



AURCANA CORPORATION

Condensed Interim Consolidated Financial Statements

June 30, 2017

(Unaudited)

Expressed in United States dollars unless otherwise stated

850-789 West Pender Street, Vancouver BC V6C 1H2 Canada

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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 Company's interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed 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 interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of financial statements by an entity's auditor.

"Kevin Drover"
President and CEO

"Salvador Huerta"
CFO

Aurcana Corporation
Condensed Interim Consolidated Statements of Financial Position
(Unaudited and expressed in United States dollars)

	Notes	June 30 2017	December 31 2016
Assets			
Current assets			
Cash and cash equivalents	12	\$ 2,011,463	\$ 663,566
Trade and other receivables	3	281,438	198,962
Prepaid expenses and advances	4	67,343	71,962
Prepaid income tax		38,388	36,011
Assets held for sale		95,500	95,500
		2,494,132	1,066,001
Non Current assets			
Non-current prepaid expenses	4	5,373	19,445
Property, plant and equipment	5	6,863,056	6,864,610
Mineral Properties	6	9,500,000	9,500,000
		\$ 18,862,561	\$ 17,450,056
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	7	\$ 468,845	\$ 563,804
Deferred revenue	14	124,937	124,937
		593,782	688,741
Non Current liabilities			
Deferred revenue	14	129,729	191,684
Provision for environmental rehabilitation	8	300,838	300,838
		1,024,349	1,181,263
Equity			
Share capital	9	182,963,237	181,833,880
Contributed surplus		36,647,990	34,837,262
Accumulated other comprehensive income		2,804,130	2,682,160
Deficit		(204,587,179)	(203,096,130)
Total equity attributable to equity holders of the parent		17,828,178	16,257,172
Non-controlling interest		10,034	11,621
Total equity		17,838,212	16,268,793
		\$ 18,862,561	\$ 17,450,056

Nature of Operations and Going Concern (Note 1)
Commitments and Contingencies (Note 11)

See accompanying notes to these consolidated financial statements.

Approved on behalf of the Board of Directors:

"Jerry Blackwell"

Director

"Adrian Aguirre"

Director

Aurcana Corporation

Condensed Interim Consolidated Statements of Comprehensive Income
(Un audited and expressed in United States dollars, unless otherwise stated)

	Notes	Three months ended June 30,		Six months ended June 30,	
		2017	2016	2017	2016
Continuing Operations					
Revenues					
Management Fees		\$ 120,000	\$ 120,000	\$ 240,000	\$ 200,000
Oil & Gas lease	14	31,149	-	61,955	-
		<u>151,149</u>	<u>120,000</u>	<u>301,955</u>	<u>200,000</u>
Other items					
General and administrative costs	15	328,278	274,363	655,329	595,444
Financing expense and others		944	1,476	2,129	3,088
Stock-based compensation		504,373	-	504,373	353,387
Shafter mine care & maintenance costs		180,844	211,077	359,766	310,693
Shafter mine geology, exploration and development		97,758	-	97,758	-
Foreign exchange (income) loss		107,796	65,050	174,046	(38,232)
Restructuring transaction cost		-	-	-	22,630
Settlement of debt (income) loss		-	364,538	-	(1,918,426)
Other income		(32)	(30,403)	(410)	(31,096)
		<u>1,219,961</u>	<u>886,101</u>	<u>1,792,991</u>	<u>(702,512)</u>
Net income (loss) for the period before other comprehensive items		\$ (1,070,412)	\$ (766,101)	\$ (1,492,636)	\$ 902,512
Items of other comprehensive income					
Currency translation adjustment		71,636	71,159	121,970	262,447
Comprehensive income (loss) for the Period		\$ (998,776)	\$ (694,942)	\$ (1,370,666)	\$ 1,164,959
Total net income (loss) attributable to:					
Non-controlling interest		(994)	(35)	(1,587)	(15,155)
Equity holders of the Company		(1,069,418)	(766,066)	(1,491,049)	917,667
		<u>\$ (1,070,412)</u>	<u>\$ (766,101)</u>	<u>\$ (1,492,636)</u>	<u>\$ 902,512</u>
Total comprehensive income (loss) attributable to:					
Non-controlling interest		(994)	(35)	(1,587)	(15,155)
Equity holders of the Company		(997,782)	(694,907)	(1,369,079)	1,180,114
		<u>\$ (998,776)</u>	<u>\$ (694,942)</u>	<u>\$ (1,370,666)</u>	<u>\$ 1,164,959</u>
Weighted average number of shares – basic		96,273,987	84,644,973	92,643,303	84,644,973
Adjustment for:					
Share options		-	-	-	2,037,290
Weighted average number of shares diluted		96,273,987	84,644,973	92,643,303	86,682,263
Loss per share					
From continuing and discontinued operations - basic & diluted					
		\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ 0.01
From continuing operations - basic & diluted		\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ 0.01

See accompanying notes to these consolidated financial statements.

Aurcana Corporation
Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited and expressed in United States dollars, unless otherwise stated)

	Share Capital		Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Equity Attributable to Shareholders of the Company	Non-controlling Interest	Total Equity
	#	\$						
Balance, December 31, 2015	84,644,973	\$ 181,814,354	\$ 34,260,229	\$ 2,338,478	\$ (203,133,321)	\$ 15,279,740	\$ 28,175	\$ 15,307,915
Currency translation adjustment	-	-	-	262,447	-	262,447	-	262,447
Net income (loss) for the period	-	-	-	-	917,667	917,667	(15,155)	902,512
Stock-based compensation	-	-	353,387	-	-	353,387	-	353,387
Balance, June 30, 2016	84,644,973	181,814,354	34,613,616	2,600,925	(202,215,654)	16,813,241	13,020	16,826,261
Currency translation adjustment	-	-	-	81,235	-	81,235	-	81,235
Net loss for the Period	-	-	-	-	(880,476)	(880,476)	(1,399)	(881,875)
Shares issued for:								
Exercise of options	100,000	19,526	(7,139)	-	-	12,387	-	12,387
Stock-based compensation	-	-	230,785	-	-	230,785	-	230,785
Balance, December 31, 2016	84,744,973	181,833,880	34,837,262	2,682,160	(203,096,130)	16,257,172	11,621	16,268,793
Currency translation adjustment	-	-	-	121,970	-	121,970	-	121,970
Net loss for the Period	-	-	-	-	(1,491,049)	(1,491,049)	(1,587)	(1,492,636)
Shares issued for:								
Private Placement	11,529,014	1,306,355	1,306,355	-	-	2,612,710	-	2,612,710
Share Issue Costs	-	(176,998)	-	-	-	(176,998)	-	(176,998)
Stock-based compensation	-	-	504,373	-	-	504,373	-	504,373
Balance, June 30, 2017	96,273,987	\$ 182,963,237	\$ 36,647,990	\$ 2,804,130	\$ (204,587,179)	\$ 17,828,178	\$ 10,034	\$ 17,838,212

See accompanying notes to these consolidated financial statements.

Aurcana Corporation

Condensed Interim Consolidated Statements of Cash Flows
(Unaudited and expressed in United States dollars, unless otherwise stated)

	Six months ended June 30,	
	2017	2016
Cash flows from operating activities		
Net income (loss) for the period	\$ (1,492,636)	\$ 902,512
Items not involving cash:		
Gain on settlement of debt	-	(1,878,179)
Depreciation, depletion and amortization	1,554	805
Stock-based compensation	504,373	353,387
Unrealized foreign exchange (income) loss	138,460	(37,444)
Deferred revenue	(61,955)	
Deferred income tax	-	-
Operating cash flow before changes in working capital	(910,204)	(658,919)
Net changes to non-cash working capital balances		
Trade and other receivables	(82,476)	(519,386)
Prepaid expenses and advances	4,619	26,533
Accounts payable and accrued liabilities	(94,959)	(1,187,764)
Cash provided by (used in) operating activities	(1,083,020)	(2,339,536)
Cash flows from investing activities		
Proceeds from the sale of equipment	-	3,315,000
Purchase of property, plant and equipment	-	(80,261)
Cash provided by (used in) investing activities	-	3,234,739
Cash flows from financing activities		
Share capital issued, net of share issue costs	2,612,710	-
Share Issue Costs	(176,998)	-
Financing cost and bank charges	-	3,088
Cash provided by (used in) financing activities	2,435,712	3,088
Increase (decrease) in cash and cash equivalents	1,352,692	898,291
Effect of exchange rate changes on cash	(4,795)	(2,072)
Cash and cash equivalents, beginning of the period	663,566	236,301
Cash and cash equivalents, end of the period	\$ 2,011,463	\$ 1,132,520

Supplemental Cash Flow information (Note 12)

See accompanying notes to these consolidated financial statements.

AURCANA CORPORATION

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited and expressed in United States dollars, unless otherwise stated)

1. Nature of Operations and Going Concern

Aurcana Corporation (the “Company” or “Aurcana”) was originally incorporated in Canada under the laws of Ontario in 1917 and on September 14, 1998 was continued under the *Canada Business Corporations Act* (“CBCA”). The Company is currently engaged in the exploration, development and operation of natural resource properties. The Company’s principal development property is the Shafter silver property (“Shafter”), located in Presidio County, Texas through the Company’s 100% owned US subsidiary, Silver Assets Inc, which is currently on “care and maintenance”.

The Company’s shares are listed on the TSX Venture Exchange and the head office, principal address, and registered office is located at Suite 850-789 West Pender Street, Vancouver, B.C., V6C 1H2, Canada.

These condensed Interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business including the review of dissolving the Mexican subsidiaries not in operations since January 2016. The Company operates in a cyclical industry where levels of cash flow have historically been correlated to market prices for commodities. Several adverse conditions and material uncertainties, including low metal prices, may cast significant doubt upon the Company’s ability to continue as a going concern. As at June 30, 2017, the Company had working capital of \$1.9 million, compared with \$0.4 million as at December 31, 2016. The major components of working capital at June 30, 2017 included \$2.5 million of current assets, and \$0.5 million in accounts payable.

2. Basis of Preparation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These interim financial statements do not include all the information required for a complete set of IFRS statements. However, selected notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual consolidated financial statements as at and for the year ended December 31, 2016.

These consolidated financial statements were approved for issue by the Board of Directors on August 8, 2017.

AURCANA CORPORATION**Notes to Condensed Interim Consolidated Financial Statements****(Unaudited and expressed in United States dollars, unless otherwise stated)****3. Trade and Other Receivables**

	June 30	December 31
	2017	2016
Equipment sales receivable	140,000	140,000
Other receivables	141,438	58,962
	\$ 281,438	\$ 198,962

Equipment sales receivable were amounts held in escrow at June 30, 2017.

4. Prepaid expenses and advances

	June 30	December 31
	2017	2016
Prepaid expenses	\$ 66,907	\$ 70,521
Other	436	1,441
Current portion	67,343	71,962
Non-current portion	5,373	19,445
	\$ 72,716	\$ 91,407

AURCANA CORPORATION
Notes to Condensed Interim Consolidated Financial Statements
(Unaudited and expressed in United States dollars, unless otherwise stated)

5. Property, Plant and Equipment

	Buildings	Plant and Equipment	Mine Development Cost	Vehicles	Computer Equipment	Other	Total
Cost							
Balance at December 31, 2015	875,000	2,462,649	3,500,000	16,944	88,698	538,419	7,481,710
Reclassification	-	21,235	-	-	-	(21,235)	-
Discontinued operations	-	-	-	-	-	(479,838)	(479,838)
Balance at December 31, 2016 & June 30, 2017	<u>\$ 875,000</u>	<u>\$ 2,483,884</u>	<u>\$ 3,500,000</u>	<u>\$ 16,944</u>	<u>\$ 88,698</u>	<u>\$ 37,346</u>	<u>\$ 7,001,872</u>
Accumulated depreciation							
Balance at December 31, 2015	-	-	-	16,944	88,698	509,887	615,529
Charge for the year	-	-	-	-	-	1,571	1,571
Discontinued operations	-	-	-	-	-	(479,838)	(479,838)
Balance at December 31, 2016	-	-	-	16,944	88,698	31,620	137,262
Charge for the period	-	-	-	-	-	1,554	1,554
Balance at June 30, 2017	-	-	-	16,944	88,698	33,174	138,816
Net book value							
Balance at December 31, 2015	\$ 875,000	\$ 2,462,649	\$ 3,500,000	\$ -	\$ -	\$ 28,532	\$ 6,866,181
Balance at December 31, 2016	<u>\$ 875,000</u>	<u>\$ 2,483,884</u>	<u>\$ 3,500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,726</u>	<u>\$ 6,864,610</u>
Balance at June 30, 2017	<u>\$ 875,000</u>	<u>\$ 2,483,884</u>	<u>\$ 3,500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,172</u>	<u>\$ 6,863,056</u>

Note: Mining and plant equipment and assets under construction, which are not in production, are not subject to amortization.

AURCANA CORPORATION**Notes to Condensed Interim Consolidated Financial Statements****(Expressed in United States dollars, unless otherwise stated)****8. Provision for Environmental Rehabilitation**

In the current period, the reclamation liability was not discounted due to the fact that the Shafter project is still in care and maintenance. In 2016, the Company discounted the reclamation cost to its estimated fair value using a 10% discount rate over the estimated 8 years life of mine. The discounted liability has been recorded at \$300,838 as at December 31, 2016 and no changes for the current period.

The environmental remediation liability is subject to revision based on future mine resource realization, and other factors which affect the costs incurred at future dates such as inflation and discount rates.

The provision for environmental rehabilitation for the period ended June 30, 2017 and the year ended December 31, 2016 is as follows:

	June 30 2017	December 31 2016
Environmental rehabilitation, beginning of the year	\$ 300,838	\$ 479,838
Change in estimates	-	(179,000)
Environmental rehabilitation, end of period	<u>\$ 300,838</u>	<u>\$ 300,838</u>

AURCANA CORPORATION
Notes to Condensed Interim Consolidated Financial Statements
(Expressed in United States dollars, unless otherwise stated)

9. Equity

Authorized - An unlimited number of common shares with no par value.

Share issuance details:

	Number of Common Shares	Amount
Balance, December 31, 2014 and 2015	84,644,973	181,814,354
Exercised options	100,000	19,526
Balance, December 31, 2016	84,744,973	181,833,880
Private placement	11,529,014	1,306,355
Share Issue Costs	-	(176,998)
Balance, June 30, 2017	96,273,987	182,963,237

On February 14, 2017, the Company issued an aggregate of 11,529,014 units (each a "Unit") at a purchase price of \$CDN 0.30 per Unit, raising gross proceeds of \$CDN 3,458,704. Each Unit consists of one common share (a "Common Share") and one transferable common share purchase warrant (a "Warrant") of Aurcana. Each Warrant will be exercisable to acquire one additional Common Share at an exercise price of \$CDN 0.45 until February 27, 2020.

Stock options

On June 27, 2017, the shareholders of the Company approved an amendment to the Company's fixed Stock Option Plan (the "Plan") to increase the number of options authorized to be issued from 8,379,852 to 14,441,098.

<u>Stock options</u>	Number of Common Share Purchase Options	Weighted Average Exercise Price per Share (\$CDN)
Balance, December 31, 2015	1,384,375	6.24
Granted	5,350,000	0.19
Exercised	(100,000)	0.17
Expired	(493,750)	6.55
Forfeited	(734,375)	5.80
Balance, December 31, 2016 & March 31, 2017	5,406,250	0.39
Granted	2,950,000	0.32
Expired	(87,500)	8.16
Balance, June 30, 2017	8,268,750	0.29

AURCANA CORPORATION
Notes to Condensed Interim Consolidated Financial Statements
(Expressed in United States dollars, unless otherwise stated)

9. Equity (continued)

Outstanding	Vested	Exercise Price (\$CDN)	Expiry Date
68,750	68,750	\$ 6.32	February 28, 2018
4,850,000	4,850,000	\$ 0.17	March 2, 2021
400,000	400,000	\$ 0.40	August 5, 2021
2,950,000	2,950,000	\$ 0.32	April 27, 2022
8,268,750	8,268,750	\$ 0.29	

On August 10th, 2016 100,000 options were exercised.

Stock based compensation

For the period ended June 30, 2017 the stock-based compensation expense was \$504,373 (2016: \$353,387). Fair value of stock options granted as above is calculated using the following weighted average assumptions.

	June 30 2017	December 31 2016
Risk-free interest rate	0.70%	0.70%
Expected stock price volatility	95.35%	92.35%
Expected dividend yield	n/a	n/a
Expected option life in years	5	4

Warrants

Common Share Purchase Warrants	Number of Common Share Warrants
Balance, December 31, 2015	10,265,816
Expired	(532,908)
Balance, December 31, 2016	9,732,908
Private placement	11,529,014
Agents' warrants	709,760
Expired	(9,732,908)
Balance, June 30, 2017	12,238,774

AURCANA CORPORATION
Notes to Condensed Interim Consolidated Financial Statements
(Expressed in United States dollars, unless otherwise stated)

9. Equity (continued)

As of June 30, 2017, details of outstanding common shares purchase warrants are as follows:

Number of Common Share Purchase Warrants	Exercise Price (CDN)	Expiry Date
12,238,774	\$0.45	February 27, 2020

10. Related Party Transactions

Except as noted elsewhere in these consolidated financial statements, the Company conducted the following related party transactions:

a) Trading transactions

The Company's related parties consist of companies owned by executive officers and directors and payments to these parties are as follows:

	Note	June 30 2017	June 30 2016
Technical and consulting fees	(i)	\$ 43,693	\$ 22,073

i) To a company controlled by a director of the Company.

b) Compensation of key management personnel

	June 30 2017	June 30 2016
Consulting fees (as above)	\$ 43,693	\$ 22,073
Directors' fees	-	22,224
Officer salaries	224,837	225,615
Stock-based compensation	504,373	353,387
	<u>\$ 772,903</u>	<u>\$ 623,299</u>

AURCANA CORPORATION
Notes to Condensed Interim Consolidated Financial Statements
(Expressed in United States dollars, unless otherwise stated)

11. Commitments and contingencies

Head office lease

Effective May 1, 2014, the Company executed a lease agreement for new office space for a period of 48 months, expiring on April 30, 2018. The minimum monthly payment is \$9,178. Subsequent the year end, in April 2016 the Company subleased such premises for \$7,489 per month and moved to a new location. The new head office has a monthly lease cost of \$3,571 for a period of 36 months, expiring March 31, 2019.

Property Taxes

Included in accounts payable is \$0.1 million related to property taxes accrued for the current period.

A schedule of commitments due by period is as follows (\$000s):

	Commitments due by year (000's)			
	Total	2017	2018	2019
	\$	\$	\$	\$
Rent	\$ 77	\$ 23	\$ 46	\$ 8

Claims to the Company

Trans-Pecos Pipeline, LLC (“Trans Pecos”) constructed a pipeline that transports natural gas between the Permian Basin and Presidio, Texas for delivery to customers in Chihuahua, Mexico. The route of the pipeline crosses the Shafter property and may impact upon some aspects of mining-related activities if and when they resume. The pipeline project may have an additional impact on longer-term exploration and development. The Company had been in discussions with representatives of Trans Pecos concerning safety, the near and long-term impacts of a pipeline on the Company and Shafter, and alternate routes for the pipeline easement. In March 2016, the Company was made aware that Trans Pecos filed a lawsuit against RGMC to acquire the proposed easement through exercise of its alleged power of eminent domain. The Company has engaged counsel to challenge the public use of the pipeline project and to ensure it receives fair compensation for the impact of the proposed pipeline on the market value of the property and the Company’s Shafter operations.

AURCANA CORPORATION
Notes to Condensed Interim Consolidated Financial Statements
(Expressed in United States dollars, unless otherwise stated)

12. Supplemental Cash Flow Information

Cash and cash equivalents of the Company are comprised of bank balances and short-term investments, which are convertible to cash, with an initial term of 90 days or less as follows:

	June 30	December 31
	2017	2016
	<u> </u>	<u> </u>
Cash	<u>\$ 2,011,463</u>	<u>\$ 663,566</u>

Supplemental disclosures of cash flow information for the period ended:

	June 30	December 31
	2017	2016
	<u> </u>	<u> </u>
AR from equipment sold held in escrow	<u>\$ 140,000</u>	<u>\$ 140,000</u>

The short-term investments were made on an overnight basis and at rates from 0.2% to 1.1% per annum.

Non-cash investing and financing activities are as follows:

	2017	2016
	<u> </u>	<u> </u>
Decrease in accounts payable related to construction in progress and equipment suppliers	\$ -	\$ (80,261)

AURCANA CORPORATION
Notes to Condensed Interim Consolidated Financial Statements
(Expressed in United States dollars, unless otherwise stated)

13. Segmented Information

The reportable operating segments have been identified as the Shafter Project, Corporate and other segments. The Company manages its business, including the allocation of resources and assessment of performance, on a project by project basis, except where the Company's projects are substantially connected and share resources and administrative functions.

June 30, 2017	Shafter	Corporate and other segments	Total
Sales & Consulting fees to external customers	\$ 61,955	\$ 240,000	\$ 301,955
Shafter mine Care & Maintenance cost	457,524	-	457,524
G&A expenses and other expense	2,353	1,334,714	1,337,067
Loss before income taxes	(397,922)	(1,094,714)	(1,492,636)
Income tax expense	-	-	-
Net income (loss) for the period	(397,922)	(1,094,714)	(1,492,636)
Intersegment charges	-	-	-
Property, plant and equipment	6,858,884	4,172	6,863,056
Mineral properties	9,500,000	-	9,500,000
Total capital assets	16,358,884	4,172	16,363,056
Total assets	16,553,842	2,308,719	18,862,561
Total liabilities	676,414	347,935	1,024,349

June 30, 2016	Shafter	Corporate and other segments	Total
Sales & Consulting fees to external customers	\$ -	\$ 200,000	\$ 200,000
Shafter mine Care & Maintenance cost	310,693	-	310,693
G&A expenses and other expense	993	904,228	905,221
Loss before income taxes	(311,686)	(704,228)	(1,015,914)
Income tax expense	-	-	-
Income for the period from discontinued operation	-	1,918,426	1,918,426
Net income (loss) for the period	(311,686)	1,214,198	902,512
Intersegment charges	-	-	-
Property, plant and equipment	6,858,884	6,492	6,865,376
Mineral properties	9,500,000	(9,500,000)	-
Total capital assets	16,358,884	(9,493,508)	6,865,376
Total assets	16,476,480	1,779,608	18,256,088
Total liabilities	899,636	530,191	1,429,827

AURCANA CORPORATION
Notes to Condensed Interim Consolidated Financial Statements
(Expressed in United States dollars, unless otherwise stated)

14. Oil and Gas lease

On July 15, 2016 Silver Assets, Inc. (“SAI”), has entered into a term assignment agreement (the “Assignment”) with a privately-owned, Texas-based oil and gas firm (the “Assignee”). Under the Assignment, three contiguous oil and gas leases (the “Leases”) have been assigned by SAI to the Assignee for a three-year term, plus any further period during which oil or gas production takes place on the Leases. SAI has retained a Net Revenue Interest Royalty in respect of the Leases that may provide up to 25% of the net revenues therefrom. In consideration of the Assignment, the Assignee made a cash payment of US\$374,469.41 to SAI. The Leases total 564 “mineral acres” and are located approximately 200 miles northeast of the Company’s Shafter project, in the Permian Basin of West Texas, near Midland. The lease proceeds were allocated as follows:

	June 30 2017	December 31 2016
Deferred Revenue Short term	\$ 124,937	\$ 124,937
Deferred Revenue Long term	129,729	191,684
	<u>254,666</u>	<u>316,621</u>
	Six months ended June 30, 2017	2016
Revenue	<u>61,955</u>	<u>-</u>

15. General and administrative costs

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Salaries and consulting fees	\$ 143,141	\$ 151,007	\$ 302,713	\$ 371,389
Professional fees	46,229	60,662	98,693	77,180
Investor relations	31,153	12,513	61,153	19,607
Marketing and road shows	51,199	3,731	80,226	4,693
Listing and filing fees	5,882	7,176	8,989	7,297
Other	50,674	39,274	103,555	115,278
	<u>\$ 328,278</u>	<u>\$ 274,363</u>	<u>\$ 655,329</u>	<u>\$ 595,444</u>