Coro Mining Corp.

Condensed Interim Consolidated Financial Statements

June 30, 2017

(Expressed in U.S. dollars, except where indicated)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

Coro Mining Corp.

Condensed Consolidated Statements of Financial Position

As at June 30, 2017 and December 31, 2016

(Expressed in U.S. dollars, except where indicated)

	June 30 2017 $000's	**December 31 2016** $000's
Assets		
Current assets		
Cash and cash equivalents	2,780	4,257
Accounts receivable and prepaid expenses (note 4)	2,399	1,296
Inventories (note 5)	1,653	1,578
	6,832	7,131
Property, plant and equipment (note 6)	38,285	20,861
Exploration and evaluation assets (note 7)	1,799	938
Total assets	**46,916**	**28,930**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	5,694	4,073
Current portion of other debt (note 9)	989	871
	6,683	4,944
Non-current portion of other debt (note 9)	250	431
Restoration provision (note 10)	6,606	1,281
Total liabilities	13,539	6,656
Shareholders' equity		
Common shares (note 11)	86,420	74,477
Contributed surplus	7,667	7,155
Accumulated other comprehensive income ("AOCI")	657	571
Deficit	(62,128)	(60,708)
	32,616	21,495
Non-controlling interests ("NCI") (note 13)	761	779
Total equity	**33,377**	**22,274**
Total liabilities and equity	**46,916**	**28,930**

Nature of operations and going concern (note 1)
Commitments (note 18)

Approved by the Board of Directors

"Gordon Fretwell"	*"Colin Kinley"*
Director	Director

Coro Mining Corp.

Condensed Consolidated Statements of Loss and Comprehensive Loss

For the three and six months ended June 30, 2017 and 2016

(Expressed in U.S. dollars, except where indicated)

	Three months Ended June 30, 2017 $000's	Three months Ended June 30, 2016 $000's	Six months Ended June 30, 2017 $000's	Six months Ended June 30, 2016 $000's
Expenses				
Exploration expenditures (note 14)	38	549	56	662
Write-down of exploration and evaluation asset (note 7)	220	-	220	-
Depreciation and amortization	6	2	11	3
Legal and filing fees	28	28	53	45
Other corporate costs	106	116	261	171
Salaries and management fees	177	109	407	214
Share-based payments expense	294	15	495	55
Operating loss	869	819	1,503	1,150
Finance (income)	(123)	(22)	(217)	(22)
Foreign exchange loss (gain)	96	159	164	(121)
Unrealized loss (gain) on held-for-trading investment	1	-	(12)	-
Loss for the period	843	956	1,438	1,007
Attributable to:				
Owners of the parent	832	947	1,420	999
Non-controlling interests	11	9	18	8
	843	956	1,438	1,007
Other comprehensive income				
Items that may be reclassified subsequently to net income:				
Foreign currency translation adjustment	(36)	(151)	(86)	122
Loss and comprehensive loss for the period	807	805	1,352	1,129
Attributable to:				
Owners of the parent	796	796	1,334	1,121
Non-controlling interests	11	9	18	8
	807	805	1,352	1,129
Basic and diluted loss per share ($ per share)	0.00	0.00	$0.00	$0.00
Weighted average shares outstanding (000's)	574,040	379,930	529,917	379,930

Coro Mining Corp.

Condensed Consolidated Statements of Shareholders' Equity

For the three and six months ended June 30, 2017 and 2016

(Expressed in U.S. dollars, except where indicated)

	Attributable to owners of the parent							
	Common shares							
	No. of shares #000's	Amount $000's	Contributed Surplus $000's	AOCI $000's	Deficit $000's	Total $000's	NCI $000's	Total Equity $000's
Balance – January 1, 2016	159,372	53,172	6,326	765	(57,148)	3,115	805	3,920
Shares issued	220,530	12,865	-	-	-	12,865	-	12,865
Share-based payments	-	-	75	-	-	75	-	75
Comprehensive income (loss)	-	-	-	(122)	(999)	(1,121)	(8)	(1,129)
Balance – June 30, 2016	**379,902**	**66,037**	**6,401**	**642**	**(58,147)**	**14,933**	**797**	**15,730**
Balance - January 1, 2017	483,425	74,477	7,155	571	(60,708)	21,495	779	22,274
Shares issued (note 11)	107,680	11,699	-	-	-	11,699	-	11,699
Warrants exercised (note 11)	2,163	244	-	-	-	244	-	244
Share-based payments (note 12)	-	-	512	-	-	512	-	512
Comprehensive loss	-	-	-	86	(1,420)	(1,334)	(18)	(1,352)
Balance - June 30, 2017	**593,268**	**86,420**	**7,667**	**657**	**(62,128)**	**32,616**	**761**	**33,377**

Coro Mining Corp.

Condensed Consolidated Statements of Cash Flows

For the three and six months ended June 30, 2017 and 2016

(Expressed in U.S. dollars, except where indicated)

($000's)	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Cash flows from operating activities				
(Loss) for the period	(843)	(956)	(1,438)	(1,007)
Items not affecting cash				
Depreciation and amortization	6	2	11	3
Write-down of exploration and evaluation asset	220	-	220	-
Share-based payment expense	294	15	495	55
Realized foreign exchange (gain)	-	(24)	-	(24)
Unrealized foreign exchange loss	-	-	-	(435)
Unrealized gain on held-for-trading investments	1	-	(12)	-
	(322)	(963)	(724)	(1,408)
Change in non-cash operating working capital				
(Increase) decrease in receivables & prepaid	(5)	7	(3)	2
(Increase) in inventories	(522)	(465)	(75)	(408)
(Increase) decrease in accounts payable & accruals	(442)	88	(11)	140
	(1,291)	(1,333)	(813)	1,674
Cash flows from financing activities				
Deferred consideration (note 9)	(281)	(281)	(563)	(281)
Deferred financing costs	-	(19)	-	-
Finance lease payments (note 9)	(47)	(100)	(120)	(158)
Issuance of common shares net (note 11)	10,031	2,546	11,943	4,740
Other debt (note 9)	750	(271)	750	(425)
	10,453	1,875	12,010	3,876
Cash flows from investing activities				
Property, plant and equipment (note 6)	(5,193)	(81)	(10,841)	(1,835)
Property, plant and equipment (capitalized revenues)	2,563	-	5,149	-
Rayrock acquisition (note 3)	(5,347)	-	(5,347)	-
Deferred exploration and evaluation assets (note 7)	(908)	-	(1,720)	-
	(8,885)	(81)	(12,759)	(1,835)
Effect of exchange rate changes on cash	34	175	85	337
Increase in cash and cash equivalents	311	636	(1,477)	703
Cash & cash equivalents - beginning of period	2,469	1,137	4,257	1,070
Cash & cash equivalents - end of period	2,780	1,773	2,780	1,773

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

(Expressed in U.S. dollars, except where indicated)

1 Nature of operations and going concern

Coro Mining Corp. (the "Company" or "Coro") and its subsidiaries are engaged in the exploration and development of base and precious metal projects in Chile. The Company was incorporated on September 22, 2004 and commenced activities in 2005. The Company's registered office is Suite 2610, Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia, Canada.

Going concern

These condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business. For the period ended June 30, 2017, the Company reported a loss of $1.4 million, cash outflows from operations of $0.8 million, and as at that date had an accumulated deficit of $62.1 million, and working capital deficit of $0.15 million.

During March/April 2017 the Company completed an equity financing for $12.0 million by issuing 107,680,000 common shares (note 11).

The Company's ability to continue as a going concern is dependent upon its ability to generate cash flow from operations and, to the extent that this is not sufficient, to obtain additional funding from loans, equity financings or through other arrangements. While the Company has been successful in arranging financing in the past, the success of such initiatives cannot be assured. These conditions cast significant doubt on the validity of the going concern assumption.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

2 Significant accounting policies

a) Basis of Presentation

These consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"), and its interpretations. Accordingly, these Financial Statements do not include all of the information and footnotes required by International Financial Reporting Standards ("IFRS") for complete annual financial statements, and should be read in conjunction with the Company's consolidated and audited financial statements as at and for the year ended December 31, 2016.

These condensed interim consolidated financial statements were approved for issue on August 9, 2017 by the Audit Committee on behalf of the Board of Directors.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Actual results could differ from those estimates. Significant accounts that require estimates as the basis for determining the stated amounts include exploration and evaluation assets, share-based payments, allocation of financing proceeds, and income and mining taxes. Differences may be material.

b) Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries: Minera Cielo Azul Ltda., Minera Rayrock Ltda., Inversiones Cielo Azul Ltda., Minera Coro Chile Ltda., and its 65% interest in Sociedad Contractual Minera Berta ("SCMB"). All intercompany transactions, balances, income and expenses have been eliminated on consolidation.

2 Significant accounting policies (continued)

c) Property, plant and equipment

Property, plant and equipment include plant and equipment, mineral properties and mine development costs, and construction in progress.

Plant and equipment

Plant and equipment are carried at cost, less accumulated amortization and accumulated impairment losses. Cost comprises the fair value of consideration given to acquire an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use along with the future cost of dismantling and removing the asset. When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Plant and equipment are amortized over the life of the mine using the units-of-production ("UOP") method based on the recoverable tonnes from the estimated proven and probable reserves. Mobile equipment is depreciated on a straight-line basis for up to five years.

During the commissioning phase of a new plant, pre-production expenditures, net of incidental revenue, are capitalized to property, plant and equipment.

Mineral property and mine development costs

Mineral property costs are carried at cost, less accumulated depletion. Costs of project development including gaining initial access to the ore body are capitalized to mineral properties. Once the mineral property is in production, it will be depleted using the UOP method, based on recoverable tonnes from the estimated proven and probable reserves.

Capitalization of pre-commercial production ceases when the mining property is capable of commencement of mining operations in the manner intended by management. Costs incurred prior to this point, including depreciation of related plant and equipment, are capitalized and proceeds from sales during this period are offset against capitalized costs.

The Company applies judgment in its assessment of when a mine is capable of operating in the manner intended by management, which takes account of the design of the mine and the nature of the initial commissioning phase of the operation.

Construction in progress

Costs recorded for assets under construction are capitalized as construction in progress. On completion, the cost of construction is transferred to the appropriate category of property, plant and equipment. No amortization is recorded until the assets are substantially complete and available for their intended use.

Deferred stripping

Stripping costs incurred during the production phase of a mine are considered production costs and are included in the cost of inventory produced during the period in which stripping costs are incurred, unless the stripping activity can be shown to be a betterment of the mineral property. Betterment occurs when stripping activity increases future output of the mine by providing access to additional reserves. Stripping costs incurred to prepare the ore body for extraction are capitalized as mine development costs and are amortized on a UOP basis over the reserves to which they relate.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to prepare for its intended use are capitalized as part of the cost of the asset. Capitalization of borrowing costs begins when there are borrowings and activities commence to prepare an asset for its intended use. Capitalization of borrowing costs ends when substantially all activity necessary to prepare a qualifying asset for its intended use is complete. When proceeds of project specific borrowings are invested on a temporary basis, borrowing costs are capitalized net of any investment income.

2 Significant accounting policies (continued)

Deferred revenue

Deferred income is the money received for goods or services which have not yet been delivered, it is recorded as liability until delivery is made at which time it is converted into revenue. Proceeds from sales during the pre-commercial period are offset against capitalized costs.

d) Exploration and evaluation assets

Exploration and evaluation assets
In applying its accounting policy for costs incurred during the exploration phase the Company must determine whether the criteria for capitalization have been met. The most difficult and subjective estimate is whether a project will generate probable future economic benefits. Management considers all appropriate facts and circumstance in making this assessment including historical experience, expected market demand, costs and future economic conditions. The Company also considers the aforementioned factors when performing impairment tests.

e) New accounting pronouncements
The following revised standards and amendments are effective in future accounting periods with earlier application permitted, except where indicated.

(i) IFRS 9, *Financial Instruments*, addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39, *Financial Instruments: Recognition and Measurement*, that relate 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 cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements.

The main change for liabilities is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income (loss) rather than in net earnings. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently assessing the impact of IFRS 9.

(ii) IFRS 15, *Revenue from Contracts with Customers*, establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently assessing the effect of this standard.

(iii) IFRS 16, *Leases*, addresses accounting for leases and lease obligations. It replaces the existing leasing guidance in IAS 17, *Leases*. The objective of the new standard is to report all leases on the statement of financial position and to define how leases and lease liabilities are measured. IFRS 16 is effective January 1, 2019 with early adoption permitted for companies that also apply IFRS 15. The Company is currently assessing the impact of IFRS 16.

3 Rayrock acquisition

In June 2017, Coro acquired Minera Rayrock Ltda ("Rayrock") from Compañía Minera Milpo S.A.A ("Milpo"). Rayrock is the owner of the Ivan SXEW (solvent extraction and electrowinning) plant located some 18km south of the Company's Marimaca project. Milpo retained a 2% NSR on all production from the Rayrock mineral properties. Coro may acquire half the NSR for $2 million at any time and will have a right of first refusal over the NSR.

The Rayrock acquisition included 23,748 hectares of mining claims (the "Ivan Claims") and a further 14,505 hectares of mining claims (the "Sierra Medina Claims") (note 14). As the principal reason for the acquisition of Rayrock was the acquisition of the Ivan Plant, no value has been assigned to these exploration properties.

3 Rayrock acquisition (continued)

Rayrock purchase consideration:

$000's	
Cash	6,219
Transaction costs	389
Total purchase consideration	**6,608**

The purchase price was allocated as follows:

$000's	
Current assets	23
Ivan plant (note 7)	11,283
Total assets:	11,306
Current liabilities	216
Restoration provision (note 10)	4,482
Total liabilities:	4,698
Net identifiable assets acquired	**6,608**

For accounting purposes, the transaction did not meet the definition of a business combination and was therefore accounted as an asset acquisition. The purchase price was allocated to the identifiable assets acquired and liabilities assumed in the transaction including the property, plant and equipment, and restoration provision.

4 Accounts receivable and prepaid expenses

$000's	**June 30, 2017**	**December 31, 2016**
Trade receivables	520	147
Value added taxes	1,186	757
Prepaid expenses and other receivables	693	392
	2,399	**1,296**

5 Inventories

$000's	**June 30, 2017**	**December 31, 2016**
Consumable parts and supplies	108	118
Ore stockpiles	60	204
Copper in circuit	1,332	1,000
Finished goods	153	256
	1,653	**1,578**

6 Property, plant and equipment

$000's	Mineral property and mine development	Nora plant	Ivan plant	Berta facilities	Other	Construction in progress	Total
Cost							
January 1, 2016	6,833	8,091	-	-	127	28	15,079
Disposals	-	-	-	-	(86)	-	(86)
Additions	1,067	4,506	-	-	24	308	5,905
December 31, 2016	**7,900**	**12,597**	**-**	**-**	**65**	**336**	**20,898**
Disposals	-	(270)	-	-	-	-	(270)
Acquisition (note 7)	-	-	11,283	-	-	-	11,291
Additions	73	2,338	8	3,953	22	28	17,705
June 30, 2017	**7,973**	**14,665**	**11,291**	**3,953**	**87**	**364**	**38,333**
Accumulated depreciation							
January 1, 2016	-	-	-	-	(111)	-	(111)
Disposals	-	-	-	-	86	-	86
Depreciation	-	-	-	-	(12)	-	(12)
December 31, 2016	-	-	-	**-**	**(37)**	**-**	**(37)**
Disposals	-	-	-	-	-	-	-
Depreciation	-	-	-	-	(11)	-	(11)
June 30, 2017	**-**	**-**	**-**	**-**	**(48)**	**-**	**(48)**
Net book value							
January 1, 2016	6,833	8,091	-	-	16	28	14,968
December 31, 2016	7,900	12,597	-	-	28	336	20,861
June 30, 2017	**7,973**	**14,665**	**11,291**	**3,953**	**39**	**364**	**38,285**

Nora plant

In 2017, additions at Nora included the capitalization of pre-commercial production expenditures of $1.2 million (net of revenues of $5.2 million); the expansion of the Nora SXEW plant of $0.6 million; and capitalization of administration, financing and interest costs of $0.5 million. In 2016, additions at Nora included the capitalization of pre-commercial production expenditures of $2.5 million (net of revenues of $10.9 million); capitalization of administration, financing and interest costs of $1.4 million, and other additions of $0.5 million.

Berta Facilities

In December 2016, the Company commenced building the Berta facilities, which included a crushing and agglomeration circuit and leach pads to produce Pregnant Leach Solution ("PLS") that will be transported to the Nora Plant.

During June 30, 2017, the Company completed the construction of the Berta facilities and the operation continues to ramp up to the production to 400 tonnes per month of copper cathode (881,000 lbs), and therefore remains in the commissioning phase and has not yet reach commercial production.

7 Exploration and evaluation assets

$000's	Marimaca	Ivan	El Joté	Prat	Total
Balance – January 1, 2016	-	-	-	**152**	**152**
Miscellaneous development costs	-	-	-	68	68
Property acquisition costs (1)	-	583	135	-	718
Balance – December 31, 2016	**-**	**583**	**135**	**220**	**938**
Miscellaneous development costs	156	66	-	-	222
Geology and engineering	1,285	33	-	-	1,318
Property acquisition costs (2)	-	10,644	180	-	10,824
Write-down of exploration and evaluation assets	-	-	-	(220)	(220)
Reclassified to property, plant and equipment (note 3)	-	(11,283)	-	-	(11,283)
Balance – June 30, 2017	**1,441**	**43**	**315**	**-**	**1,799**

(1) Property acquisition costs for Rayrock include due diligence and evaluation costs.
(2) Includes acquisition costs associated with Rayrock prior to June 2017 (note 3).

Marimaca, Chile
In August 2014, the Company entered into an agreement to acquire up to a 75% interest in the Marimaca copper oxide prospect for $185,000 ($60,000 paid); $125,000 on completion of an NI 43-101 compliant resource estimate and engineering study that demonstrates the technical and economic feasibility of producing a minimum of 1,500tpy of copper cathode by August 2018 to earn 51% interest. Coro may acquire a further 24% interest by obtaining project construction finance. In April 2017, this agreement was amended to enable Coro to contribute the Ivan plant (from the Rayrock acquisition (note 3)) to earn its additional 24% rather than obtaining project construction finance as per the original agreement. The owner of the property will maintain a 25% interest with a 15% interest free carried to commercial production and a 10% participating interest that is subject to dilution.

Commencing January 1, 2017, the costs associated with Marimaca were classified as Mineral Property and Mine development costs and capitalized, as management believes that these costs can now be recovered, which is supported by the release of the NI 43-101 resource statement in January 2017.

El Joté, Chile
In May 2016**,** SCMB optioned the El Joté (formerly called "Salvadora") copper project, located ~ 30km NW of the Nora plant and 58km NE of the port of Chañaral in the III Region of Chile. SCMB may acquire a 100% interest in the property by completing the following option payment schedule totalling $3,005,000; $315,000 (paid) on or before: May 2018; $250,000 and May 2019; $2,440,000. The final payment may be made in eight equal instalments of $305,000 plus interest at LIBOR, and SCMB may start production with the first instalment payment. A 1.5% NSR is payable, which can be purchased for $1,500,000 at any time.

Planta Prat, Chile
As of June 30, 2017, the Company elected not to proceed with the acquisition of the Planta Prat. The agreement was terminated, and the Company write off the deferred exploration and evaluation costs associated with the project.

8 Accounts payable and accrued liabilities

$000's	June 30, 2017	December 31, 2016
Accounts payable	4,326	3,292
Accrued liabilities	1,368	781
	5,694	**4,073**

9 Other debt

$000's	June 30, 2017	December 31,2016
Finance leases (a)	239	489
Berta deferred consideration (b)	-	563
ProPipe shareholder loan	250	250
Deferred revenue (c)	750	-
Total other debt	**1,239**	**1,302**
Current portion	989	871
Non-current portion	**250**	**431**

a) Finance leases

Included in property, plant and equipment are generators acquired pursuant to lease agreements. The generators are the security for the indebtedness. In March 2017, SCMB cancelled a twenty-four month lease on a semi-mobile crusher.

$000's	June 30, 2017	December 31, 2016
Remaining lease payment (within twelve months)	259	364
Remaining lease payment (thereafter)	-	184
Total lease payments	259	548
Less: interest portion	20	59
Present value of capital lease obligations	**239**	**489**

The cost of the generators held under the finance lease is equal to the lower of the net present value of the minimum lease payments or the fair value of the leased property at the inception of the lease and is amortized over the term of the lease, except when there is a reasonable certainty that the leased assets will be purchased at the end of the lease, in which case they are amortized over the expected continued useful life of the assets.

b) Berta deferred consideration

Under the amended Berta option agreement (April 2013), SCMB agreed to pay $2.25 million in deferred consideration in eight quarterly instalments. In addition to the deferred consideration, a 1.5% NSR is payable on all copper production and by product metal production from the Berta property.

c) Deferred revenue

In June 2017, SCMB entered into a copper off-take contract for 100% of the copper production from the Nora Plant for a period of twelve months. The agreement provided for an immediate advance of $0.75 million repayable in twelve months from the borrowing date, bearing interest at a rate of one-month US Libor plus 6% per annum.

10 Restoration provision

$000's	**June 30, 2017**				**December 31, 2016**
	Nora	**Ivan**	**Berta**	**Total**	**Nora & Total**
Balance, beginning of period	1,281	-	-	1,281	1,291
Initial provision	-	4,482	819	5,301	-
Reclamation revaluation	-	-	-	-	(25)
Accretion expense	16	8	-	24	15
Balance, end of period	**1,297**	**4,490**	**819**	**6,606**	**1,281**

10 Restoration provision (continued)

Nora Plant

Nora's restoration provision consists primarily of costs associated with reclamation and closure activities for the Nora plant. These activities include costs for disposition of chemical materials, earthworks, and the dismantling and demolition of structures. In calculating the present value of the restoration provisions as at June 30, 2017, management used a risk-free rate of 2.35% and an inflation rate of 2.0%. The undiscounted cash flows, before inflation adjustments, estimated to settle the restoration provisions are approximately equal to the discounted cash flows. Due to the nature of closure plans, cash expenditures are expected to occur over a significant period of time with the majority of the expenditures expected to occur in seven to eight years.

Ivan Plant

Ivan's restoration provision consists primarily of costs associated with reclamation and closure activities for the Ivan plant and mine site. These activities include costs for disposition of chemical materials, earthworks, and the dismantling and demolition of structures. In calculating the present value of the restoration provisions as at June 30, 2017, management used a risk-free rate of 2.31% and an inflation rate of 2.0%. The undiscounted cash flows, before inflation adjustments, estimated to settle the restoration provisions approximate the discounted cash flows. Due to the nature of closure plans, cash expenditures are expected to occur over a significant period of time with the majority of the expenditures expected to occur in eight to nine years.

Berta Facilities

During the first six months of 2017, SCMB recorded $0.8 million for restoration provision for the Berta facilities consisted primarily of the costs associated with the auxiliary installations of the mine plant and the crushing and agglomeration facilities.

11 Common shares

Authorized

The Company has an unlimited number of authorized common shares without par value.

Issued

In January 2017, 2,162,500 warrants at CA$0.15 were exercised for gross proceed of CA$0.3 million.

In March/April 2017, the Company completed a non-brokered private placement for $12.0 million and issued 107,680,000 common shares at CA$0.15 per common share.

As of June 30, 2017, the Company had 593,267,539 common shares issued and outstanding.

Capital risk management

The Company considers its components of shareholders' equity as capital. As the Company is in the development stage, its principal source of funds is from the issuance of common shares. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can continue to explore and develop its projects for the benefit of its stakeholders.

12 Share stock options and warrants

Options

The Company has a stock option plan that permits the granting of stock options to directors, officers, key employees and consultants. Terms and pricing of options are determined in accordance with the plan. A total of 10% of the issued and outstanding common shares of the Company may be allotted and reserved for issuance under the stock option plan.

(Expressed in U.S. dollars, except where indicated)

12 Share stock options and warrants (continued)

	June 30, 2017		December 31, 2016	
	Number of shares	**Weighted average exercise price CA$**	**Number of shares**	**Weighted average exercise price CA$**
Outstanding – January 1	34,290,000	0.16	8,590,000	0.25
Expired	-	-	(500,000)	0.04
Expired	-	-	(550,000)	0.39
Expired	(500,000)	0.14	-	-
Expired	(3,740,000)	0.41	-	-
Granted	1,000,000	0.16	26,750,000	0.13
Granted	5,000,000	0.11	-	-
Outstanding – June 30	**36,050,000**	**0.14**	**34,290,000**	**0.16**

At June 30, 2017, the following stock options were outstanding:

	Number of options outstanding	Number of options vested and exercisable	Exercise price CA$	Expiry Date
	3,800,000	3,800,000	0.10	2019
	11,750,000	11,750,000	0.04	2021
	14,500,000	500,000	0.20	2021
	1,000,000	333,333	0.16	2021
	5,000,000	1,666,667	0.11	2022
Total	**36,050,000**	**18,050,000**		

For the six months ended June 30, 2017, the Company granted 5,000,000 options at CA$0.11 and 1,000,000 options at CA$0.16 (2016: 11,750,000 options at CA$0.04). For the three months ended June 30, 2017, the Company granted 5,000,000 options at CA$0.16 (2016: nil).

Options were priced based on the Black-Scholes option pricing model using the following weighted average assumptions to estimate the fair value of options granted*:*

	June 30, 2017	June 30, 2016
Risk-free interest rate	76% to 1.05%	49% to 2.39%
Expected life	2.5 to 3.5 years	2 to 3.5 years
Expected volatility	122%	90% to 122%
Expected dividend	0%	0%

For the six months ended June 30, 2017, total share-based compensation expense was $512,066 (2016: $73,471) of which $29,881 (2016: $18,673) was capitalized. For the three months ended June 30, 2017, total share-based compensation expense was $298,516 (2016: $19,427) of which $17,918 (2016: $3,974) was capitalized.

12 Share stock options and warrants (continued)

Warrants

	June 30, 2017		December 31, 2016	
	Number of shares	Weighted average exercise price CA$	Number of shares	Weighted average exercise price CA$
Outstanding – beginning of period	**5,102,500**	**0.15**	10,539,123	0.15
Exercised	(2,162,500)	0.15	-	-
Expired	(2,940,000)	0.15	(5,436,623)	-
Outstanding – end of period	**-**	**-**	**5,102,500**	**0.15**

In January 2017, 2,162,500 warrants were exercised (note 11) and 2,940,000 warrants expired unexercised.

13 Non-controlling interest

Under the SCMB Amended Shareholders Agreement, ProPipe S.A. ("ProPipe") have a 35% interest (2016: 35%) in SCMB. ProPipe earned its interest by completing various milestones in the development of the Berta Project.

The following table summarizes select SCMB financial information:

$000's	June 30, 2017	December 31, 2016
Current Assets	4,232	2,814
Non-current assets	30,611	24,128
Current liabilities	17,368	10,252
Non-current liabilities	10,492	9,656
Loss	(52)	(74)
Total comprehensive loss	(52)	(74)

In 2015 the proceeds from a Convertible Debenture were loaned to SCMB to complete the acquisition of the Nora plant and provide working capital to complete its refurbishment and commissioning. SCMB was not in a position to repay this amount and Coro agreed to re-finance the total amount of $8.125 million, which bears interest at Libor plus 7% and is repayable in 16 quarterly instalments commencing in August 2017.

As of June 30, 2017, the total amount owed to Coro is $19.9 million which includes $8.1 million loan; $3.6 million funding for the construction of the Berta facilities; $7.4 million for additional funding; and $1.1 million interest in arrears.

14 Exploration expenditures

				For the three months ended June 30, 2017
$000's	**Marimaca**	**Celeste**	**General**	**Total**
General & admin	-	-	14	14
Property investigation	-	20	4	24
Total exploration expenditure	**-**	**20**	**18**	**38**

				For the three months ended June 30, 2016
$000's	**Marimaca**	**Celeste**	**General**	**Total**
Consulting, labour & professional fees	56	-	-	56
Drilling & trenching	328	-	-	328
General & admin	46	-	73	119
Property investigation	19	18	9	46
Total exploration expenditure	**449**	**18**	**82**	**549**

				For the six months ended June 30, 2017
$000's	**Marimaca**	**Celeste**	**General**	**Total**
General & admin	-	-	29	29
Property investigation	-	20	7	27
Total exploration expenditure	**-**	**20**	**36**	**56**

				For the six months ended June 30, 2016
$000's	**Marimaca**	**Celeste**	**General**	**Total**
Consulting, labour & professional fees	64	-	-	64
Drilling & trenching	346	-	-	346
General & admin	46	-	159	305
Property investigation	19	19	9	47
Total exploration expenditure	**475**	**19**	**168**	**662**

Marimaca, Chile
Starting January 2017, the costs associated with Marimaca were classified as Mineral Property and Mine development costs (note 7).

Celeste, Chile
The 100% owned Celeste property includes the Celeste Sur iron ore project located in the III Region of Chile.

General, Chile
General exploration activity in Chile includes other property evaluation and exploration costs. It also includes costs associated with the wholly owned Llancahue property. In June 2017, the Company acquired 23,748 hectares of mining claims (the "Ivan Claims") extending between Marimaca and Ivan and a further 14,505 hectares of mining claims located some 42km north east from Ivan and 30km east from Marimaca (the "Sierra Medina Claims") through the acquisition of Rayrock (note 3).

15 Related party transactions

The Company considers the Executive Directors and Officers of the Company to be key management personnel.

$000's	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Short-term employee benefits	241	199	746	390
Share-based payments	279	14	467	57
Total key management personnel	**520**	**213**	**1,213**	**447**

16 Geographic information

The Company operates in a single operating segment, mineral exploration and development. The following table provides geographic information about the Company's assets and operations:

$000's	Canada	Chile	Total
June 30, 2017			
Non-current assets	545	39,759	40,304
Total assets	2,111	45,025	47,136
Total liabilities	87	13,452	13,539
December 31, 2016			
Non-current assets	233	21,567	21,800
Total assets	3,353	25,577	28,930
Total liabilities	121	6,535	6,656

17 Financial instruments

Financial instruments include cash and any contracts that give rise to a financial asset to one party and a financial liability or equity instrument to another party. As at June 30, 2017, the Company's carrying values of cash and cash equivalents, accounts receivable, and convertible debenture approximate their fair values due to their short term to maturity.

The fair value of the Company's accounts payable and accrued liabilities may be significantly lower than the carrying value given the Company's going concern uncertainty and the fair value is not readily determinable.
The three levels of the fair value hierarchy are:

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

At June 30, 2017, the Company's financial instruments measured at fair value on a recurring basis were the held-for-trading investment in Bearing Resources Ltd. shares (classified as "Level 1").

Credit risk
Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and accounts receivable. The Company deposits cash and cash equivalents with high credit quality financial institutions as determined by rating agencies.

17 Financial instruments (continued)

Currency risk

The Company is subject to currency risk on financial instruments which are denominated in currencies that are not the same as the functional currency of the entity that holds them. Exchange gains and losses would impact profit or loss.

The Company's significant subsidiaries are located in Chile and the parent company is in Canada. As a result a portion of the Company's accounts receivable, accounts payable and accruals are denominated in the Chilean Peso and Canadian Dollars and are therefore subject to fluctuation in exchange rates.

As the Company's parent company functional currency is the Canadian dollar, a 100 basis point (one per cent) increase-strengthening (decrease-weakening) in the U.S. dollar at period end would have resulted in the net loss being $13,485 higher (a greater loss) ($13,485 lower).

Interest rate risk

The Company was exposed to interest rate risk on cash and cash equivalents held as at June 30, 2017. A 100 basis point (1%) increase or decrease in the interest rate would not result in a significant change in the Company's reported loss for the period ended June 30, 2017 based on average cash holdings during the period.

The Company is also subject to interest rate risk with respect to the deferred consideration on Berta. A 100 basis point (1%) increase or decrease in the interest rate would not result in a significant change to the Company's reported loss for the period ended June 30, 2017.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Company is reliant upon equity issuances as its sole source of cash. The Company manages liquidity risk by maintaining an adequate level of cash and cash equivalents to meet its ongoing obligations. The Company continuously reviews its actual expenditures and forecast cash flows and matches the maturity dates of its cash equivalents to capital and operating needs. For further information related to liquidity refer to note 1.

18 Commitments and option payments

The following table sets out the commitments and option payments of the Company as of June 30, 2017.

$000's	2017 six months	2018	2019	Thereafter	Total
Property option payments					
Marimaca	-	125	-	-	125
El Jote	-	250	2,440	-	2,690
Total property option payments	**-**	**375**	**2,440**	**-**	**2,815**
Operating leases	44	-	-	-	44
Total	**44**	**375**	**2,440**	**-**	**2,859**