

MIRASOL RESOURCES LTD.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

Canadian Funds

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Mirasol Resources Ltd.

We have audited the accompanying consolidated financial statements of Mirasol Resources Ltd., which comprise the consolidated statements of financial position as at June 30, 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 Mirasol Resources Ltd. as at June 30, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

October 26, 2017



Mirasol Resources Ltd.*(An Exploration Stage Company)***Consolidated Statements of Financial Position***Canadian Funds**As at*

ASSETS	June 30, 2017	June 30, 2016
Current Assets		
Cash and cash equivalents	\$ 4,629,130	\$ 17,605,111
Short-term investments <i>(Note 6)</i>	16,792,765	459,000
Receivables and advances <i>(Note 7)</i>	544,502	284,492
	<u>21,966,397</u>	<u>18,348,603</u>
Equipment and Software <i>(Note 8)</i>	103,677	65,265
Exploration and Evaluation Assets <i>(Note 9)</i>	3,000,762	3,000,762
	<u>\$ 25,070,836</u>	<u>\$ 21,414,630</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities <i>(Note 10)</i>	\$ 532,649	\$ 784,453
EQUITY		
Share Capital <i>(Note 11)</i>	48,303,568	38,393,240
Reserves <i>(Note 11)</i>	16,361,942	15,418,454
Accumulated Other Comprehensive loss	(23,438)	(23,279)
Deficit	<u>(40,103,885)</u>	<u>(33,158,238)</u>
	<u>24,538,187</u>	<u>20,630,177</u>
	<u>\$ 25,070,836</u>	<u>\$ 21,414,630</u>

Nature of Business *(Note 1)***Commitments** *(Note 14)***Subsequent Event** *(Note 15)*

On Behalf of the Board:

“*Stephen C. Nano*”
 _____, Director

“*Nick DeMare*”
 _____, Director

Mirasol Resources Ltd.*(An Exploration Stage Company)***Consolidated Statements of Loss and Comprehensive Loss****For the Years Ended June 30***Canadian Funds*

	2017	2016
Operating Expenses		
Exploration costs <i>(Note 9 and 10b)</i>	\$ 4,105,942	\$ 4,702,827
Share-based payments <i>(Note 11c)</i>	711,454	316,535
Office and miscellaneous	529,691	572,998
Marketing and investor communications	489,116	335,920
Management fees <i>(Note 10a)</i>	320,473	564,305
Business development	297,574	105,442
Professional fees <i>(Note 10b)</i>	197,397	379,423
Director's fees <i>(Note 10a)</i>	135,623	133,500
Transfer agent and filing fees	58,549	20,644
Travel	42,153	42,267
Depreciation <i>(Note 8)</i>	14,490	17,703
	<u>(6,902,462)</u>	<u>(7,191,564)</u>
Interest income	157,577	69,167
Foreign exchange gain (loss)	(200,762)	1,017,394
	<u>(43,185)</u>	<u>1,086,561</u>
Net Loss for the Year before Income Taxes	(6,945,647)	(6,105,003)
Income tax recovery	-	88,000
Net Loss for the Year	\$ (6,945,647)	\$ (6,017,003)
Other Comprehensive loss to be Reclassified to Profit or Loss in Subsequent Periods		
Exchange differences on translation of foreign operations	(159)	(26,237)
Loss and Comprehensive Loss for the Year	<u>(6,945,806)</u>	<u>(6,043,240)</u>
Loss per Share (Basic and Diluted)	\$ (0.15)	\$ (0.14)
Weighted Average Number of Shares Outstanding (Basic and Diluted)	47,781,853	44,334,015

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

Mirasol Resources Ltd.*(An Exploration Stage Company)***Consolidated Statement of Changes in Equity***Canadian Funds*

	Share Capital Common Shares		Reserves	Accumulated Other Comprehensive Income (Loss)	Deficit	Total
	Number	\$	\$	\$	\$	\$
Balance – June 30, 2015	44,245,661	37,858,186	15,146,472	2,958	(27,141,235)	25,866,381
Bonus shares issued <i>(Note 10a)</i>	300,000	372,000	-	-	-	372,000
Option exercise <i>(Note 11c)</i>	118,750	163,054	(44,553)	-	-	118,501
Share-based payments <i>(Note 11c)</i>	-	-	316,535	-	-	316,535
Foreign currency translation adjustment	-	-	-	(26,237)	-	(26,237)
Loss for the year	-	-	-	-	(6,017,003)	(6,017,003)
Balance – June 30, 2016	44,664,411	38,393,240	15,418,454	(23,279)	(33,158,238)	20,630,177
Shares issued – Rights offering	4,166,667	10,000,000	-	-	-	10,000,000
Share issue costs	-	(492,138)	339,700	-	-	(152,438)
Option exercise <i>(Note 11c)</i>	285,000	402,466	(107,666)	-	-	294,800
Share-based payments <i>(Note 11c)</i>	-	-	711,454	-	-	711,454
Foreign currency translation adjustment	-	-	-	(159)	-	(159)
Loss for the year	-	-	-	-	(6,945,806)	(6,945,806)
Balance – June 30, 2017	49,116,078	48,303,568	16,361,942	(23,438)	(40,104,044)	24,538,028

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

Mirasol Resources Ltd.*(An Exploration Stage Company)***Consolidated Statements of Cash Flows****For the Years Ended June 30***Canadian Funds*

	2017	2016
Operating Activities		
Net loss for the year	\$ (6,945,647)	\$ (6,017,003)
Adjustments for:		
Share-based payments	711,454	316,535
Interest income	(157,577)	(69,167)
Depreciation	14,490	17,703
Depreciation included in exploration expenses	24,431	38,942
Unrealized foreign exchange	18,531	(884,047)
Income tax recovery	-	(88,000)
Bonus shares issued	-	372,000
Write-off of mineral property acquisition costs	-	58,167
	<u>(6,334,318)</u>	<u>(6,254,870)</u>
Changes in non-cash working capital items:		
Receivables and advances	(125,909)	(161,660)
Due from joint venture partners – receivables and advances	-	385,422
Accounts payable and accrued liabilities	(251,804)	(138,808)
Income taxes received	-	3,097,701
Cash used in operating activities	<u>(6,712,031)</u>	<u>(3,072,215)</u>
Investing Activities		
Short-term investments redeemed/(placed)	(16,333,765)	741,000
Acquisition of exploration and evaluation assets	-	(229,115)
Interest received	23,476	70,056
Purchase of equipment and software	(77,333)	(1,320)
Cash provided by (used in) investing activities	<u>(16,387,622)</u>	<u>580,621</u>
Financing Activities		
Shares issued, net of issuance costs	9,847,562	-
Exercise of incentive share purchase options	294,800	118,501
Cash provided by financing activities	<u>10,142,362</u>	<u>118,501</u>
Effect of Exchange Rate Change on Cash and Cash Equivalents	<u>(18,690)</u>	<u>857,810</u>
Change in Cash and Cash Equivalents	(12,975,981)	(1,515,283)
Cash and Cash Equivalents - Beginning of Year	17,605,111	19,120,394
Cash and Cash Equivalents - End of Year	<u>\$ 4,629,130</u>	<u>\$ 17,605,111</u>
Supplemental Schedule of Non-Cash Investing and Financing Transactions:		
Fair value of options exercised	\$ 107,666	\$ 44,553
Fair value of bonus warrants	\$ 339,700	\$ -
Cash and Cash Equivalents Consist of:		
Cash	\$ 1,415,944	\$ 757,155
Cash equivalents	\$ 3,213,186	\$ 16,847,956

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

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1. Nature of Business

Mirasol Resources Ltd. ("Mirasol" or the "Company") is incorporated under the laws of the Province of British Columbia, Canada. The Company's corporate registered and records office is located at 1000 – 840 Howe Street, Vancouver, British Columbia and the head office is located at 910 – 850 West Hastings Street, Vancouver, British Columbia.

Mirasol engages in acquiring and exploring mineral properties, principally located in Chile and Argentina, with the objective of identifying mineralized deposits economically worthy of subsequent development, mining or sale.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead and maintain its exploration and evaluation assets. The recovery of the Company's exploration and evaluation assets is dependent on the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets. While the Company has been successful in the past with its financing efforts, there can be no assurance that it will be able to do so in the future.

Management estimates that the Company has sufficient working capital to maintain its operations and activities for at least next twelve months.

2. Basis of Presentation

Statement of compliance

The consolidated financial statements of the Company 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"). The policies presented in Note 3 were consistently applied to all periods presented. The Board of Directors approved the consolidated financial statements on October 26th, 2017.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis. Financial instruments classified as financial instruments at fair value through profit or loss are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for the cash flow information.

3. Significant Accounting Policies

a) Consolidation

These consolidated financial statements include the accounts of the Company (the "Parent") and its subsidiaries. The principal subsidiaries of the Company, their activities, and their geographic locations as at June 30, 2017 were as follows:

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Subsidiary	Principal activity	Location	Proportion of interest held by the Company
Minera Mirasol Chile Limitada	Mineral exploration	Chile	100%
Cabo Sur S.A.	Mineral exploration	Argentina	100%
Australis S.A.	Mineral exploration	Argentina	100%
Minera Del Sol S.A.	Mineral exploration	Argentina	100%
Nueva Gran Victoria S.A.	Mineral exploration	Argentina	100%
Recursos Mirasol Holdings Ltd.	Holding company	British Virgin Islands	100%
MDS Property Holdings Ltd.	Holding company	British Virgin Islands	100%

The transactions among the entities in the consolidated group pertain to the transfer of funds and payment of third party costs. All inter-group transactions and balances have been eliminated upon consolidation.

b) Significant Accounting Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Significant accounting estimates and judgments are related to, but are not limited to, the following:

- (i) Impairment of exploration and evaluation assets: The capitalized carrying value of each property group is reviewed regularly for conditions that are indicators of impairment. This review requires significant judgment as the Company does not have any proven and probable reserves that enable future cash flows to be compared to the carrying values. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the claims' value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the claims' acquisition, development or cost of holding; whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future; and whether the Company has the necessary funds to be able to maintain its interest in the mineral claims.

The Company has concluded that impairment conditions do not exist as at June 30, 2017.

Ownership of exploration and evaluation assets involves certain risks due to the difficulties of determining and obtaining clear title to claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many exploration and evaluation assets.

The Company has investigated ownership of its exploration and evaluation assets and, to the best of its knowledge, ownership of its interests are in good standing.

- (ii) Valuation of share purchase options: The Company provides compensation benefits to its employees, directors and officers through a stock option plan. The fair value of each option award is estimated on the date of the grant using the Black-Scholes option pricing model. Expected volatility assumption used in the model is based on the historical volatility of the Company's share price. The Company uses historical data to estimate the period of option exercises and their forfeiture rates for use in the valuation model.

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The risk-free interest rate for the expected term of the option is based on the yields of government bonds. Changes in these assumptions, especially the volatility and the expected life determination could have a material impact on the Company's profit or loss. All estimates used in the model are based on historical data which may not be representative of future results.

- (iii) Income taxes: The Company is subject to income taxes in numerous jurisdictions. Uncertainties exist with respect to interpretations of tax regulations. The Company has recognized current tax refundable based on its interpretations of tax regulations, which may differ from the interpretations of the tax authorities (*Note 13*).

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. The recognition of deferred tax assets requires management to assess the likelihood that the Company will generate taxable income in future periods to utilize the deferred tax assets. Due to a history of losses deferred tax assets have not been recognized.

- (iv) Functional currencies: The functional currency of an entity is the currency of the primary economic environment in which an entity operates. The determination of an entity's functional currency requires judgement based on analysis of relevant factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates* ("IAS 21").

Except for the Company's subsidiaries in the British Virgin Islands (*Note 3a*) above), the Company has determined that its subsidiaries in Chile and Argentina incur costs in United States Dollars, Canadian Dollars, Australian dollars as well as the Chilean and Argentine Pesos and therefore do not indicate a single primary currency for operating in these jurisdictions. These subsidiaries are financed entirely by its Canadian Parent and therefore act as its extension. The Company has therefore determined that the functional currency of all of its subsidiaries in Chile and Argentina is the Canadian Dollar, similar to the Parent.

c) Foreign Currencies

The functional currency of the Company and its operating subsidiaries, Minera Del Sol S.A., Australis S.A., Nueva Gran Victoria S.A., Cabo Sur S.A., and Minera Mirasol Chile Limitada, is the Canadian Dollar ("C\$"). The functional currency of its holding subsidiaries, Recursos Mirasol Holdings Ltd., and MDS Property Holdings Ltd. is the United States Dollar.

Any transactions in currencies other than the functional currency have been translated to the Canadian Dollar in accordance with IAS 21. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Assets and liabilities of entities with a functional currency other than the Canadian Dollar are translated at the period end rates of exchange, and the results of their operations are translated at average rates of exchange for the period. The resulting changes are recognized in accumulated other comprehensive income (loss) ("AOCI") in equity as a foreign currency translation adjustment.

The Company's presentation currency is the Canadian Dollar.

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d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit with banks and short-term interest-bearing investments with maturities of three months or less at the purchase date. Deposits with banks and short-term interest-bearing investments with original term to maturity greater than three months but less than one year are presented as short-term investments.

e) Financial Instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Company has classified each financial instrument into one of the following categories: (1) financial assets or liabilities at fair value through profit or loss ("FVTPL"), (2) loans and receivables, (3) financial assets available-for-sale, (4) financial assets held-to maturity, and (5) other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in profit or loss. Financial assets available-for-sale are subsequently measured at fair value with changes in fair value recognized in other comprehensive income loss ("OCI"), net of tax. Financial assets and liabilities held-to-maturity, loans and receivables, and other financial liabilities are subsequently measured at amortized cost using the effective interest method. Refer to Note 5 for further disclosure.

f) Impairment of Financial Assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss as follows:

- (i) Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.
- (ii) Available-for-sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in profit or loss. This amount represents the cumulative loss in accumulated OCI that is reclassified to profit or loss.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available-for-sale financial assets are not reversed.

g) Impairment of Non-Financial Assets

The carrying amounts of non-financial assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units" or "CGUs").

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

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Non-financial assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized in profit or loss in the period of such reversal.

h) Equipment and Software

Equipment and software is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced.

The Company provides for depreciation as follows:

- Exploration equipment: 30% declining balance;
- Computer hardware: 30% declining balance; and
- Computer software: straight-line over the estimated life of three years.

The Company allocates the amount initially recognized to each asset's significant components and depreciates each component separately. Residual values, depreciation methods and useful lives of the assets are reviewed periodically and adjusted on a prospective basis as required.

i) Exploration and Evaluation Assets

The Company capitalizes the direct costs of acquiring mineral property interests as exploration and evaluation assets. Option payments are considered acquisition costs if the Company has the intention of exercising the underlying option.

Exploration and evaluation costs are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, and is technically feasible, in which case the balance is tested for impairment and subsequent development costs are capitalized. Exploration costs include value-added taxes because the recoverability of these amounts is uncertain.

The receipt of option payments from the Company's joint venture partners are applied first towards the capitalized cost for the acquisition of pertinent mineral property interests. Option payments in excess of the capitalized acquisition costs are netted against the exploration costs for the period.

j) Provisions

- (i) Decommissioning and restoration provision: Future obligations to retire an asset, including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations are initially recognized and recorded as a liability based on estimated future cash flows discounted at a risk free rate. The decommissioning and restoration provision is adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the pre-tax rate for risk specific to the liability.

The liability is also accreted to full value over time through periodic charges to profit or loss. This unwinding of the discount is charged to financing expense in profit or loss.

The amount of the decommissioning and restoration provision initially recognized is capitalized as part of the related asset's carrying value and depreciated to profit or loss. The method of depreciation follows that of the underlying asset. The costs related to a decommissioning and restoration provision are only capitalized to the extent that the amount meets the definition of an asset and can bring about future economic benefit.

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For the years presented, the Company does not have any decommissioning or restoration provisions.

- (ii) Other provisions: Provisions are recognized when a current legal or constructive obligation exists, as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted using an appropriate pre-tax rate for risk specific to the liability.

k) Income Taxes

Income tax expense (recovery) is comprised of current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the date of statement of financial position and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are presented as non-current.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority and when the Company intends to settle its current tax assets and liabilities on a net basis.

l) Share-based Payments

The Company grants share options to buy common shares of the Company to directors, officers, employees and service providers. The Company recognizes share-based payment expense based on the estimated fair value of the options. A fair value measurement is made for each vesting instalment within each option grant and is determined using the Black-Scholes option-pricing model. The fair value of the options is recognized over the vesting period of the options granted as both share-based payment expense and reserves. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The reserves account is subsequently reduced if the options are exercised and the amount initially recorded is then credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the equity instruments issued. Otherwise, such share-based payments are measured at the fair value of goods or services received.

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m) Loss per Share

Basic loss per share is computed by dividing loss available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the loss per share. The dilutive effect of convertible securities is reflected in the diluted loss per share by application of the "if converted" method. For the year presented, this calculation proved to be anti-dilutive.

n) Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss), and represents the change in equity which results from transactions and events from sources other than the Company's shareholders. The Company's translation of its subsidiaries which have a functional currency other than the Canadian Dollar is the only item affecting comprehensive income (loss) for the years presented.

4. Recent Accounting Pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC.

The following new standards and amendments to standards which are applicable to the Company have been issued with effective dates into the later fiscal years:

- a) IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized costs, fair value through OCI and FVTPL. The basis of classification depends on entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at FVTPL with the irrevocable option at inception to present changes in fair value in OCI. There is a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at FVTPL.

IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the hedged ratio to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Company is currently evaluating the impact of this standard.

- b) IFRS 15 Revenue from Contracts with Customers deals with revenue recognition and establishes principles of reporting useful information to the users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when the customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 Revenue, and IAS 11 Construction Contracts and related interpretations.

It is effective for annual periods beginning on or after January 1, 2018 with earlier application permitted. The standard is not expected to have an impact on the Company in its present form.

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- c) IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model.

The following new standards and amendments to standards which are applicable to the Company for the current fiscal year have been adopted:

- a) IFRS 11 Accounting for acquisition of interest in joint operations amends Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to apply all of the business combinations accounting principles in IFRS 3 and other IFRS, except for those principles that conflict with the guidance in IFRS 11 and to disclose the information required by IFRS 3 and other IFRS for business combinations. The amended IFRS 11 was adopted during the fiscal year with no impact on the Company in its present form.
- b) Amendments are made to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture and requires full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations) and requires the partial recognition of gains and losses where the assets do not constitute a business. The amended IFRS 10 and IAS 28 were adopted during the year, the standard had no impact on the Company in its present form.

5. Financial Instruments

Categories of financial instruments

	June 30, 2017	June 30, 2016
Financial assets		
Fair Value Through Profit or Loss		
Cash and cash equivalents	\$ 4,629,130	\$ 17,605,111
Short-term investments	16,792,765	459,000
Loans and receivables	-	
Receivables and advances	396,323	168,151
	<u>\$ 21,818,218</u>	<u>\$ 18,232,262</u>
Financial liabilities		
Other financial liabilities		
Accounts payable and accrued liabilities	\$ 532,649	\$ 784,453

a) Fair Value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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-
- Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;
Level 2 – Inputs other than quoted prices that are directly or indirectly observable for the asset or liability;
and,
Level 3 – Inputs that are not based on observable market data;

	June 30, 2017	June 30, 2016
Level 1		
Cash and cash equivalents	\$ 4,629,130	\$ 17,605,111
Short-term investments	\$ 16,792,765	\$ 459,000

The fair values of the Company's other financial instruments approximate their carrying values because of the short-term nature of these instruments.

b) Management of Capital Risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of equity.

The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, enter into joint ventures or obtain debt financing. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

To maximize ongoing exploration, the Company does not pay out dividends.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities of twelve months or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations. The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the year.

c) Management of Financial Risk

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

(i) Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada, Argentina and Chile and a portion of its expenses are incurred in United States ("US") dollars, Australian dollars and in Argentine and Chilean Pesos. A significant change in the currency exchange rates between the US and Australian dollar relative to the Canadian dollar and the Argentine and Chilean Peso to the Canadian dollar could 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.

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At June 30, 2017, the Company is exposed to currency risk through the following assets and liabilities denominated in US and Australian dollars and Argentine and Chilean Pesos:

	US Dollars	Australian Dollars	Argentine Peso	Chilean Peso
Cash and cash equivalents	2,040,840	921,080	3,982,397	17,340,920
Short-term investments	9,500,000	1,974,385		
Receivables and advances	205,000	-	1,077,621	13,159,755
Accounts payable and accrued liabilities	(27,859)	(123,631)	(2,576,622)	(8,352,839)

Based on the net exposures as at June 30, 2017, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US and Australian dollar would result in an increase/decrease of \$1,526,068 and \$276,601, respectively in the Company's comprehensive loss. Likewise, a 10% depreciation or appreciation of the Canadian dollar against the Argentine and Chilean Peso would result in an increase/decrease of \$20,870 and \$4,319, respectively in the Company's comprehensive loss.

(ii) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and cash equivalents is held through large financial institutions. The Company's receivables primarily consist of interest receivable due from major financial institutions on short term investments. Management believes that credit risk concentration with respect to receivables is remote.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined above. As at June 30, 2017, the Company's financial liabilities consist of accounts payable and accrued liabilities totalling \$532,649. All of the Company's obligations are expected to be paid within 90 days. Management believes the Company has sufficient funds to meet its liabilities as they become due.

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash and cash equivalents is limited because these investments are generally held to maturity. The applicable rates of interest on such investments range between 0.05% and 1.91%.

(v) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk and foreign currency risk. The Company is not exposed to significant other price risk.

Mirasol Resources Ltd.*(An Exploration Stage Company)***Notes to Consolidated Financial Statements****June 30, 2017***Canadian Funds***6. Short-term Investments**

Short term investments comprise of cashable and non-cashable Guaranteed Investment Certificates (“GIC”) placed with reputable Canadian and US financial institutions. Maturity dates of these GIC’s are between three to twelve months.

7. Receivables and Advances

	June 30, 2017	June 30, 2016
Goods and services tax receivable	\$ 7,961	\$ 7,374
Income taxes recoverable	23,991	23,991
Interest receivable	129,345	1,014
Prepaid expenses and advances	116,227	84,976
Due from joint venture partners	266,978	167,137
	\$ 544,502	\$ 284,492

8. Equipment and Software

	Exploration Equipment	Computer Hardware	Computer Software	Total
Cost				
Balance as at June 30, 2015	\$ 398,578	\$ 57,883	\$ 37,834	\$ 494,295
Additions for the year	1,320	-	-	1,320
Balance as at June 30, 2016	\$ 399,898	\$ 57,883	\$ 37,834	\$ 495,615
Additions for the year	77,333	-	-	77,333
Balance as at June 30, 2017	\$ 477,231	\$ 57,883	\$ 37,834	\$ 572,948
Accumulated Depreciation				
Balance at June 30, 2015	\$ 328,840	\$ 30,720	\$ 14,145	\$ 373,705
Depreciation for the year	35,830	8,204	12,611	56,645
Balance as at June 30, 2016	\$ 364,670	\$ 38,924	\$ 26,756	\$ 430,350
Depreciation for the year (i)	22,156	5,687	11,078	38,921
Balance as at June 30, 2017	\$ 386,826	\$ 44,611	\$ 37,834	\$ 469,271
Carrying Amounts				
As at June 30, 2016	\$ 35,228	\$ 18,959	\$ 11,078	\$ 65,265
As at June 30, 2017	\$ 90,405	\$ 13,272	-	\$ 103,677

(i) Allocated between depreciation expense (\$14,490) (2016 - \$17,703) and exploration costs (\$24,431) (2016 - \$38,942) on the statement of loss and comprehensive loss.

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9. Exploration and Evaluation Assets

A reconciliation of capitalized acquisition costs is as follows:

Acquisition Costs	Balance at June 30, 2016	Change during the year	Balance at June 30, 2017
Chile			
Atlas - Dos Hermanos	\$ 171,777	\$ -	\$ 171,777
Argentina			
Santa Rita and Virginia	2,808,819	-	2,808,819
Pipeline projects	20,166	-	20,166
	<u>\$ 3,000,762</u>	<u>\$ -</u>	<u>\$ 3,000,762</u>

	Balance at June 30, 2015	Change during the year	Balance at June 30, 2016
Chile			
Atlas - Dos Hermanos	\$ 171,777	\$ -	\$ 171,777
Argentina			
Santa Rita and Virginia	2,579,704	229,115	2,808,819
Pipeline projects	78,333	(58,167)	20,166
	<u>\$ 2,829,814</u>	<u>\$ 170,948</u>	<u>\$ 3,000,762</u>

The Company owns 100% of the mineral exploration rights to a large portfolio of properties focused in two mining regions, namely the Atacama region in northern Chile and the Santa Cruz Province in southern Argentina. As well the Company holds several other properties in both San Juan and Catamarca provinces of northern Argentina. The Company also focuses on generative exploration to identify and acquire new prospects.

Chile

The Company has a portfolio of gold, silver and copper projects in northern Chile.

a) **Gorbea Belt - Properties Joint Ventured to Other Companies:**

The Company currently has a 100% interest in nine precious metals properties that define the Gorbea Belt (the "Gorbea Project"). The Gorbea Project is a reconnaissance program engaged in prospect generation and exploration of disseminated gold and silver prospects in the region. The Company's focus along the Gorbea Belt has been on the advancement of its Atlas and Titan properties.

i. Atlas Property

The Company holds a 100% interest in the Atlas Property in northern Chile, acquired by staking on open ground. Acquisition costs are capitalized with exploration and evaluation assets.

ii. Titan Property

The Company holds a 100% interest in the Titan Property in northern Chile. The property was acquired by staking on open ground, as part of the Company's Miocene Arc exploration program.

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iii. Letter Agreement with Yamana Gold Inc. (“Yamana”)

On March 25, 2015, the Company entered into a joint venture agreement, granting Yamana the option to acquire up to a 75% interest in the Gorbea Project (“the Letter Agreement”).

The first phase of the Letter Agreement entitles Yamana to earn a 51% interest on the first earn-in by incurring, over a period of four years, annual staged expenditures totalling US\$10,000,000, and making annual staged payments totalling US\$2,000,000, as follows: US\$25,000 upon signing of the Letter Agreement; US\$155,000 (received) by May 2016; US\$400,000 (received) by May 2017; and US\$1,420,000 by May 2018. The first earn-in includes committed expenditures of US\$2,000,000 by the first anniversary of which US\$1,200,000 must be spent on the Atlas Property and US\$600,000 on the Titan Property (incurred).

After the first earn-in, Yamana may elect to proceed with the second earn-in whereby its interest can be increased to 65% by completing, within an additional two years, a technical report prepared by an independent accredited firm in accordance with the NI 43-101 that confirms (on any portion of the Gorbea Project) an indicated resource estimate and preliminary economic assessment of more than 1.0 million tonnes of gold, using a 0.3 g/t cut-off grade.

Following the second earn-in, Yamana may elect to proceed with the third earn-in, and thereby further increase its interest to 75% by completing, within one year of the exercise of the second earn-in, a study evaluating the feasibility of production on any portion of the Gorbea Project and deciding to mine. If requested by Mirasol, Yamana will provide mine financing to Mirasol on commercial terms for its 25% share of development costs, with interest calculated at LIBOR+3% and repayment of Mirasol’s share of the mine finance costs to be made from 50% of the cash flow to which Mirasol would be entitled.

The Letter Agreement also provides that Yamana may extend the earn-in periods, subject to certain limitations, for up to three years by paying Mirasol the sum of US\$500,000 per extension year.

The Letter Agreement provides Mirasol the right, exercisable at the 65% or 75% earn-in stages, to convert up to 9% of its equity position into a 3% net smelter return (“NSR”) royalty, and retain a participating equity interest in the Gorbea Project. Yamana retains a pre-emptive right to purchase from Mirasol a 0.5% NSR royalty, leaving Mirasol with 2.5% NSR royalty with the purchase price set by a third-party independent valuation process.

Yamana has made all the option payments due as of June 30, 2017.

b) Earn-In Joint Venture (“JV”) on Third Party Projects:

Frontera JV

In fiscal 2013, the Company signed a definitive exploration and option agreement (the “Agreement”) with an arms-length private Chilean company. This agreement, referred to as the Frontera JV, covers a portfolio of prospective, early-stage mineral properties located within the area of Mirasol’s Miocene Arc generative program, with some of these properties being adjacent to or contiguous with Mirasol’s Gorbea Project including Titan and Atlas properties in northern Chile.

The Frontera JV Agreement provides for Mirasol to earn a 51% interest in any, or all, of the exploration properties by expending US\$3 million within a four-year period which commenced on December 26, 2012 (\$2.04 million spent to date of which the majority is attributable to the Company’s commitment). After vesting, each party will contribute in proportion to its equity position. Should a discovery be put into production, a 1.5% NSR is payable by Mirasol to its venture partner from Mirasol’s percentage of production, capped at 51% of total production. If either party dilutes below 10% interest, ownership will convert to a 1% NSR. On March 7, 2017 the Company determined to terminate the agreement.

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Argentina

In the Santa Cruz province of Argentina, the Company controls the mineral exploration rights to various precious metals properties.

c) Claudia Property

The Company owns a 100% interest in the Claudia property situated in south-central part of the Santa Cruz Mining District, Argentina.

In February 2016 Mirasol signed an exploration and option agreement with Cerro Vanguardia S.A (“CVSA”). CVSA has been granted the option to acquire up to a 75% interest in the Claudia Project, exercisable in 3 stages over a six-year, or shorter, earn-in period. The first earn-in option for CVSA to earn 51% over a maximum 2-year period, requires spending US\$5 million on exploration, making US\$1 million in payments to Mirasol and executing an exploration program that includes a minimum of 12,000 m drilling. Mirasol will retain a 25% funded-to-production interest in the Claudia project. On February 10, 2017 the agreement was terminated. A \$266,978 (US\$ 205,000) payment included in accounts receivable was received subsequent to the yearend from CVSA in-lieu of certain uncompleted exploration commitments.

d) La Curva Property

The Company owns a 100% interest in mining claims of La Curva gold project in southern Argentina.

On May 25, 2017, the Company announced signing of an exploration and option agreement with OceanaGold Corporation (“OGC”) to explore the Company’s 100% owned, La Curva gold project, located in Santa Cruz Province, Argentina. OGC has been granted the option to acquire up to a 75% interest in the La Curva Project, exercisable in 5 stages over a eight-year, or shorter, earn-in period. The agreement requires OGC to make a first-year commitment of US\$1.25 million in exploration expenditures, complete 3,000 metres of drilling, and make a US\$100,000 (received) option payment to the Company on signing the Agreement. The first earn-in option for OGC to earn 51% interest over four years from the date of Agreement requires spending US\$7 million on exploration, making US\$1.5 million in payments to Mirasol. Mirasol will serve as operator for exploration for first year in return for 5% management fee and the Company will retain a 30% funded-to production interest in the La Curva project. The agreement is in good standing as of June 30, 2017.

e) Santa Rita Property and Virginia Zone

The Company owns a 100% interest in the Santa Rita property situated in the Santa Cruz Mining District, Argentina. The Santa Rita property also hosts the Virginia prospect, thus together Santa Rita and Virginia account for total expenditures on the Santa Rita property.

During the years ended June 30, 2012 and 2013, the Company purchased certain surface rights overlaying the Virginia prospect. The total cost incurred for such surface rights was \$2,579,704 which was capitalized and recorded within exploration and evaluation assets.

In June 2016, the Company entered into an agreement to purchase 100% interest in Jazmin property located adjacent to the Virginia prospect. The purchase cost of \$229,511 (US\$175,000) was capitalized and recorded with exploration and evaluation assets.

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f) Pipeline Projects:

Mirasol carries out exploration programs on a number of projects which are prospective for gold and/or silver mineralization in Chile and Argentina.

In order to achieve cost efficiencies certain claims without merit were dropped during the year ended June 30, 2017 resulting in a write-off of \$Nil (June 30, 2016 - \$58,167).

10. Related Party Transactions

Details of the transactions between the Company's related parties are disclosed below.

a) Compensation of key management personnel

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole.

The remuneration of management and independent directors was as follows:

	Year Ended June 30,	
	2017	2016
Management compensation (i)	\$ 514,369	\$ 507,987
Share-based payments (ii)	250,749	191,455
Bonus shares(iii)	-	372,000
Director's fees (iv)	135,623	133,500
	\$ 900,741	\$ 1,204,942

(i) Management compensation is included in Management fees (2017 - \$211,804; 2016 - \$187,394) and in Exploration costs (2017 - \$302,565; 2016 - \$320,593) in the Company's consolidated statements of loss and comprehensive loss.

(ii) Share-based payments represent the expense for the years ended June 30, 2017 ((*Note 11c*) and 2016.

(iii) In February 2016, the Company signed Consulting Agreements, effective July 2015, with each of Global Ore Discovery Pty Ltd. (Global Ore") and Stephen Nano, to perform the duties of President, CEO and Qualified Person for the Company. Under the terms of the Global Ore agreement, the Company has retained the services of Global Ore consultants until June 30, 2018, to provide target generation related consulting services to the Company on an exclusive basis throughout Chile and Argentina. The Company has agreed to a minimum monthly retainer of Australian Dollar ("AUD") \$35,000. Further, as additional consideration, the Company has agreed to an incentive grant of 255,000 (Issued April 29, 2016) stock options, subject to vesting, to key representatives of Global Ore other than Mr. Nano. The Global Ore contract can be terminated at any time by the Company by paying a fee of AUD \$225,000.

The CEO consulting agreement with Mr. Nano is for a term expiring on June 30, 2018, and provides for payment of a consulting fee of \$25,000 per month, and the issuance of 300,000 Retention Bonus Shares (the "Bonus Shares") in consideration for past services. The Bonus Shares were issued, on March 22, 2016 and will be subject to escrow restrictions whereby 100,000 released on March 22, 2016; 100,000 released on July 2, 2016 and 100,000 released on July 2, 2017. The contract with Mr. Nano contains termination provisions which require payment of one-year's fees for termination without cause and two years for termination due to a change of control event, as defined.

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(iv) The independent directors of the Company are paid \$2,100 per month (2016 - \$2,100 per month) while the Chairman of the Board of Directors receives an additional \$3,000 per month for serving in this capacity (2016 - \$3,000). As of June 14, 2017, Dana Prince was appointed Executive Chairman receiving an additional \$4,100 per month. The independent directors are also paid for serving on certain special committees of the Board of Directors. There were no special committees during the year ended June 30, 2017.

b) Transactions with other related parties

Certain of the Company's officers and directors render services to the Company as sole proprietors or through companies in which they are an officer, director, or partner.

The following companies are related parties through association of the Company's directors and officers:

	Nature of transactions
Miller Thomson	Legal fees
Avisar Chartered Accountants(i)	Accounting fees
Chase Management Ltd.	Professional fees
Global Ore Discovery Pty Ltd.	Project generation, exploration management and GIS services
Evrin Resources Corp. ("Evrin")	CFO services, office administration support services and office sharing

(i) As of March 11, 2016, Avisar ceased to be a related party of the Company.

The Company incurred the following fees and expenses with related parties as follows:

	Year Ended June 30,	
	2017	2016
Legal fees	\$ 226,101	\$ 177,421
Accounting fees	72,588	134,150
CFO services, office sharing and administration	87,316	52,833
Project generation, exploration expenses and GIS services	965,443	798,676
Professional fees	-	41,200
	\$ 1,351,448	\$ 1,204,280

In March 2016, the Company entered into an agreement with Evrim, a company with common management, to share CFO services, Administration services and office space. The Agreement will expire in February 28, 2018. Either party can terminate the agreement with six months' notice.

Included in accounts payable and accrued liabilities at June 30, 2017, is an amount of \$149,287 (2016 - \$148,450) owing to directors and officers of the Company and to companies where the directors and officers are principals.

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11. Share Capital

a) Authorized Share Capital

The Company's authorized share capital consists of an unlimited number of common shares without par value. All issued common shares are fully paid.

b) Reconciliation of Changes in Share Capital

(i) Rights offering

The Company completed a rights offering for gross proceeds of \$10,000,000 on September 19, 2016. Bonus warrants of 500,000 were issued to the guarantors of the rights offering. Each bonus warrant is exercisable at \$2.40 and expires on March 23, 2017 (Expired unexercised). The fair value of these bonus warrants was estimated to be \$339,700 using the following weighted average assumptions in the Black-Scholes option pricing model.

Expected dividend yield	0.0%
Expected share price volatility	73.06%
Risk-free interest rate	0.58%
Expected life of options	0.5 years

The Company incurred \$152,438 of share issuance costs in connection with the rights offering.

(ii) Options exercised

The Company issued 285,000 (2016 - 118,750) shares on exercise of share purchase option for gross proceeds of \$294,800 (2016 - \$118,501). The options had a fair value of \$107,666 (2016 - \$44,553).

(iii) Bonus shares

No bonus shares were issued during the year ended June 30, 2017 (2016- 300,000 with a fair value of \$372,000).

c) Share Purchase Options

The Company has established a share purchase option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants. Options granted must be exercised no later than five years from the date of grant or such lesser period as determined by the Company's board of directors. The exercise price of an option is equal to or greater than the closing market price on the TSX Venture Exchange ("TSX-V") on the day preceding the date of grant. The vesting terms for each grant are set by the Board of Directors. The option plan provides that the aggregate number of shares reserved for issuance under the plan shall not exceed 10% of the total number of issued and outstanding shares. At June 30, 2017, a total of 4,911,608 options were reserved under the option plan with 2,984,626 options outstanding.

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(i) Movements in share purchase options during the year

A summary of the Company's share purchase options and the changes for the year are as follows:

	Number of Options	Weighted Average Exercise Price
Options outstanding as at June 30, 2015	3,560,300	\$2.31
Granted	320,000	\$1.38
Exercised	(118,750)	\$1.00
Amended	(460,000)	\$4.34
Expired	(747,800)	\$2.52
Options outstanding as at June 30, 2016	2,553,750	\$1.07
Granted	740,876	\$2.81
Exercised	(285,000)	\$1.03
Expired	(25,000)	\$1.55
Options outstanding as at June 30, 2017	2,984,626	\$1.50
Options exercisable at June 30, 2017	2,324,626	\$1.64

(ii) Fair value of share purchase options granted

On August 26, 2016, the Company issued 715,876 incentive share purchase options to certain directors, officers, employees and consultants of the Company. The options are exercisable at \$2.85 for a period of three years from the date of grant.

The fair value of these stock options was estimated to be \$568,113 using the weighted average assumptions in the Black-Scholes option pricing model noted below.

On December 5, 2016, the Company issued 25,000 options to a consultant with an exercise price of \$1.55 for a period of three years from the date of grant. The fair value of these options was estimated to be \$13,102 using the following weighted average assumptions in the Black-Scholes option pricing model.

Additional share-based payments expense of \$130,239 was recognized in the Company's statement of loss due to vesting of the stock options granted during previous years.

On April 29, 2016, the Company granted options to purchase up to 320,000 common shares of the Company at an exercise price of \$1.38, pursuant to the service contract with Global Ore (*Note 10a(iii)*) and another consultant. The estimated fair value of these share options was determined to be \$176,524 using the Black-Scholes option pricing model.

The incremental fair value of stock options amended during fiscal 2016 was estimated to be \$147,344 using weighted average assumptions in the Black-Scholes option pricing model.

Total share-based payments recognised for the year ended June 30, 2017 amounted to \$711,454 (June 30, 2016 - \$316,535).

The fair value of options granted and the incremental fair value of the amended options was estimated on the date of the grant using the Black-Scholes option pricing model, with the following weighted average assumptions:

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	Year Ended June 30,	
	2017	2016
Expected dividend yield	0.0%	0.0%
Expected share price volatility	49.19%	52.99%
Risk-free interest rate	0.576%	0.551%
Expected life of options	2.13 years	2.84 years
Fair value of options granted (per share option)	\$0.36	\$0.31

(iii) Share purchase options outstanding at the end of the year

A summary of the Company's options outstanding as at June 30, 2017 is as follows:

Expiry Date	Exercise price \$	Options Outstanding	Weighted Average Remaining Life of Options (years)	Options Exercisable
December 16, 2018	0.88	3,750	1.46	3,750
March 23, 2019	0.88	190,000	1.73	190,000
August 4, 2019	0.88	145,000	2.10	145,000
September 26, 2017*	2.34	62,500	0.24	62,500
May 14, 2018	1.28	472,500	0.87	472,500
April 29, 2021	0.88	1,075,000	3.83	575,000
April 29, 2021	1.38	320,000	3.83	160,000
August 26, 2019	2.85	715,876	2.15	715,876
		2,984,626	2.67	2,324,626

* Expired unexercised subsequent to June 30, 2017

d) Warrants

There were no share purchase warrants outstanding as at June 30, 2017 and 2016. During the year ended June 30, 2017, 500,000 share purchase warrants were granted with an exercise price of \$2.40. The share purchase warrants were issued in connection with the Company's Right offering (Note 11 b (i)) and expired on March 23, 2017.

12. Segmented Information

The Company's business consists of a single reportable segment being mineral property acquisition and exploration. Details on a geographical basis are as follows:

Total Non-Current Assets	June 30, 2017	June 30, 2016
Canada	\$ 7,959	\$ 22,449
Argentina	2,842,013	2,847,637
Chile	254,467	195,941
	\$ 3,104,439	\$ 3,066,027

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13. Income Taxes

The Company is subject to Canadian federal and provincial tax for the estimated taxable income at a rate of 26%. The Company has no taxable income in Canada.

The tax expense at statutory rates for the Company can be reconciled to the reported income taxes per the statement of loss and comprehensive loss as follows:

	Year Ended June 30, 2017	Year Ended June 30, 2016
Net loss before income taxes	\$ (6,945,647)	\$ (6,105,003)
Canadian federal and provincial income tax rates	26.00%	26.00%
Expected income tax recovery based on the above	\$ (1,805,868)	\$ (1,587,301)
Non-deductible expenses	220,512	442,168
Difference between Canadian and foreign tax rates	(54,013)	(74,718)
Tax effect of deferred tax assets for which no tax benefit has been recorded	2,865,419	(4,133,264)
Foreign exchange and other	(1,226,050)	5,441,115
Total income tax recovery	\$ -	\$ 88,000

The Company's unrecognized deferred tax assets are as follows:

	June 30, 2017	June 30, 2016
Unrecognized deferred income tax assets:		
Non-capital losses	\$ 2,182,224	\$ 1,122,984
Exploration and evaluation assets	6,359,253	4,539,560
Share issue costs	31,707	52,796
Other	14,234	6,659
Total unrecognized deferred income tax assets	\$ 8,587,418	\$ 5,721,999

In assessing the recoverability of deferred tax assets other than deferred tax assets resulting from the initial recognition of assets and liabilities that do not affect accounting or taxable profit, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

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Deductible temporary differences, unused tax losses and unused tax credits:

	June 30, 2017	June 30, 2016	Expiry date Range
Non-capital losses	\$ 7,409,201	\$ 3,776,124	See below
Exploration and evaluation assets	18,824,237	13,456,532	Not applicable
Share issue costs	121,950	203,063	2036
Other	42,533	25,554	Not applicable

As at June 30, 2017, an estimated income tax refund of \$23,991 (2016 - \$23,991) is recognized in receivables and advances (Note 7). Income taxes recoverable includes a recovery of \$23,991 (2016 - \$23,991 related to realized capital losses that are carried back and applied against capital gains reported during the year ended June 30, 2013 / 2014.

The Company received \$3,097,701 and \$977,368 inclusive of interest on February 9, 2016 and February 20, 2015 respectively, for its income tax refund for the years ended June 30, 2014 and 2015.

The Company has non-capital loss carry-forwards of approximately \$1,982,693 that may be available for tax purposes. The loss carry-forwards are principally in respect of Canadian, Argentine and Chilean operations and expire as follows:

	Argentina	Chile
2019	\$ 116,190	\$ -
2020	503,387	-
2021	882,125	-
No-expiry	-	480,991
	\$ 1,501,702	\$ 480,991

14. Commitments

- The Company has entered into a three-year consulting agreement with Global Ore for the provision of geological consulting services. The agreement expires on June 30, 2018 but is subject to early termination provisions including the right of the Company to terminate the agreement upon payment to Global Ore of AUD\$ 225,000 (Note 10 a (iii)).
- The Company has entered into a three-year CEO consulting contract with Mr. Nano for the provision of management services. The agreement expires on June 30, 2018 but is subject to early termination provisions, including the right of the Company to terminate the agreement upon paying Mr. Nano one year of consulting fees. The agreement also provides that Mr. Nano is entitled to payment of two years of consulting fees in the event of a change of control event, as defined (Note 10 a (iii)).
- The Company entered into a cost-sharing agreement with Evrim Resources Corp. which expires the earlier of February 28, 2018 or upon the Company giving Evrim six months' notice of termination.

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15. Subsequent Event

On October 20, 2017, the Company announced signing of the definitive agreement with OGC on Claudia project.

OGC has been granted the option to acquire up to a 75% interest in the Claudia Project, exercisable in 5 stages over a eight-year, or shorter, earn-in period. The agreement requires OGC to make a first-year commitment of US\$1.75 million in exploration expenditures, complete 3,000 metres of drilling, and make a US\$100,000 option payment (received) to the Company on signing the Agreement.

The first earn-in option for OGC to earn 51% interest over four years from the date of Agreement requires spending US\$10.5 million on exploration, making US\$1 million in payments to Mirasol. Mirasol will serve as operator for exploration for first year in return for 5% management fee and the Company will retain a 30% funded-to production interest in the Claudia project.
