**Condensed Consolidated Interim Financial Statements of**

# Mammoth Resources Corp.

**For the three months ended**
**April 30, 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)

| | **April 30 2018 $** | January 31 2018 $ |
|---|---|---|
| **ASSETS** | | |
| **Current** | | |
| Cash | **77,847** | 265,554 |
| Government taxes recoverable (note 4) | **13,803** | 28,706 |
| Prepaid expenses | **27,884** | 16,972 |
| | **119,534** | 311,232 |
| **Non-current** | | |
| Government taxes recoverable (note 4) | **97,834** | 78,966 |
| Exploration and evaluation assets (notes 5 and 8) | **1,995,096** | 1,926,418 |
| | **2,212,464** | 2,316,616 |
| **LIABILITIES** | | |
| **Current** | | |
| Trade payables and accrued liabilities (note 8) | **335,125** | 403,078 |
| Due to related parties (note 8) | **91,955** | 61,915 |
| Interest payable (note 8) | **12,108** | 9,608 |
| Loan from related party (note 8) | **98,857** | 118,368 |
| | **538,045** | 592,969 |
| Deferred income tax liability (note 13) | **50,000** | 50,000 |
| | **588,045** | 642,969 |
| **SHAREHOLDERS' EQUITY** | | |
| Share capital, warrants and share-based payment reserves (note 6) | **4,191,790** | 4,192,330 |
| Accumulated deficit | **(2,567,371)** | (2,518,683) |
| | **1,624,419** | 1,673,647 |
| | **2,212,464** | 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 June 28, 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 | |
|---|---|---|
| | **April 30 2018 $** | April 30 2017 $ |
| **Expenses** | | |
| General and administrative (note 9) | **21,534** | 11,214 |
| Management fees (note 8) | **20,750** | 5,000 |
| Professional fees | **-** | 5,000 |
| Share based compensation (notes 6 and 8) | **-** | 79,350 |
| Interest expense (note 8) | **2,500** | - |
| Foreign exchange | **3,904** | 14,219 |
| **Total operating expenses** | **48,688** | 114,783 |
| **Net loss and comprehensive loss for the period** | **48,688** | 114,783 |
| **Loss per share - basic and diluted (note 7)** | **0.00** | 0.01 |
| Weighted average number of common shares outstanding – basic and diluted | **28,824,205** | 17,128,963 |

*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 three months ended | |
|---|---|---|
| | **April 30 2018** | April 30 2017 |
| | **$** | $ |
| **Operating activities** | | |
| Loss for the period | **(48,688)** | (114,783) |
| Share based compensation | **-** | 79,350 |
| Interest expense | **2,500** | - |
| Net change in non-cash working capital balances: | | |
| Share subscriptions receivable | **-** | (23,133) |
| Government taxes recoverable | **(3,965)** | (20,668) |
| Prepaid expenses | **(10,912)** | (51,700) |
| Trade payables and accrued liabilities | **(67,953)** | 32,437 |
| Due to related parties | **12,916** | - |
| Net cash used in operating activities | **(116,102)** | (98,497) |
| **Investing activity** | | |
| Exploration and evaluation assets | **(44,652)** | (59,127) |
| Net cash used in investing activity | **(44,652)** | (59,127) |
| **Financing activities** | | |
| Issuance of common shares | **-** | 226,000 |
| Share issuance costs | **(540)** | (3,600) |
| Loan from related party | **(26,413)** | - |
| Net cash provided by financing activities | **(26,953)** | 222,400 |
| **Net change in cash** | **(187,707)** | 64,776 |
| Cash, beginning of the period | **264,554** | 2,041 |
| **Cash, end of the period** | **77,847** | 66,817 |

*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) |
| Share based compensation | - | - | - | 79,350 | 79,350 | - | 79,350 |
| Net loss for the period | - | - | - | - | - | (114,783) | (114,783) |
| **Balance, April 30, 2017** | **18,958,793** | **3,073,509** | **48,995** | **674,180** | **3,796,684** | **2,824,731** | **971,953** |
| 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) |
| Common shares issued for debt settlement | 1,865,412 | 149,233 | - | - | 149,233 | - | 149,233 |
| Expiry of broker warrants | - | 1,176 | (1,176) | - | - | - | - |
| Expiry of warrants | - | 39,500 | (39,500) | - | - | - | - |
| Share based compensation | - | - | - | 128,187 | 128,187 | - | 128,187 |
| Expiry of stock options | - | - | - | (586,037) | (586,037) | 586,037 | - |
| Net loss for the period | - | - | - | - | - | (279,989) | (279,989) |
| **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) |
| Net loss for the period | - | - | - | - | - | (48,688) | (48,688) |
| **Balance, April 30, 2018** | **28,824,205** | **3,942,596** | **32,864** | **216,330** | **4,191,790** | **(2,567,371)** | **1,624,419** |

*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. The registered and records office of the Company is located at Suite 2600, Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia, Canada V6E 3X1.

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 three months ended April 30, 2018, the Company incurred a net loss of $48,688 (2017 – $114,783) and used cash from operations of $116,102 (2017 - used cash from operations of $98,497). As at April 30, 2018, the Company had an accumulated deficit of $2,567,371 (January 31, 2018 - $2,518,683) and a working capital deficit of $418,511 (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:

| | **April 30 2018 $** | January 31 2018 $ |
|---|---|---|
| GST/HST Recoverable | **13,803** | 28,706 |
| Mexican Sales Tax (VAT) | **97,834** | 78,966 |
| | **111,637** | 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 three months ended April 30, 2018** | **Tenoriba Project** $ |
|---|---|
| **Acquisition costs, January 31, 2018** | 115,777 |
| Additions | - |
| **Acquisition costs, April 30, 2018** | 115,777 |
| **Deferred exploration costs, January 31, 2018** | 1,810,641 |
| Additions for the three months ended April 30, 2018 | |
| Drilling | 165 |
| Geological consulting | 50,897 |
| Professional fees | 688 |
| Travel and accommodation | 16,928 |
| | 68,678 |
| **Deferred exploration costs, April 30, 2018** | 1,879,319 |
| **Total exploration and evaluation assets, April 30, 2018** | 1,995,096 |

(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 three concessions, Mapy 1, Mapy 2 (collectively the “Mapy Concessions”) and Fernanda.

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:

‘Fernanda’ Concession Option Details
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

(Expressed in Canadian dollars)

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 | 10,000 | 20,000 |
| June 30, 2018 | 10,000 | 22,000 |
| December 31, 2018 | 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.

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:

(Expressed in Canadian dollars)

| 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 ($1,650 paid) | 3,838 | 6,000 |
| June 30, 2018 | 3,000 | 6,000 |
| December 31, 2018 | 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.

**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.

<u>Year ended January 31, 2018</u>

- 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.

(Expressed in Canadian dollars)

A summary of the Company's stock options at April 30, 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 and April 30, 2018** | **2,342,667** | **0.10** |

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 |
|---|---|---|---|
| September 19, 2013 | 0.39 | 28,750 | 0.24 |
| April 9, 2014 | 0.95 | 25,000 | 0.20 |
| March 28, 2017 | 3.92 | 1,096,000 | 0.08 |
| May 25, 2017 | 4.08 | 350,000 | 0.08 |
| October 6, 2017 | 4.45 | 60,000 | 0.05 |
| December 29, 2017 | 4.68 | 782,917 | 0.12 |
| | | **2,342,667** | |

**Warrants and brokers warrants**

The following table summarizes information on outstanding warrants and brokers warrants as at April 30, 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 and April 30, 2018** | **15,106,535** | **0.15** |

The composition of the outstanding warrants as at April 30, 2018 consists of the following:

| | Expiry range | Number of warrants | Price range $ |
|---|---|---|---|
| Warrants | July 14, 2018 | 1,500,000 | 0.20 |
| Warrants | September 9, 2018 | 2,531,250 | 0.20 |
| Warrants | September 20, 2018 | 2,825,000 | 0.12 |
| Broker warrants | September 20, 2018 | 45,000 | 0.12 |
| Warrants | June 14, 2019 | 8,000,000 | 0.13 |
| Broker warrants | June 14, 2019 | 205,285 | 0.13 |
| | | **15,106,535** | |

**7. Loss Per Share**

The calculation of basic loss per share for the three months ended April 30, 2018 was based on the loss attributable to common shareholders of $48,688 (2017 - $114,783) and a weighted average number of common shares outstanding of 28,82,205 (2017 – 17,128,963).

(Expressed in Canadian dollars)

**8. Related party transactions and key management compensation**

The Company defines its key management as directors, Chief Executive Officer and Chief Financial Officer. For the three months ended April 30, 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:

| | **Year ended January 31** | |
|---|---|---|
| | **2018** | 2017 |
| | **$** | $ |
| Geological consulting fees recorded in exploration and evaluation assets | **31,250** | - |
| Management fees | **20,749** | 5,000 |
| Share-based compensation | **-** | 75,006 |

As at April 30, 2018, amounts due to related parties were $98,857 (2017 - $159,479) in connection with various services provided to the Company, including professional, management and geological consulting fees.

As at April 30, 2018, loan payable to the CEO amounted to $91,955. The loan bears interest at 13%, is unsecured and due on demand. As at April 30, 2018, accrued interest on the loan amounted to $12,108.

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 for the years ended January 31, 2018 and 2017:

| | Three months ended April 30 | |
|---|---|---|
| | **2018** | 2017 |
| | **$** | $ |
| Shareholder and investor relations | **9,215** | 6,086 |
| Office costs | **638** | 156 |
| Communications | **675** | - |
| Regulatory and filing fees | **-** | 4,000 |
| Insurance | **1,468** | 973 |
| Travel | **9,538** | - |
| | **21,534** | 11,214 |

**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 April 30, 2018, the Company had cash of $77,847 to settle current liabilities of $538,045. 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 April 30, 2018, the Company's capital consists of items in shareholders' equity, in the amount of $1,624,419 (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.