

### 8. Accounts Payable and Accrued Liabilities

	September 30, 2015	March 31, 2015
Trade payables	\$ 9,344	\$ 73,235
Accrued liabilities	21,598	24,380
<b>Totals</b>	<b>\$ 30,942</b>	<b>\$ 97,615</b>

### 9. Related Party Transactions and Balances

Remuneration of directors and key management personnel of the Company was as follows for the six months ended September 30, 2015 and 2014:

	Six months ended September 30,	
	2015	2014
<i>Agave Silver Corp.</i>		
Salaries, fees and benefits	\$ 54,712	\$ 54,360
Stock based compensation	22,304	--
<i>Cream Minerals de Mexico, S.A. de C.V.</i>		
Salaries and benefits (1)	--	60,000

(1) Salaries and benefits and share-based payments have been recorded as exploration costs related to the Nuevo Milenio project.

# AGAVE SILVER CORP.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended September 30, 2015 and 2014

(Expressed in Canadian dollars)

(Unaudited)

### 9. Related Party Transactions and Balances (Continued)

Related party balances as at September 30, 2015 and March 31, 2015 were as follows:

Balances at:	September 30, 2015	March 31, 2015
Payables:		
Lang Mining Corporation (a)	\$ 28,589	\$ 25,127
Dauntless Developments Ltd. (a)	50,875	--
Directors and Officers (b)	67,500	257,854
Totals	\$ 146,964	\$ 282,981

- (a) Lang Mining Corporation (“Lang Mining”) and Dauntless Developments Ltd. (“Dauntless Developments”) are private companies controlled by Frank A. Lang, who was a former director and Chairman of the Company, and owned 56% of the Company as at September 30, 2015. Ronald Lang, the President and CEO of the Company, and the son of Frank A. Lang, is President of Lang Mining and a director of Dauntless Developments. Lang Mining and Dauntless Developments provided the Company with non-interest bearing loans, with no specified terms of repayment.
- (b) The directors’ and officers’ balances include fees and expenses owing to directors and officers including any salaries accrued to the Sole Administrator and Director General of Cream Minerals de Mexico, S.A. de C.V., for administrative and geological services rendered prior to the sale of the subsidiary.

In December, 2014, the Company signed a Debt Settlement and Assumption Agreement with Angela Yap and Quorum whereby in full settlement of the debt owed from the Company to Quorum, the Company has assumed Quorum’s debt payable to Angela Yap to the extent of the amount the Company owed to Quorum, \$60,822. The Company’s indebtedness to Quorum is fully and finally satisfied with no further claim or indebtedness owed by the Company to Quorum and the assumed indebtedness to Angela Yap represents all claims and indebtedness owed to Angela Yap.

During the six months ended September 30, 2015, the Company settled all debts owing to officers and directors, with the exception of partial salaries payable to the President, by the issuance of cash payments totaling \$68,281 and by the issuance of 1,147,500 shares for a total of \$22,950. These settlements resulted in a gain on settlement of debt in the amount of \$129,121.

As at September 30, 2015, the balance payable to directors and officers is composed entirely of salary arrears payable to the President.

### 10. General and Administrative

	Six months ended September 30,	
	2015	2014
Depreciation	\$ 117	\$ 956
Office and administration	27,234	38,559
Travel and conferences	250	6,377
Totals	\$ 27,601	\$ 45,892

# **AGAVE SILVER CORP.**

## **Notes to the Condensed Consolidated Interim Financial Statements**

**For the six months ended September 30, 2015 and 2014**

(Expressed in Canadian dollars)

(Unaudited)

### **11. Share Capital**

#### **Authorized**

Unlimited number of common shares without par value.

#### **Issued and Fully Paid**

31,981,559 common shares at September 30, 2015 (March 31, 2015 – 25,834,059).

#### **Financings**

On December 2, 2014, the Company announced a proposed non-brokered private placement whereby it intends to offer up to 11,000,000 flow-through common shares at a price of \$0.06 per flow-through common share and 9,000,000 non-flow-through units at a price of \$0.05 per non-flow-through unit. Each non-flow-through unit will be comprised of one common share and one common share purchase warrant. Each whole non-flow-through warrant will entitle the holder to purchase one non-flow-through common shares at any time for a period of 24 months from the date the warrant is issued, at a price of \$0.10.

In June 2015, the Company closed the first and final tranche of a non-brokered private placements of units ("Units") at a price of \$0.05 per Unit by issuing an aggregate of 5,000,000 Units for gross proceeds of \$250,000. Each Unit is comprised of one common share of the Company and one common share purchase warrant ("Warrant"), with each Warrant entitling the holder thereof to purchase one additional common share of the Company at a price of \$0.10 for a term of 24 months after the closing of the private placement.

During the year ended March 31, 2014, the Company completed, in two tranches, a non-brokered private placement for total proceeds of \$1,030,000. The private placement was entirely subscribed by insiders, directors and officers of the Company. The private placement consisted of the issuance of 10,300,000 units of the Company at a price of \$0.10 per Unit. Each Unit is comprised of one common share and one common share purchase warrant, with each warrant entitling the holder thereof to purchase one additional common share at a price of \$0.25 for a term of two years after closing. The share purchase warrants were valued using a Black-Scholes pricing model with the following assumptions: weighted average risk free interest rate of 1.08-1.187%, volatility factors ranging from 135% to 137% and an expected life of two years.

#### **Shares for Debt**

In June 2015, the Company issued, pursuant to TSX Venture Exchange ("TSXV") approval, 1,147,500 common shares at a deemed price of \$0.05 per common share in partial settlement of \$52,500 of deferred salary payable to Ron Lang since his appointment as President in October 2013 and settlement in full of \$4,875 of director's fees arrears incurred prior to his appointment as President. The Company recorded a gain on the settlement of this debt of \$45,800.

# AGAVE SILVER CORP.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended September 30, 2015 and 2014

(Expressed in Canadian dollars)

(Unaudited)

### 11. Share Capital (Continued)

#### Stock Options

On September 27, 2013, the shareholders approved an amendment to the Company's stock option plan ("the Plan") to change the number of shares in respect of which options may be granted thereunder from 10% of the issued and outstanding shares of the Company to a maximum of 2,723,500 shares of the Company. The Plan provides for its directors, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date of grant. The Plan provides for immediate vesting, or vesting at the discretion of the Board at the time of the option grant and are exercisable for a period of up to 10 years. Stock options granted to investor relations' consultants vest over a twelve month period, with one quarter of such options vesting in each three month period.

The number of shares which may be issuable under the Plan and all of the Company's other previously established or proposed share compensation arrangements, in any 12 month period:

- (a) to any one person shall not exceed 5% of the total number of issued and outstanding shares on the grant date on a non-diluted basis, unless the Company has obtained disinterested shareholder approval to exceed such limit;
- (b) to insiders as a group shall not exceed 10% of the total number of issued and outstanding shares on the grant date on a non-diluted basis, unless the Company has obtained disinterested shareholder approval to exceed such limit;
- (c) to any one consultant shall not exceed 2% of the total number of issued and outstanding shares on the grant date on a non-diluted basis; and
- (d) to all eligible persons who undertake investor relations activities shall not exceed 2% in the aggregate of the total number of issued and outstanding shares on the grant date on a non-diluted basis.

During the six months ended September 30, 2015, pursuant to the Company's stock option plan and TSXV approval, the Company granted 1,450,000 stock options to directors, officers and consultants of the Company at an exercise price of \$0.07 per share, expiring on June 3, 2020. The fair value of the stock options granted has been calculated using the Black-Scholes pricing model, based on the following assumptions: weighted average risk free interest rate of 0.47%, volatility factor of 168% and an expected life of five years.

No stock options were granted during the period ended September 30, 2014.

# AGAVE SILVER CORP.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended September 30, 2015 and 2014

(Expressed in Canadian dollars)

(Unaudited)

### 11. Share Capital (Continued)

The following table summarizes information on stock options outstanding at September 30, 2015:

Exercise Price	Number Outstanding and Exercisable	Average Remaining Contractual Life
\$3.80	167,500	0.43 years
\$1.60	40,000	0.73 years
\$0.07	1,450,000	4.68 years
	<b>1,657,500</b>	<b>2.40 years</b>

A summary of the changes in stock options for the six months ended September 30, 2015 and the year ended March 31, 2015 is presented in the following table:

	Number of Shares	Weighted Average Exercise Price (\$)
Balance, fully vested and exercisable at March 31, 2014	517,500	3.44
Cancelled/forfeited	(140,000)	3.80
Balance, fully vested and exercisable at March 31, 2015	377,500	3.31
Granted	1,450,000	0.07
Cancelled/forfeited	(170,000)	3.24
<b>Balance, fully vested and exercisable at September 30, 2015</b>	<b>1,657,500</b>	<b>0.48</b>

### Warrants

As at September 30, 2015, the following share purchase warrants issued in connection with private placements were outstanding:

Number of Warrants	Exercise Price	Expiry Dates
6,000,000	\$0.25	October 3, 2015
4,300,000	\$0.25	November 29, 2015
5,000,000	\$0.10	June 17, 2015
<b>15,300,000</b>		

A summary of the changes in warrants for the six months ended September 30, 2015 and year ended March 31, 2015 is presented below:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, March 31, 2014 and March 31, 2015	10,300,000	0.25
Issued	5,000,000	0.10
<b>Balance, September 30, 2015</b>	<b>15,300,000</b>	<b>0.20</b>

# AGAVE SILVER CORP.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended September 30, 2015 and 2014

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(Unaudited)

### 11. Share Capital (Continued)

#### Earnings (Loss) Per Share

The Company calculates basic and diluted earnings (loss) per common share using the weighted average number of common shares outstanding during each period and the diluted earnings (loss) per share assumes that the outstanding vested stock options and share purchase warrants had been exercised at the beginning of the year.

To compute diluted earnings per share, the average number of shares outstanding is adjusted for the number of potentially dilutive shares. The potentially dilutive stock options and share purchase warrants were not included in the Company's earnings (loss) per common share calculation because the result was anti-dilutive.

	Six months ended September 30,	
	2015	2014
Issued shares beginning of period	25,834,059	25,834,059
Weighted average issuances	3,523,224	--
<b>Basic weighted average common shares, end of period</b>	<b>29,357,283</b>	<b>25,834,059</b>

### 12. Segmented Information

#### Operating Segments

The Company has one operating segment, which is the exploration and evaluation of mineral properties.

#### Geographic Segments

The Company's principal operations are carried out in Canada and Mexico. The majority of investment income is earned in Canada. Segmented assets by geographical location are as follows:

Statement of Financial Position			
September 30, 2015	Canada	Mexico	Total
Total Assets	\$ 78,957	\$ --	\$ 78,957
Current Assets	\$ 16,973	\$ ---	\$ 16,973
Long-term Assets	\$ 61,984	\$ --	\$ 61,984

  

Statement of Financial Position			
March 31, 2015	Canada	Mexico	Total
Total Assets	\$ 94,719	\$ --	\$ 94,719
Current Assets	\$ 25,593	\$ --	\$ 25,593
Long-term Assets	\$ 69,126	\$ --	\$ 69,126



# AGAVE SILVER CORP.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended September 30, 2015 and 2014

(Expressed in Canadian dollars)

(Unaudited)

### 12. Segmented Information (Continued)

#### Geographic Segments (Continued)

Segmented expenses by geographical location are as follows:

<b>Six months ended September 30, 2015</b>	<b>Canada</b>	<b>Mexico</b>	<b>Total</b>
Exploration and evaluation costs	\$ (3,017)	\$ --	\$ (3,017)
Other expenses	144,740	--	144,740
Total expenses	\$ 141,723	\$ --	\$ 141,723
<b>Six months ended September 30, 2014</b>	<b>Canada</b>	<b>Mexico</b>	<b>Total</b>
Exploration and evaluation costs	\$ 8,223	\$ 220,817	\$ 229,040
Other expenses	189,316	--	189,316
Total expenses	\$ 197,539	\$ 220,817	\$ 418,356

### 13. Financial Instruments and Risk Management

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. Cash and short-term investments are designated as fair value through profit or loss and are measured at fair value. Accounts payable and accrued liabilities and accounts payable, related parties are designated as other financial liabilities and measured at amortized cost using the effective interest rate method. The fair values of the Company's accounts payable and accrued liabilities and accounts payable, related parties approximate their carrying values at September 30, 2015, due to their short-term nature.

The following table presents the Company's financial instruments, measured at fair value on the consolidated statements of financial position as at September 30, 2015 and March 31, 2015 and categorized into levels of the fair value hierarchy:

	Level	September 30, 2015		March 31, 2015	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Cash	1	\$ 169	\$ 169	\$ 2,827	\$ 2,827
Short-term investments	1	--	--	--	--
Accounts payable and accrued liabilities	2	30,942	30,942	97,615	97,615
Accounts payable, related parties	2	146,964	146,964	282,981	282,981

There were no transfers from levels or change in the fair value measurements of financial instruments for the periods ended September 30, 2015 and March 31, 2015.

#### Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's maximum exposure to credit risk at the financial position date under its financial instruments is summarized as follows:

	<b>September 30, 2015</b>	<b>March 31, 2015</b>
Cash	\$ 169	\$ 2,827
Short-term investments	--	--
	\$ 169	\$ 2,827

# AGAVE SILVER CORP.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended September 30, 2015 and 2014

(Expressed in Canadian dollars)

(Unaudited)

### 13. Financial Instruments and Risk Management (Continued)

All of the Company's cash is held with major financial institutions in Canada and management believes the exposure to credit risk with such institutions is not significant. The financial assets that potentially subject the Company to credit risk are any receivables. The Company considers the risk of material loss to be significantly mitigated due to the financial strength of the major financial institutions where cash and term deposits are held. The Company's maximum exposure to credit risk as at September 30, 2015 is the carrying value of its financial assets.

#### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements as well as the growth and development of its mineral property interests.

During the six months ended September 30, 2015, the Company closed the first and final tranche of a non-brokered private placements of units ("Units") at a price of \$0.05 per Unit by issuing an aggregate of 5,000,000 Units for gross proceeds of \$250,000. In addition, the Company settled all debts owing to officers and directors, with the exception of partial salaries payable to the President, by the issuance of cash payments totaling \$68,281 and by the issuance of 1,147,500 shares for a total of \$22,950. These settlements resulted in a gain on settlement of debt in the amount of \$129,121. The Company also received non-interest bearing loans in the amount of \$41,814 Lang Mining and Dauntless Developments to help fund operations. Further information regarding liquidity risk is set out in Note 1.

The Company's financial assets are comprised of its cash, short-term investments, and the Company's financial liabilities are comprised of its accounts payable, accrued liabilities and accounts payable, related parties, the contractual maturities of which at September 30, 2015 and March 31, 2015 are summarized as follows:

	September 30, 2015	March 31, 2015
Cash	\$ 169	\$ 2,827
Short-term investments	--	--
Accounts payable and accrued liabilities with contractual maturities – Within 90 days or less	(30,942)	(97,615)
Due to related parties with contractual maturities - Within 90 days or less	(146,964)	(282,981)

#### Interest Rate Risk

The Company has no significant exposure at September 30, 2015 to interest rate risk through its financial instruments.

#### Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and, until February, 2015, Mexico and a portion of its expenses are incurred in U.S. dollars and in Mexican pesos. A significant change in the currency exchange rates between the Canadian dollar and these currencies could have an effect on the Company's results of operations, financial position or cash flows.

# AGAVE SILVER CORP.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended September 30, 2015 and 2014

(Expressed in Canadian dollars)

(Unaudited)

### 13. Financial Instruments and Risk Management (Continued)

The Company has not hedged its exposure to currency fluctuations. At September 30, 2015, the Company is exposed to currency risk through the following assets and liabilities denominated in U.S. dollars, but presented in Canadian dollar equivalents.

	September 30, 2015	March 31, 2015
<b>U.S. Dollars</b>		
Cash	\$ --	\$ 2,315
Accounts payable and accrued liabilities	--	(16,090)

Based on the above net exposures at September 30, 2015, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the Canadian dollar against the U.S. dollar would result in an increase/decrease of \$Nil (March 31, 2015 - \$1,378) in the Company's loss from operations.

Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Company had no cash equivalents at September 30, 2015. In respect of financial assets, the Company's policy is to invest cash at floating rates of interest in order to maintain liquidity while achieving a satisfactory return. Fluctuations in interest rates impact the amount of return the Company may realize but interest rate risk is not significant to the Company.

### 14. Management of Capital

The Company defines capital that it manages as equity. When managing capital, the Company's objective is to ensure the Company continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business.

	September 30, 2015	March 31, 2015
Equity (deficiency) is comprised of:		
Share capital	\$ 34,028,235	\$ 33,755,285
Share subscription	--	100,000
Warrant reserve	341,631	341,631
Share-based payments reserve	563,023	964,950
Deficit	(35,031,838)	(35,447,743)

The Company's capital management approach is revised on an ongoing basis and reflects adjustments in light of economic conditions affecting metal markets and the mining industry in particular. Given the nature of its activities, the Company is dependent on financing to fund its operations. To maintain or adjust the capital structure, the Company may issue new shares, options and warrants, and issue debt. There were no changes in the Company's approach to capital management during the six months ended September 30, 2015. Neither the Company nor its subsidiary is subject to externally imposed capital requirements.

### 15. Subsequent Events

None.