MAMMOTH RESOURCES CORP.

Condensed Consolidated Interim Financial Statements of

Mammoth Resources Corp.

For the three and nine months ended
October 31, 2018 and 2017
(Expressed in Canadian Dollars)

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 unaudited condensed consolidated interim financial statements (the “Financial Statements”) they must be accompanied by a notice indicating that the Financial Statements have not been reviewed by an auditor.

The accompanying Financial Statements of the Mammoth Resources Corp. (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.

Mammoth Resources Corp.

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars)

	October 31 2018 $	January 31 2018 $
ASSETS		
Current		
Cash	**12,858**	265,554
Government taxes recoverable (note 4)	**620**	28,706
Prepaid expenses	**31,168**	16,972
	44,646	311,232
Non-current		
Government taxes recoverable (note 4)	**107,063**	78,966
Exploration and evaluation assets (notes 5 and 8)	**2,131,994**	1,926,418
	2,283,703	2,316,616
LIABILITIES		
Current		
Trade payables and accrued liabilities (note 8)	**243,958**	403,078
Due to related parties (note 8)	**172,356**	61,915
Interest payable (note 8)	**24,608**	9,608
Loan from related party (note 8)	**277,521**	118,368
	718,443	592,969
Deferred income tax liability (note 13)	**50,000**	50,000
	768,443	642,969
SHAREHOLDERS' EQUITY		
Share capital, warrants and share-based payment reserves (note 6)	**4,187,672**	4,192,330
Accumulated deficit	**(2,672,412)**	(2,518,683)
	1,515,260	1,673,647
	2,283,703	2,316,616

The accompanying notes are an integral part of these consolidated financial statements.
Nature of operations and going concern (notes 1 and 2)

Approved on behalf of the board on December 30, 2018

(signed) “Tom Atkins”
Director

(signed) “Paul O’Brien”
Director

Mammoth Resources Corp.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	For the three months ended		For the nine months ended	
	October 31 2018 $	October 31 2017 $	**October 31 2018 $**	October 31 2017 $
Expenses				
General and administrative (note 9)	**5,141**	20,211	**46,345**	53,372
Management fees (note 8)	**20,750**	8,250	**59,749**	16,500
Professional fees	**15,000**	11,875	**22,500**	35,427
Share based compensation (notes 6 and 8)	**-**	4,356	**-**	109,046
Interest expense (note 8)	**10,000**	-	**15,000**	-
Write-off of due to related parties	**-**	-	**-**	(38,889)
Foreign exchange	**8,489**	1,859	**14,942**	13,608
Total operating expenses	**59,380**	(46,561)	**158,536**	189,064
Net loss and comprehensive loss for the period	**59,380**	(46,561)	**158,536**	189,064
Loss per share - basic and diluted (note 7)	**0.00**	0.00	**0.01**	0.01
Weighted average number of common shares outstanding – basic and diluted	**28,849,255**	19,272,063	**28,843,474**	20,824,205

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

Mammoth Resources Corp.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian dollars)

	For the nine months ended	
	October 31	October 31
	2018	2017
	$	$
Operating activities		
Loss for the period	**(158,536)**	(189,064)
Share based compensation	**-**	109,046
Interest expense	**15,000**	-
Net change in non-cash working capital balances:		
Government taxes recoverable	**(11)**	(29,973)
Prepaid expenses	**(14,196)**	(19,149)
Trade payables and accrued liabilities	**(159,120)**	(26,097)
Due to related parties	**38,264**	16,254
Net cash used in operating activities	**(278,499)**	(138,983)
Investing activity		
Exploration and evaluation assets	**(132,810)**	(112,918)
Net cash used in investing activity	**(132,810)**	(112,918)
Financing activities		
Issuance of common shares	**-**	226,000
Share issuance costs	**(540)**	(3,600)
Loan from related party	**159,153**	42,000
Net cash provided by financing activities	**158,613**	264,400
Net change in cash	**(252,696)**	12,499
Cash, beginning of the period	**265,554**	2,041
Cash, end of the period	**12,858**	14,540

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

Mammoth Resources Corp.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Share capital		Warrants	Share-based compensation reserves	Sub-total	Accumulated deficit	Total
	#	$	$	$	$	$	$
Balance, January 31, 2017	**16,133,793**	**2,851,109**	**48,995**	**594,830**	**3,494,934**	**(2,709,948)**	**784,986**
Common shares issued for cash	2,825,000	226,000	-	-	226,000	-	226,000
Share issuance costs	-	(3,600)	-	-	(3,600)	-	(3,600)
Common shares issued for debt settlement	1,865,412	149,233	-	-	149,233	-	149,233
Expiry of broker warrants	-	1,176	(1,176)	-	-	-	-
Share based compensation	-	-	-	109,046	109,046	-	109,046
Expiry of stock options	-	-	-	(586,037)	(586,037)	586,037	-
Net loss for the period	-	-	-	-	-	(189,064)	(189,064)
Balance, October 31, 2017	**20,824,205**	**3,223,918**	**47,819**	**117,839**	**3,389,576**	**(2,312,975**	**1,076,601**
Common shares issued for cash	8,000,000	720,000	-	-	720,000	-	720,000
Share issuance costs	-	(40,282)	24,545	-	(15,737)	-	(15,737)
Expiry of warrants	-	39,500	(39,500)	-	-	-	-
Share based compensation	-	-	-	98,491	98,491	-	98,491
Net loss for the period	-	-	-	-	-	(205,708)	(205,708)
Balance, January 31, 2018	**28,824,205**	**3,943,136**	**32,864**	**216,330**	**4,192,330**	**(2,518,683)**	**1,673,647**
Share issue expense	-	(540)	-	-	(540)	-	(540)
Common shares issued for property acquisition	12,525	689	-	-	689	-	689
Expiry of warrants	-	2,183	(2,183)	-	-	-	-
Expiry of stock options	-	-	-	(4,807)	(4,807)	4,807	-
Net loss for the period	-	-	-	-	-	(158,536)	(158,536)
Balance, October 31, 2018	**28,836,730**	**3,945,468**	**30,681**	**211,523**	**4,187,672**	**(2,672,412)**	**1,515,260**

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

1. Nature of operations

Mammoth Resources Corp. ("Mammoth" or the "Company") was incorporated on January 7, 2011 under the *Canada Business Corporations Act*, and is involved in the acquisition, exploration and evaluation of mining properties in Mexico. Its stock is listed on the TSX Venture Exchange under the symbol MTH. The head office of the Company is located at 410-150 York Street, Toronto, Ontario, Canada M5H 3S5.

Mammoth is an exploration stage company and currently has interests in mineral exploration properties in Mexico. Substantially all of the Company's efforts are devoted to financing and developing these properties and/or acquiring new ones. There has been no determination whether the Company's interests in mineral exploration properties contain mineral reserves, which are economically recoverable.

2. Going concern

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Accordingly, it does not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than in the normal course of business and at amounts that may differ from those shown in these financial statements.

For the nine months ended October 31, 2018, the Company incurred a net loss of $158,536 (2017 – $189,064) and used cash from operations of $278,499 (2017 - used cash from operations of $138,983). As at October 31, 2018, the Company had an accumulated deficit of $2,672,412 (January 31, 2018 - $2,518,683) and a working capital deficit of $673,797 (January 31, 2018 – $281,737). The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves and the achievement of profitable operations. The Company also is dependent upon its ability to continue to raise adequate financing and there can be no assurances that the Company will be successful. These circumstances comprise a material uncertainty which may lend significant doubt as to the ability of the Company to continue as a going concern. Changes in future conditions could require material write-downs of the carrying values. The Company is actively targeting sources of additional financing which may assure continuation of the Company's operations and exploration programs.

3. Basis of preparation and significant accounting policies

Statement of compliance
The Company prepares its Financial Statements 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. The Financial Statements should be read in conjunction with the Company's audited consolidated financial statements as at and for the year ended January 31, 2018 and have been prepared using accounting policies consistent with those used in the Company's January 31, 2018 annual consolidated financial statements except for new standards and amendments mandatorily effective for the first time from February 1, 2018.

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

(Expressed in Canadian dollars)

4. Government taxes recoverable

The Company's receivables arise from two main sources: harmonized sales tax ("GST"/"HST") receivable due from Canadian government taxation authorities and value added tax ("VAT") due from Mexican government taxation authorities. The receivables balance is broken down as follows:

	October 31 2018 $	January 31 2018 $
GST/HST Recoverable	**620**	28,706
Mexican Sales Tax (VAT)	**107,063**	78,966
	107,683	107,672

The Company exercises judgment in presenting the Mexican Sales Tax (VAT) recoverable as current or non-current. It is management's judgment that the VAT recoverable is a non-current asset as the timing of the receipt cannot be determined.

5. Exploration and evaluation assets

The Company has incurred the following acquisition costs and deferred exploration costs on its exploration and evaluation assets:

For the nine months ended October 31, 2018	**Tenoriba Project** $
Acquisition costs, January 31, 2018	115,777
Additions	689
Acquisition costs, October 31, 2018	116,466
Deferred exploration costs, January 31, 2018	1,810,641
Additions for the nine months ended October 31, 2018	
Drilling	305
Geological consulting	124,766
Professional fees	4,744
Property taxes	41,080
Travel and accommodation	33,992
	204,887
Deferred exploration costs, October 31, 2018	2,015,528
Total exploration and evaluation assets, October 31, 2018	2,131,994

(Expressed in Canadian dollars)

For the year ended January 31, 2018	**Tenoriba Project** $
Acquisition costs, January 31, 2017	104,753
Additions	11,024
Acquisition costs, January 31, 2018	115,777
Deferred exploration costs, January 31, 2017	1,202,191
Additions for the year ended January 31, 2018	
Drilling	325,330
Geological consulting	81,948
Professional fees	552
Property taxes	159,735
Travel and accommodation	40,885
	608,450
Deferred exploration costs, January 31, 2018	1,810,641
Total exploration and evaluation assets, January 31, 2018	1,926,418

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets, and, to the best of its knowledge, title to all of its properties, except as described below, are properly registered and in good standing. However, there can be no guarantee of title and the exploration and evaluation assets may otherwise be subject to prior claims, agreements, or transfers and rights of ownership may be affected by undetected defects. The properties in which the Company has earned or committed to earn an interest are located in Mexico.

Tenoriba Project
On July 3, 2012, the Company signed a definitive agreement with two private Mexican citizens to option the Tenoriba gold and silver project located in southwestern Chihuahua State, Mexico (the "Agreement"). The Tenoriba project is comprised of four concessions, Mapy, Mapy2, Mapy3 (collectively the “Mapy Concessions”) and Fernanda.

On October 3, 2012 the Company, through its Mexican subsidiary registered the Mapy3 concession comprising 1,849.6 hectares and located directly east of the Mapy and Mapy2 concessions. On February 18, 2018 the Company received confirmation of title from the Direccion General de Minas (mining department of the Mexican government) acknowledging title to the Mapy3 concession. The Company is 100% holder of this concession and is now part of the Tenoriba Project.

The terms of the original Agreement permit the Company to acquire a 100% interest in the Tenoriba project by issuing a total of 225,000 common shares and making total cash payments of US$160,000 to the vendors over the four-year option period and spending US$1 million in exploration expenditures on or before June 30, 2016. The Agreement also allows for a 2% NSR royalty payable to the vendors upon commercial production. The royalty can be purchased by the Company at any time within a three-month period from commencement of commercial production for US$1,500,000.

On March 12, 2015, the Agreement was amended (the “Amended Agreement”) and on September 28, 2016, the Agreement was further amended (the “Second Amended Agreement”) to provide for the following payments:

(Expressed in Canadian dollars)

<u>'Fernanda' Concession Option Details</u>
Pursuant to the Agreement, the Company has issued 50,000 common shares and made cash payments of US$35,000 as follows:

1. 12,500 common shares and USD$5,000 on or before December 30, 2012 (issued and paid);
2. 12,500 common shares and USD$5,000 on or before June 30, 2013 (issued and paid);
3. 12,500 common shares and USD$12,500 on or before December 30, 2013 (issued and paid); and
4. 12,500 common shares and USD$12,500 on or before June 30, 2014 (issued and paid).

Pursuant to the Amended Agreement, the Company would issue 91,394 common shares and make cash payments of US$62,500 as follows:

1. 35,144 common shares on or before December 30, 2015 (issued);
2. 12,500 common shares (issued) and US$12,500 on or before June 30, 2016;
3. 12,500 common shares (issued) and US$12,500 on or before December 30, 2016;
4. 15,625 common shares (issued) and US$18,750 on or before June 30, 2017; and
5. 15,625 common shares (issued) and US$18,750 on or before December 30, 2017.

Pursuant to the Second Amended Agreement, which supersedes the cash payments outlined in the Amended Agreement, the Company will make cash payments of US$64,000 and if the aggregate market value of the Company's common shares exceeds $5 million over a 30 day period or a change of control in the Company occurred, the payments will be accelerated as follows:

Date of payment	Amount US$	Accelerated amount US$
December 30, 2016 (paid)	5,500	11,000
June 30, 2017 (paid)	5,500	11,000
December 30, 2017 (paid)	10,000	20,000
June 30, 2018 (paid)	10,000	22,000
December 31, 2018 (paid)	10,000	-
June 30, 2019	10,000	-
December 31, 2019	13,000	-
	64,000	64,000

The Company will earn a 100% interest in the Fernanda concession upon the completion of the obligations above.

<u>'Mapy' Concessions Option Details</u>
Pursuant to the Agreement, the Company issued 37,500 common shares as follows:

1. 18,750 common shares on or before December 30, 2013 (issued); and
2. 18,750 common shares on or before June 30, 2014 (issued).

Pursuant to the Amended Agreement, the Company would issue 116,394 common shares and make cash payments of US$62,500 as follows:

1. 35,144 common shares on or before December 30, 2015 (issued);
2. 18,750 common shares (issued) and USD$12,500 on or before June 30, 2016;
3. 18,750 common shares (issued) and USD$12,500 on or before December 30, 2016;
4. 21,875 common shares (issued) and USD$18,750 on or before June 30, 2017; and
5. 21,875 common shares (9,285 shares issued) and USD$18,750 on or before December 30, 2017.

(Expressed in Canadian dollars)

Pursuant to the Second Amended Agreement, which supersedes the cash payments outlined in the Amended Agreement, the Company will make cash payments of US$20,838 and if the aggregate market value of the Company's common shares exceeds $5 million over a 30 day period or a change of control in the Company occurred, the payments will be accelerated as follows:

Date of payment	Amount US$	Accelerated amount US$
December 31, 2016 (paid)	2,000	4,838
June 30, 2017 (paid)	2,000	4,000
December 30, 2017 (paid)	3,838	6,000
June 30, 2018 (paid)	3,000	6,000
December 31, 2018 (paid)	3,000	-
June 30, 2019	3,000	-
December 31, 2019	4,000	-
	20,838	20,838

In addition, the Company issued 175,090 common shares to the vendors as part of the Second Amended Agreement, which earned the Company a 66 2/3% interest in the Mapy Concessions, which is subject to the transfer of title. The balance of the interest (33 1/3%) will be earned upon completion of the obligations above.

On June 6, 2018, the Company issued 12,525 common shares to a vendor in final satisfaction of its 66 2/3% interest in the Mapy Concessions.

Centerra Option Details
On December 17, 2018, the Company signed an option agreement with Minera Centerra S.A De C.V. ("Centerra") (a subsidiary of Centera Gold Inc.) whereby the Company has granted Centerra the right to acquire an initial 51% interested in the Tenoriba Project by completing the following:

Making annual rental payments to the Company to cover its annual cash payments as noted above:

Date	Amount $
December 17, 2018	50,000
December 17, 2019	60,000
December 17, 2020	70,000
December 17, 2021	80,000
December 17, 2022	90,000

And incurring exploration expenditures on the Project totaling $5,000,000 over 4 years:

Cumulative expenditures by	Amount $
December 17, 2019	500,000
December 17, 2020	1,500,000
December 17, 2021	3,000,000
December 17, 2022	5,000,000

Centerra will have the right to earn an additional 19% (total 70%) after the fourth year and any time before the end of the seventh year, by incurring an additional $4 million in exploration expenditures, completing a preliminary economic assessment on the Tenoriba Project, including a mineral resource estimate and making a cash payment to the Company of $550,000.

(Expressed in Canadian dollars)

6. Shareholders' equity

Share capital
The authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares are fully paid.

Year ended January 31, 2018
- On March 20, 2017, the Company completed a non-brokered private placement of 2,825,000 units at $0.08 per unit for gross proceeds of $226,000. Each unit is comprised of one common share and one common share purchase warrant exercisable at $0.12 per share until September 20, 2018. Finders fees in the amount of $3,600 were paid and 45,000 broker warrants were issued under the same terms as the share purchase warrant.
- On June 21, 2017, the Company settled an aggregate amount of payables to related parties in the amount of $188,122 by issuing 1,865,412 common shares of the Company valued at $149,233, which resulted in a gain on settlement of amounts due to related parties totalling $38,889.
- On December 14, 2017, the Company completed a non-brokered private placement of 8,000,000 units at $0.09 per unit for gross proceeds of $720,000. Each unit consists of one common share and one common share purchase warrant exercisable at $0.13 until June 14, 2019. Finders fees in the amount of $15,737 were paid and 205,285 broker warrants were issued under the same terms as the share purchase warrant.

Stock options
The Company's stock option plan (the "Plan") is a 10% rolling Plan, whereby the maximum number of common shares that may be reserved for issuance under it shall not exceed 10% of the then outstanding common shares at the time of grant. The terms upon which any options are issued under the Plan are subject to vesting provisions determined by the board of directors. The term of any options granted may not exceed 10 years and their exercise price and vesting conditions will be determined by the board of directors pursuant to the policies of the TSX Venture Exchange.

A summary of the Company's stock options at October 31, 2018 is presented below:

	Number of options	**Weighted average exercise price $**
Options outstanding and exercisable at January 31, 2017	**66,250**	**0.26**
Granted	2,288,917	0.09
Expired	(12,500)	0.40
Options outstanding and exercisable at January 31, 2018	**2,342,667**	**0.10**
Expired	28,750	0.24
Options outstanding and exercisable at October 31, 2018	**2,313,917**	**0.09**

The following table sets out the details of the stock options outstanding and exercisable:

Date of grant	**Remaining life (years)**	**Number of options**	**Exercise price**
April 9, 2014	0.44	25,000	0.20
March 28, 2017	3.42	1,096,000	0.08
May 25, 2017	3.58	350,000	0.08
October 6, 2017	3.95	60,000	0.05
December 29, 2017	4.18	782,917	0.12
		2,313,917	

(Expressed in Canadian dollars)

On September 19, 2018, 28,750 stock options expired unexercised.

Warrants and brokers warrants

The following table summarizes information on outstanding warrants and brokers warrants as at October 31, 2018:

	Number of warrants	Weighted average exercise price $
Outstanding, January 31, 2017	**6,066,250**	**0.20**
Granted	11,075,285	0.13
Expired	(2,035,000)	0.20
Outstanding, January 31, 2018	**15,106,535**	**0.15**
Expired	(6,901,250)	0.17
Outstanding, October 31, 2018	**8,175,285**	**0.13**

The composition of the outstanding warrants as at October 31, 2018 consists of the following:

	Expiry range	Number of warrants	Price range $
Warrants	June 14, 2019	8,000,000	0.13
Broker warrants	June 14, 2019	175,285	0.13
		8,175,285	

7. Loss Per Share

The calculation of basic loss per share for the three and nine months ended October 31, 2018 was based on the loss attributable to common shareholders of $59,380 and $158,536 respectively, (2017 - $27,720 and $142,503) and a weighted average number of common shares outstanding of 28,849,255 and 28,843,474 respectively (2017 – 19,769,842 and 18,478,746).

8. Related party transactions and key management compensation

The Company defines its key management as directors, Chief Executive Officer, Chief Financial Officer and VP Exploration. For the nine months ended October 31, 2018, key management compensation was $51,999 (2017 - $80,506) including share-based payments of $nil (2017 - $75,006).

The following table summarizes information on related party transactions:

	Three months ended October 31		Nine months ended October 31	
	2018	2017	**2018**	2017
	$	$	**$**	$
Geological consulting fees recorded in exploration and evaluation assets	**31,250**	18,750	**93,749**	37,500
Management fees	**20,750**	15,125	**59,749**	36,927
Share-based compensation	**-**	-	**-**	100,346

As at October 31, 2018, amounts due to related parties were $172,356 (January 31, 2018 - $61,915) in connection with various services provided to the Company, including professional, management and geological consulting fees.

(Expressed in Canadian dollars)

As at October 31, 2018, loan payable to the CEO amounted to $277,521. The loan bears interest at 13%, is unsecured and due on demand. As at October 31, 2018, accrued interest on the loan amounted to $24,608.

On May 1, 2017, the Company entered into revised consulting agreements with the CEO, CFO and VP Exploration for the provision of consulting services subject to the financing proceeds as follows:

	CEO	CFO	VP Exploration
Financing with net proceeds:			
Between $0 to $500,000	$66,000	$20,000	$42,000
Between $500,000 to $1,000,000	$90,000	$30,000	$72,000
Greater than $1,000,000	$170,000	$50,000	$126,000

In addition to base fees noted above, the officers are eligible for a discretionary bonus up to $100% of base fees as recommended by the Compensation Committee and approval by the Board of Directors.
The agreements are effective until April 30, 2019 and are subject to renewal upon approval by the Compensation Committee. The Company must provide six to twelve month's written notice for termination but reserves the right to waive such notice upon paying the fees which would have accrued during the six-month period. Should the Company be subject to a change of control and the agreements terminated, the agreements will terminate immediately, and the Company will be required to pay the base fees and discretionary bonus equal to 12 months, 24 months and 36 months for the CFO, VP Exploration and CEO, respectively, at the rates equivalent to financing with net proceeds of greater than $1,000,000.

9. General and administrative expenses

The following table illustrates spending activity related to general and administrative expenses:

	Three months ended October 31		**Nine months ended October 31**	
	2018	2017	**2018**	2017
	$	$	**$**	$
Shareholder and investor relations	**2,500**	18,623	**19,415**	44,627
Office costs	**377**	139	**1,060**	369
Communications	**849**	-	**2,832**	-
Regulatory and filing fees	**435**	-	**8,289**	4,000
Insurance	**979**	1,459	**3,915**	4,376
Travel	**-**	-	**10,733**	-
	5,141	20,221	**46,345**	53,372

10. Financial instrument risk management

Credit risk
The Company's credit risk is primarily attributable to its cash and government taxes recoverable. The risk exposure is limited to their carrying values at the statement of financial position date. Cash is held as cash deposits with counterparties that carry investment grade ratings as assessed by external rating agencies. The Company does not invest in asset-backed deposits or investments.

Interest rate risk
The Company is not exposed to significant interest rate risk since it has no interest-bearing debt except loan from related party, which bears a fixed rate of interest. Cash is held in accounts of financial institutions that do not bear significant interest.

Liquidity risk
The Company's objective is to ensure that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets, against cash. As of October 31, 2018, the Company had cash of $12,858 to settle current liabilities of $718,443. As the Company does not have operating cash flow, the Company has and will continue to rely primarily on equity financing to meet its capital requirements.

Price risk
The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company.

Currency risk
The Company operates in Canada and Mexico, and is therefore exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

The operating results and the financial position of the Company are reported in Canadian dollars. The fluctuations of the operating currencies in relation to the Canadian dollar will consequently have an impact upon the reporting results of the Company and may also affect the value of the Company's assets and liabilities.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Based on management's knowledge and experience of the financial markets, management does not believe that the Company's current financial instruments will be affected by interest rate risk, currency risk or credit risk.

11. Capital risk management

The Company's objective when managing capital is to raise sufficient funds to execute its exploration plan and to meet its ongoing administrative costs. At October 31, 2018, the Company's capital consists of items in shareholders' equity, in the amount of $1,515,260 (January 31, 2018 - $1,673,647).

The properties in which the Company currently has an interest are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company does not have any externally imposed capital requirements or covenants.

12. Segmented information

The Company has one reportable operating segment, being the acquisition and exploration of exploration and evaluation assets in Mexico. All of the Company's exploration and evaluation assets are located in Mexico.

13. Subsequent events

On December 17, 2018, the Company signed an option agreement with Centerra as described in note 5 above.

On October 16, 2018, the Company issued 1,814,458 common shares at a deemed price of $0.05 to settle $90,723 of debt owed to the President and CEO.

On December 5, 2018, the Company announced the intention to settle $120,700 in debt owed to third parties by issuing 2,414,000 common shares at a deemed price of $0.05. This transaction is subject to TSV Venture Exchange approval.