

GOLDPLAY EXPLORATION LTD.
(formerly Soleil Capital Corp.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2018
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

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

GOLDPLAY EXPLORATION LTD. (formerly Soleil Capital Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by management)
(Expressed in Canadian Dollars)

	As at March 31, 2018	As at December 31, 2017
ASSETS		
Current		
Cash (Note 4)	\$ 3,156,144	\$ 125,421
Prepays	82,500	-
Receivables (Note 5)	<u>143,868</u>	<u>91,144</u>
	3,382,512	216,565
Property, plant and equipment (Note 6)	13,959	14,858
Deferred financing costs (Note 12)	-	48,985
Deferred acquisition costs (Note 7)	320,000	320,000
Exploration and evaluation assets (Note 8)	<u>172,400</u>	<u>207,400</u>
	<u>\$ 3,888,871</u>	<u>\$ 807,808</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities (Note 10)	<u>\$ 129,410</u>	<u>\$ 280,870</u>
Shareholders' equity		
Share capital (Note 12)	7,204,838	2,277,153
Share subscriptions received in advance (Note 12)	-	50,000
Share compensation reserve (Note 12)	698,432	143,870
Deficit	<u>(4,143,809)</u>	<u>(1,944,085)</u>
	<u>3,759,461</u>	<u>526,938</u>
	<u>\$ 3,888,871</u>	<u>\$ 807,808</u>

Nature of operations and going concern (Note 1)

Subsequent events (Note 17)

On behalf of the Board:

“Marcio Fonseca”

Director

“Michael Thomson”

Director

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

GOLDPLAY EXPLORATION LTD. (formerly Soleil Capital Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – Prepared by management)
(Expressed in Canadian Dollars)

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
EXPENSES		
Amortization (Note 6)	\$ 899	\$ -
Consulting (Note 11)	64,250	4,020
Exploration expenditures (Note 9)	279,772	55,276
Foreign exchange loss	12,208	7,915
Investor relations	18,977	-
Office	46,933	1,321
Professional fees (Note 11)	126,255	-
Property investigation	2,400	-
Regulatory and transfer agent	16,405	-
Share-based compensation (Note 11 & 12)	393,389	68,890
Travel	<u>15,125</u>	<u>8,645</u>
	(976,613)	(146,067)
Recovery on exploration and evaluation assets (Note 8)	65,000	-
Other income	1,091	-
Listing expense (Note 3)	<u>(1,289,202)</u>	<u>-</u>
Loss and comprehensive loss for the period	\$ (2,199,111)	\$ (146,067)
Loss per common share		
-Basic and diluted	<u>\$ (0.10)</u>	<u>\$ (0.02)</u>
Weighted average number of common shares outstanding		
-Basic and diluted	<u>21,410,361</u>	<u>7,344,747</u>

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

GOLDPLAY EXPLORATION LTD. (Formerly Soleil Capital Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by management)
(Expressed in Canadian Dollars)

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (2,199,724)	\$ (146,067)
Items not affecting cash:		
Amortization	899	-
Listing expense	1,289,202	-
Share-based compensation	393,389	68,890
Changes in non-cash working capital items:		
(Increase) decrease in receivables	(52,724)	(8,967)
(Increase) decrease in prepaids	(82,500)	-
Increase (decrease) in accounts payable and accrued liabilities	(160,939)	22,695
Net cash used in operating activities	<u>(812,397)</u>	<u>(63,449)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash acquired from reverse acquisition (Note 3)	809,621	-
Recovery on exploration and evaluation assets	35,000	-
Net cash provided by investing activities	<u>844,621</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of shares	3,145,150	115,000
Share issue costs	(146,651)	-
Proceeds from loan payable	50,000	-
Repayment of loan payable	(50,000)	-
Net cash provided by financing activities	<u>2,998,499</u>	<u>115,000</u>
Change in cash during the period	3,030,723	51,551
Cash, beginning of period	125,421	95,206
Cash, end of period	\$ 3,156,144	\$ 146,757

Supplemental disclosure with respect to cash flows (Note 13)

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

GOLPLAY EXPLORATION LTD. (Soleil Capital Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)

	Share Capital		Subscriptions received in advance	Share compensation reserve	Deficit	Total
	Number of shares	Amount				
Balance, December 31, 2016	6,853,381	\$ 540,600	\$ 200,000	\$ -	\$ (755,096)	\$ (14,496)
Shares issued for:						
Private placement	1,524,931	225,000	-	-	-	225,000
Share-based compensation	-	-	-	68,890	-	68,890
Subscriptions received in advance	-	-	(110,000)	-	-	(110,000)
Loss for the period	-	-	-	-	(146,067)	(146,067)
Balance, March 31, 2017	8,378,312	765,600	90,000	68,890	(901,163)	23,327
Shares issued for cash:						
Private placement	5,333,024	1,025,000	(90,000)	-	-	935,000
Share issue costs	-	(14,400)	-	-	-	(14,400)
Shares issued for non-cash:						
Property acquisition	2,033,242	480,000	-	-	-	480,000
Shares issued in settlement of debt	88,755	20,953	-	-	-	20,953
Share-based compensation	-	-	-	74,980	-	74,980
Subscriptions received in advance	-	-	50,000	-	-	50,000
Loss for the period	-	-	-	-	(1,042,922)	(1,042,922)
Balance, December 31, 2017	15,833,333	\$ 2,277,153	\$ 50,000	\$ 143,870	\$ (1,944,085)	\$ 526,938
Shares issued for cash:						
Private placement	10,501,239	3,150,372	(50,000)	-	-	3,100,372
Share issue costs	-	(153,167)	-	6,516	-	(146,651)
Exercise of options	223,889	44,778	-	-	-	44,778
Shares issued for non-cash:						
Reclassification of reserves on exercise of options	-	25,702	-	(25,702)	-	-
Shares to Soleil shareholders for RTO	6,200,000	1,860,000	-	-	-	1,860,000
Warrants to Soleil shareholders	-	-	-	75,455	-	75,455
Options to Soleil shareholders	-	-	-	104,904	-	104,904
Share-based compensation	-	-	-	393,389	-	393,389
Loss for the period	-	-	-	-	(2,199,724)	(2,199,724)
Balance, March 31, 2018	<u>32,758,461</u>	<u>\$ 7,204,838</u>	<u>\$ -</u>	<u>\$ 698,432</u>	<u>\$ (4,143,809)</u>	<u>\$ 3,759,461</u>

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Goldplay Exploration Ltd. (the “Company”) (formerly Soleil Capital Corp. (“Soleil”) was incorporated on October 19, 2016 under the laws of British Columbia. The Company’s head office address is Suite 900 – 999 West Hastings Street, Vancouver, BC, V6C 2W2. The Company’s registered and records office is Suite 1100 – 736 Granville Street, Vancouver, B.C. V6Z 1G3. To date, the Company has not earned operating revenue.

On March 1, 2018, Soleil acquired all the issued and outstanding common shares of Goldplay Exploration Ltd. (“Goldplay”) by an Amalgamation Agreement (the “Transaction”) by issuing 15,833,333 common shares of Soleil. Because of the Transaction, Goldplay obtained a majority interest of the issued and outstanding shares of Soleil which constituted a reverse acquisition of Soleil by Goldplay, (the “Reverse Acquisition”) for accounting purposes with Goldplay being identified as the accounting acquirer, and accordingly, the Company is considered a continuation of Goldplay. The net assets of Soleil at the date of the reverse acquisition are deemed to have been acquired by Goldplay (Note 3). These condensed interim consolidated financial statements include the results of operations of Soleil from March 1, 2018. The comparative figures are those of Goldplay prior to the reverse acquisition, except for adjusting retroactively the capital of Goldplay to reflect the capital of the Company.

Because of the Transaction all the issued common shares and equity instruments of the Company were consolidated based on one pre-consolidation common shares/equity instruments for 0.677747234 post-consolidation common share/equity instrument. Because of the consolidation, all share and per-share information in the financial statements have been restated to reflect the consolidation.

As at March 31, 2018, the Company has working capital (deficit) of \$3,253,102 (December 31, 2017 – (\$64,305)) and an accumulated deficit of \$4,108,809 (December 31, 2017 - \$1,944,085). The Company expects to incur further losses in the development of its operations. The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. Based on financings completed during the period ended March 31, 2018, management estimates it has sufficient funding for operations for the ensuing year.

The Company is in the process of acquiring and exploring exploration and evaluation assets and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Board of Directors of the Company approved the condensed consolidated interim financial statements on May 24, 2018.

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 International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. The condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2017, which have been prepared in accordance with IFRS as issued by the IASB. In the opinion of management, all adjustments

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the three-month period ended March 31, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018.

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as held-for-trading, which are stated at their fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting. These condensed consolidated interim financial statements are prepared in Canadian dollars.

These consolidated financial statements of the Company include the balances of its subsidiary, Goldplay de Mexico SA de CV, which is a wholly owned subsidiary.

The Company consolidates its subsidiaries on the basis that it controls the subsidiaries through its ability to govern its financial and operating policies.

Financial instruments

On January 1, 2018, the Company adopted IFRS 9 – Financial Instruments (“IFRS 9”) which replaced IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking ‘expected loss’ impairment model. IFRS 9 also includes significant changes to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The Company adopted the standard retrospectively. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities.

The following summarizes the significant changes in IFRS 9 compared to the current standard:

- IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The change did not impact the carrying amounts of any of the Company's financial assets on the transition date. Prior periods were not restated, and no material changes resulted from adopting this new standard.
- The adoption of the new “expected credit loss” impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had no impact on the carrying amounts of our financial assets on the transition date given the Company transacts exclusively with large international financial institutions and other organizations with strong credit ratings.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company:

- IFRS 16 *Leases*: New standard to establish principles for recognition, measurement, presentation, and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company is evaluating the impact of this standard.

3. REVERSE ACQUISITION

As described in Note 1, on March 1, 2018, Soleil and Goldplay completed a Transaction which constituted a reverse acquisition.

3. REVERSE ACQUISITION (cont'd...)

Because of the Transaction, the shareholders of Goldplay obtained control of the combined entity by obtaining control of the voting power of the combined entity and the resulting power to govern the financial and operating policies of the combined entities. The Transaction constitutes a reverse acquisition of Soleil by Goldplay and has been accounted for as a reverse acquisition transaction in accordance with the guidance provided in IFRS 2, *Share-based Payments* and IFRS 3, *Business Combinations*. As Soleil did not qualify as a business according to the definition in IFRS 3, this reverse acquisition does not constitute a business combination; rather it is treated as an issuance of shares by Goldplay for the net assets of Soleil and Soleil's listing status, and Goldplay as the continuing entity. Accordingly, no goodwill or intangible assets were recorded with respect to the transaction as it does not constitute a business.

For accounting purposes, Goldplay was treated as the accounting parent company (legal subsidiary) and the Company has been treated as the accounting subsidiary (legal parent) in these condensed interim consolidated financial statements. As Goldplay was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these condensed interim consolidated financial statements at their historical carrying value. Soleil's results of operations have been included from March 1, 2018.

Net assets of Soleil acquired:		\$
Cash		809,621
Trade payable and accrued liabilities		(58,464)
Net assets acquired		751,157
Consideration provided in reverse acquisition of Soleil:		\$
Fair value of 6,200,000 common shares at \$0.30 per share ⁽¹⁾		1,860,000
Transaction costs – non-cash ⁽²⁾		180,359
Total consideration paid		2,040,359
Net assets acquired		(751,157)
Listing expense		1,289,202

⁽¹⁾ The Transaction was measured at the fair value of the shares that Goldplay would have had to issue to shareholders of Soleil, to give shareholders of Soleil the same percentage equity interest in the combined entity that results from the reverse acquisition had it taken the legal form of Goldplay acquiring Soleil.

⁽²⁾ Non-cash transaction costs include the following:

- The fair value of the 500,000 agents' warrants (Note 10(c)) assumed from Soleil of \$75,455;
- The fair value of the 619,998 stock options (Note 10(b)) assumed from Soleil of \$104,904.

The fair values of the agents' warrant and options assumed from Soleil were estimated, using the Black-Scholes option pricing model with the following weighted average inputs:

	2018
Risk-free interest rate	1.84%
Expected life of warrants	2.23 years
Annualized volatility	100%
Dividend rate	0%

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3. REVERSE ACQUISITION (cont'd...)

The listing expense charged to profit or loss reflects the difference between the fair value of the consideration paid by Goldplay, and the fair value of the net assets acquired from in accordance with IFRS 2 *Share-based payment*.

4. CASH

The Company's cash consists of the following:

	March 31, 2018	December 31, 2017
Cash held with banks in Canadian dollars	\$ 3,139,287	\$ 110,952
Cash held with banks in foreign currencies	16,857	14,499
Total	\$ 3,156,144	\$ 125,421

5. RECEIVABLES

	March 31, 2018	December 31, 2017
HST/VAT receivable	\$ 141,080	\$ 85,206
Other receivables	2,788	5,938
Total	\$ 143,868	\$ 91,144

6. PROPERTY, PLANT AND EQUIPMENT

	Computer Equipment
Cost:	
Balance at December 31, 2017	\$ 16,972
Additions	-
Balance at March 31, 2018	\$ 16,972
Accumulated Depreciation:	
Balance at December 31, 2017	\$ 2,114
Depreciation	899
Balance at March 31, 2018	\$ 3,013
Net Book Value:	
Balance at December 31, 2017	\$ 14,858
Balance at March 31, 2018	\$ 13,959

7. DEFERRED ACQUISITION COSTS

The Company entered into an advisory service agreement with a company owned by an officer of Goldplay relating to the acquisition of three Nevada exploration projects. The Company issued common shares valued at \$480,000 of which \$160,000 was allocated to acquisition cost of the Golconda property. The balance of \$320,000 will be allocated to the other Nevada properties at such time the acquisitions are completed. The officer was appointed after the closing of the transaction.

8. EXPLORATION AND EVALUATION ASSETS

The Company's capitalized acquisition expenditures on its exploration and evaluation assets are as follows:

	El Habal Mexico	Golconda USA	Total
Balance, December 31, 2016	\$ 35,000	\$ -	\$ 35,000
Acquisition costs	-	-	-
Shares issued	-	160,000	160,000
Cash	-	12,400	12,400
Total acquisition	-	172,400	172,400
Balance, December 31, 2017	\$ 35,000	172,400	207,400
Recovery during the period	(35,000)	-	(35,000)
Balance, March 31, 2018	\$ -	\$ 172,400	\$ 172,400

El Habal Property, Mexico

The Company acquired all 100% of the rights, title and interest in the El Habal Property ("the property") by issuing 474,423 common shares of the Company valued at \$35,000. The property is subject to a net smelter royalty ("NSR") between 1.0% and 1.5%.

The Company entered into an option agreement and royalty agreement for total sale proceeds of up to US\$2,000,000 + CAN\$100,000. Pursuant to these agreements, the Company was paid \$100,000 for the option to purchase a 1% NSR on the property and for a 1% royalty on four concessions adjacent to the property. Under the terms of the option agreement, the option agreement can be exercised to purchase up to a total 1% NSR royalty on the property by paying the Company US\$1,000,000 per 0.5% NSR, for a total option exercise price of US\$2,000,000 for a 1% NSR.

Golconda Summit Property, Nevada USA

The Company entered into a property option agreement to acquire a 100% interest in and to the Golconda Summit ("Golconda") property. The property is subject to a 1% NSR which may be repurchased for a cash payment of US\$1,000,000. For the Company to exercise the option the Company shall do the following;

1. Make cash payments, of US\$335,000 as follows:
 - pay US\$10,000 (paid) on the execution of the Agreement;
 - pay US\$15,000 on or before August 11, 2019;
 - pay US\$15,000 on or before August 11, 2020;
 - pay US\$20,000 on or before August 11, 2021;
 - pay US\$25,000 on or August 11, 2022;
 -

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8. EXPLORATION AND EVALUATION ASSETS (cont'd...)

- pay US\$50,000 on or before each August 11, 2023, August 11, 2024, August 11, 2025 and August 11, 2026.

The Company may accelerate the exercise of the Option at any time during the term of the option by paying a lump sum cash payment equal to US\$1,000,000 less any annual option payments paid by the Company prior to the date thereof.

9. EXPLORATION EXPENDITURES

Exploration expenditures for the period ended March 31 are comprised of the following:

	2018		2017	
	El Habal	Golconda	Total	El Habal
Geological	\$ 57,431	\$ -	\$ 57,431	\$ 24,551
Assay	8,964	-	8,964	-
Geotechnical	-	-	-	-
Geophysical	125,857	-	125,857	-
Topography	3,612	-	3,612	-
Office and field	55,765	1,500	57,265	1,795
Concession taxes	26,643	-	26,643	28,930
Total	\$ 278,272	\$ 1,500	\$ 279,772	\$ 55,276

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	31-Mar 2018	December 31, 2017
Trade payables	\$ 99,413	\$ 255,870
Accrued liabilities	29,997	25,000
	\$ 129,410	\$ 280,870

11. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Key management personnel compensation for the period ended March 31 were:

	2018	2017
Short-term benefits paid or accrued:		
Consulting fees	\$ 61,500	\$ 4,020
Share-based compensation	374,647	-
Professional fees	14,224	-
Total remuneration	\$ 450,371	\$ 4,020

Included in accounts payable and accrued liabilities as at March 31, 2018 \$17,296 (December 31, 2017 –

11. RELATED PARTY TRANSACTIONS (cont'd...)

\$93,974) owed to a director and companies controlled by a director or officer.

The CEO loaned the Company \$50,000. The loan was unsecured and bears a 10% per annum interest rate. The loan plus interest of \$562 was repaid.

12. SHARE CAPITAL AND RESERVES

Authorized – Unlimited common shares without par value

On March 1, 2018 the Company completed a subscription receipt financing of 7,501,239 subscription receipts at \$0.30 per subscription receipts, for gross proceeds of \$2,250,372 of which \$50,000 were subscriptions received in advance. The Company also paid a cash finder's fee of \$30,446 and issued 41,066 compensation warrants, valued at \$6,516. Additionally, professional fees of \$116,205 were incurred in connection with this financing, and was recorded as an offset to share capital, as share issue costs. Concurrent with the closing of the Transaction the subscription receipts were converted to the Company shares.

On March 13, 2018 the Company completed a private placement of 3,000,000 common shares at \$0.30 per common share for gross proceeds of \$900,000.

During the period ended March 31, 2018 the Company had 223,889 stock options exercised and received proceeds of \$44,778

During the year ended December 31, 2017, the Company issued 4,168,145 common shares at a price of \$0.147 per common share for gross proceeds of \$615,000 of which \$200,000 was raised in fiscal 2016 and 2,689,810 common shares at a price of \$.236 for gross proceeds of \$635,000 and paid a finder's fee in the amount of \$14,400.

On March 15, 2017, for share-based compensation, the Company issued 677,747 transferable warrants to purchase 677,747 common shares of the Company at an exercise price of \$0.22. The warrants have an expiry date of March 15, 2022. The value attributed to the warrants was \$68,890.

On July 10, 2017, the Company issued 433,758 transferable warrants to purchase 433,758 common shares of the Company at an exercise price of \$0.20. The warrants have an expiry date of July 10, 2021, subject to an acceleration clause. The value attributed to the warrants was \$74,980.

On July 25, 2017, the Company issued 88,756 common shares for debt settlement in the amount of \$20,953.

During the year ended December 31, 2017, the Company entered into an advisory service agreement relating to the acquisition of Nevada exploration projects. Pursuant to which the Company issued 2,033,242 common shares valued at \$480,000.

Escrow Shares

At March 31, 2018, there were 1,080,000 (December 31, 2017 – 1,200,000) shares held in escrow with the Company's registrar and transfer agent. On March 26, 2018 120,000 shares were released from escrow and equal tranches of 180,000 common shares beginning on September 5, 2018 and every six months thereafter.

In connection with the reverse acquisition of Goldplay, certain shares were subject to an escrow agreement. As at March 31, 2018 6,705,402 common shares remain held in escrow. The common shares are subject to timed releases as follows:

12. SHARE CAPITAL AND RESERVES (cont'd...)

- 10% released upon the date of listing on the TSX-V (listed on March 26, 2018)
- 15% released every six months thereafter until all escrow shares have been released (thirty-six months following the date of listing on the TSX-V).

Stock Options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time-to-time, at its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed a rolling 10% of the Company's issued and outstanding common shares at the time the options are granted. Vesting of stock options is at the discretion of the Board of Directors. Stock options are exercisable for a maximum of 10 years, and the exercise price of the stock options is set in accordance with the policies of the TSX-V.

As at March 31, 2018, the Company had stock options outstanding enabling the holder to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date	Weighted Average Life Remaining
179,110	\$0.20 (Note 3)	May 30 2018 ⁽¹⁾	0.16
217,000	\$0.20 (Note 3)	January 29, 2027 ⁽¹⁾	8.83
1,750,000	\$0.30	March 1, 2023	4.92
150,000	\$0.30	March 14, 2023	4.96
<u>2,296,110</u>			<u>4.92</u>

(1) The Company revalued these 396,110 Soleil stock options upon completion of the reverse acquisition as described in Note 3.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
As at December 31, 2017	-	\$ -
Granted	1,900,000	0.30
Options of Soleil (Note 3)	619,998	0.20
Exercised	<u>(223,888)</u>	<u>0.20</u>
As at March 31, 2018	2,296,110	\$ 0.28
Number of options currently exercisable	2,146,110	\$ 0.28

During the period ended March 31, 2018, the Company recognized share-based payments expense of \$393,389 (2017 - \$Nil), in connection with the vesting of stock options granted.

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12. SHARE CAPITAL AND RESERVES (cont'd...)

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of stock options modified and granted during the period ended March 31, 2018, and 2017:

	2018	2017
Risk-free interest rate	1.99%	-
Expected life of options	5.00	-
Annualized volatility	100%	-
Dividend rate	0%	-

Warrants

The following common shares purchase warrants entitle the holder thereof to purchase one common share for each warrant. Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
As at December 31, 2017	1,111,505	0.20
Agent warrants	41,066	0.30
Agent warrants of Soleil	<u>500,000</u>	<u>0.20</u>
As at March 31, 2018	<u>1,652,571</u>	<u>\$ 0.21</u>

Share-based compensation charges for the period ended March 31, 2018 was related to the warrants issued and totalled \$Nil (2017 - \$68,890).

The weighted average remaining contractual life of warrants outstanding at March 31, 2018 was 2.65 (December 31, 2017 – 3.91) years.

Warrants outstanding are as follows:

Number of Shares	Exercise Price	Expiry Date
677,747	\$ 0.22	March 15, 2022
433,758	\$ 0.18	March 1, 2020
500,000	\$ 0.20	January 26, 2019
41,066	\$ 0.30	March 1, 2020
<u>1,652,571</u>		

The weighted average Black-Scholes inputs are as follows;

	March 31, 2018	March 31, 2017
Expected life of warrants	1.00	5.00
Annualized volatility	100%	100%
Dividend rate	-	-
Discount rate	1.76%	1.21%

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the period ended March 31, 2018;

- allocation of subscriptions received in advance of \$50,000.
- upon completion of the Transaction, the Company issued 6,200,000 common shares with a fair value of \$1,860,000 (Note 3).
- issued 41,066 agent warrants with a fair value of \$6,516 recorded as shares issuance costs.
- deferred financing costs in accounts payable of \$10,890.
- reclassification of reserves in share capital of \$25,702.

Significant non-cash transactions during the period ended March 31, 2017 consist of the following:

- allocation of subscriptions received in advance of \$110,000.

14. SEGMENTED INFORMATION

The business of the Company is the acquisition and exploration of mineral properties which is considered one business segment.

Geographic information is as follows:

	March 31, 2018	December 31, 2017
Exploration and evaluation assets		
Mexico	\$ -	\$ 35,000
USA	172,400	172,400
Total	\$ 172,400	\$ 207,400

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

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

- 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

The fair value of cash is measured at Level 1 of the fair value hierarchy. The carrying value of receivables and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote and has deposited cash in high credit quality financial institutions.

Liquidity risk

As of March 31, 2018, the Company had cash balance of \$3,156,144 to settle current liabilities of \$129,410. The Company is not exposed to liquidity risk.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade demand investments issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to assets and liabilities that are denominated in foreign currency. Amounts exposed to foreign currency risk include cash of MX\$238,205 as of March 31, 2018 (December 31, 2017 -MX\$227,489). A 10% change in foreign exchange rates will affect profit or loss by \$16,841.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

16. CAPITAL MANAGEMENT

The Company defines capital that it manages as shareholders' equity (deficiency), consisting of issued common shares, stock options and warrants.

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition and exploration of exploration and evaluation assets. 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 has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient economic potential and if it has adequate financial resources to do so. Management reviews its capital management

16. CAPITAL MANAGEMENT (cont'd...)

approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions. There were no changes to the Company's approach to capital management during the year.

17. SUBSEQUENT EVENTS

On May 7, 2018 the Company received TSX.V approval on the option to acquire a 100% interest in the San Marcial property located in the Rosario Mining District, Sinaloa, Mexico. The option will be exercisable upon the Company paying an aggregate of \$2,575,000 in cash, issuing an aggregate of 3,500,000 common shares of the Company, incurring an aggregate of \$3,000,000 in exploration expenditures on San Marcial in tranches over a three-year period, granting to the vendor a NSR royalty and the grant of equity participation rights over a one-year period, according to the following:

	Cash	Shares	Exploration Expenditures
Due within 5 business days of receipt of TSXV approval (the "Approval Date")	\$75,000(paid)	1,250,000 (issued)	-
Due by the first anniversary of the Approval Date	-	-	\$500,000
Due by the second anniversary of the Approval Date	-	750,000	\$1,000,000
Due by the third anniversary of the Approval Date	\$2,500,000	1,500,000	\$1,500,000
Total	\$2,575,000	3,500,000	\$3,000,000

The Company must also on or before the third anniversary of the Approval Date complete an updated resource estimate report conforming to the standards of NI 43-101. The updated resource estimate ("Resource Estimate") will form the basis for the NSR royalty to be granted and the purchase price related to the buy-back rights. The Resource Estimate will include Inferred Mineral Resources, Indicated Mineral Resources and Measured Mineral Resources (as such terms are defined in the CIM Definitions Standards for Mineral Resources and Mineral Reserves, as amended from time to time).

The NSR royalty granted will be between 0.05% and 1.5% based on a NI 43-101 report. The Company has the right to purchase the NSR royalty.

The Company granted the vendor the right to purchase common shares in any future equity financing that the Company may complete during the one-year period following the Approval Date. This grant of participation rights will provide the vendor the right to purchase that number of common shares being offered by the Company in such financing as is equal to the vendor's then percentage interest in the issued share capital of the Company, for the consideration and on the same terms and conditions as offered to the other potential subscribers under such financing.

On May 7, 2018 the Company granted 450,000 stock options to certain directors and officers. The options are exercisable for a period of five years at a price of \$0.31 per common share.

On May 9, 2018 the Company had 89,556 stock options exercised and received proceeds of \$17,911.