# GOLDPLAY EXPLORATION LTD.

(formerly Soleil Capital Corp.)

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended September 30, 2018

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

## NOTICE TO READER

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

The condensed consolidated interim financial statements of the Company for the second quarter ended September 30, 2018 have been prepared by and are the responsibility of the Company's management.

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

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

| | As at Sept. 30, 2018 | As at December 31, 2017 |
|---|---|---|
| **ASSETS** | | |
| **Current** | | |
| Cash (Note 4) | $ 887,039 | $ 125,421 |
| Prepaids | 136,894 | - |
| Receivables (Note 5) | 324,667 | 91,144 |
| | 1,348,600 | 216,565 |
| **Property, plant and equipment** (Note 6) | 23,272 | 14,858 |
| **Deferred financing** costs (Note 12) | - | 48,985 |
| **Deferred acquisition costs** (Note 7) | 320,000 | 320,000 |
| **Exploration and evaluation assets** (Note 8) | 559,900 | 207,400 |
| | $ 2,251,772 | $ 807,808 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **Current** | | |
| Accounts payable and accrued liabilities (Note 10) | $ 236,799 | $ 280,870 |
| **Shareholders' equity** | | |
| Share capital (Note 12) | 7,583,467 | 2,277,153 |
| Share subscriptions received in advance (Note 12) | - | 50,000 |
| Share compensation reserve (Note 12) | 799,491 | 143,870 |
| Deficit | (6,367,985) | (1,944,085) |
| | 2,014,973 | 526,938 |
| | $ 2,251,772 | $ 807,808 |

**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 consolidated interim financial statements.

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

| | Three Months Ended Sept. 30, 2018 | Three Months Ended Sept. 30, 2017 | Nine Months Ended Sept. 30, 2018 | Nine Months Ended Sept. 30, 2017 |
|---|---|---|---|---|
| **EXPENSES** | | | | |
| Amortization (Note 6) | $ 1,710 | $ - | $ 3,779 | $ - |
| Consulting (Note 8) | 67,222 | 9,656 | 217,250 | 13,676 |
| Exploration expenditures | 576,670 | 217,349 | 1,365,121 | 376,860 |
| Foreign exchange (gain) loss | 22,211 | 10,836 | 68,562 | 25,555 |
| Investor relations | 108,045 | 7,500 | 309,492 | 7,500 |
| Office | 56,767 | 9,179 | 162,798 | 12,890 |
| Professional fees (Note 8) | 65,038 | 15,877 | 282,601 | 56,845 |
| Property investigation | 51,249 | - | 110,437 | 2,341 |
| Regulatory and transfer agent | 3,062 | - | 63,441 | - |
| Share-based compensation (Note 8 and 9) | 9,135 | 74,980 | 524,754 | 143,870 |
| Travel | 34,863 | 20,113 | 103,520 | 45,506 |
| | (995,973) | (365,490) | (3,211,756) | (685,043) |
| Recovery on exploration and evaluation assets (Note 8) | - | - | 65,000 | - |
| Other income | 9,241 | - | 12,058 | - |
| Listing expense (Note 3) | - | - | (1,289,202) | - |
| **Loss and comprehensive loss for the period** | $ (986,732) | $ (365,490) | $ (4,423,900) | $ (685,043) |
| **Loss per common share** | | | | |
| -Basic and diluted | $ (0.03) | $ (0.02) | $ (0.15) | $ (0.04) |
| **Weighted average number of common shares outstanding** | | | | |
| -Basic and diluted | 35,084,558 | 20,910,290 | 29,801,215 | 15,568,567 |

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

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

| | Nine Months Ended Sept. 30, 2018 | Nine Months Ended Sept. 30, 2017 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Loss for the period | $ (4,423,900) | $ (685,043) |
| Items not affecting cash: | | |
| Amortization | 3,779 | - |
| Listing expense | 1,289,202 | - |
| Share-based compensation | 524,755 | 143,870 |
| Changes in non-cash working capital items: | | |
| (Increase) decrease in receivables | (232,853) | (39,674) |
| (Increase) decrease in prepaids | (136,894) | (2,525) |
| Increase (decrease) in accounts payable and accrued liabilities | (53,550) | (99,607) |
| Net cash used in operating activities | (3,030,131) | (682,979) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Cash acquired from reverse acquisition (Note 3) | 809,621 | - |
| Exploration and evaluation assets | (75,000) | (12,400) |
| Property plant and equipment | (12,193) | (16,469) |
| Recovery on exploration and evaluation assets | 35,000 | - |
| Net cash provided by investing activities | 757,428 | (28,869) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from the issuance of shares | 3,180,972 | 1,050,000 |
| Share issue costs | (146,651) | (14,400) |
| Proceeds from loan payable | 50,000 | - |
| Repayment of loan payable | (50,000) | - |
| Net cash provided by financing activities | 3,034,321 | 1,035,600 |
| **Change in cash during the period** | 761,618 | 323,752 |
| **Cash, beginning of period** | 125,421 | 95,206 |
| **Cash, end of period** | $ 887,039 | $ 418,958 |

**Supplemental disclosure with respect to cash flows** (Note 13)

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

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

| | Share Capital | | | | | |
|---|---|---|---|---|---|---|
| | Number of shares | Amount | Subscriptions received in advance | Share compensation reserve | Deficit | Total |
| Balance, December 31, 2016 | 6,853,381 | $ 540,600 | $ 200,000 | $ - | $ (755,096) | $ (14,496) |
| Shares issued for: | | | | | | |
| Private placement | 6,857,955 | 1,250,000 | (200,000) | - | - | 1,050,000 |
| 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 | - | - | - | 143,870 | - | 143,870 |
| Loss for the period | - | - | - | - | (685,043) | (685,043) |
| Balance, September 30, 2017 | 15,833,333 | 2,277,153 | 200,000 | 143,870 | (1,440,139) | 980,884 |
| Share-based compensation | - | - | - | - | - | 74,980 |
| Subscriptions received in advance | - | - | 50,000 | - | - | 50,000 |
| Loss for the period | - | - | - | - | (503,946) | (503,946) |
| 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 | 403,000 | 80,600 | - | - | - | 80,600 |
| Shares issued for non-cash: | | | | | | |
| Reclassification of reserves on exercise of options | - | 56,009 | - | (56,009) | - | - |
| Property acquisition | 1,250,000 - | 312,500 25,702 | - - | (25,702) - | - - | 312,500 - |
| 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 | - | - | - | 524,755 | - | 524,755 |
| Loss for the period | - | - | - | - | (4,423,900) | (4,423,900) |
| Balance, September 30, 2018 | 34,187,572 | $ 7,583,467 | $ - | $ 799,491 | $ (6,367,985) | $ 2,014,973 |

The accompanying notes are an integral part of these condensed consolidated interim 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 September 30, 2018, the Company has working capital (deficit) of $1,111,801 (December 31, 2017 – ($64,305)) and an accumulated deficit of $6,367,985 (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 June 30, 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 November 26, 2018.

These condensed consolidated interim 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 consolidated interim 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 nine-month period ended September 30, 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 ACQUSITION

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

(Expressed in Canadian Dollars)

**3. REVERSE ACQUSITION** (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 reserve 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% |

## 3. REVERSE ACQUSITION (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:

| | September 30, 2018 | December 31, 2017 |
|---|---|---|
| Cash held with banks in Canadian dollars | $ 768,459 | $ 110,952 |
| Cash held with banks in foreign currencies | 118,580 | 14,499 |
| Total | $ 887,039 | $ 125,421 |

## 5. RECEIVABLES

| | September 30, 2018 | December 31, 2017 |
|---|---|---|
| HST/VAT receivable | $ 320,745 | $ 85,206 |
| Other receivables | 3,922 | 5,938 |
| Total | $ 324,667 | $ 91,144 |

## 6. PROPERTY, PLANT AND EQUIPMENT

| | Computer Equipment |
|---|---|
| **Cost:** | |
| Balance at December 31, 2017 | $ 16,972 |
| Additions | 12,193 |
| **Balance at September 30, 2018** | $ 29,165 |
| **Accumulated Depreciation:** | |
| Balance at December 31, 2017 | $ 2,114 |
| Depreciation | 3,779 |
| **Balance at September 30, 2018** | $ 5,893 |
| **Net Book Value:** | |
| **Balance at December 31, 2017** | $ 14,858 |
| **Balance at September 30, 2018** | $ 23,272 |

(Expressed in Canadian Dollars)

## 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 | San Marcial 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 |
| Acquisition costs | - | - | | |
| Shares issued | - | 312,500 | - | 312,500 |
| Cash | - | 75,000 | - | 75,000 |
| Recovery during the period | (35,000) | | - | (35,000) |
| Balance, September 30, 2018 | $ - | $ 387,500 | $ 172,400 | $ 559,900 |

### 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.

### San Marcial Property, Mexico

The Company entered into an option agreement 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:

(Expressed in Canadian Dollars)

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

| | 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 43-101report.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.

**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;
   - 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.

(Expressed in Canadian Dollars)

## 9. EXPLORATION EXPENDITURES

Exploration expenditures for the period ended September 30 are comprised of the following:

| | 2018 El Habal | 2018 San Marcial | 2018 Golconda | 2018 Total | 2017 Total |
|---|---|---|---|---|---|
| Assay | $ 17,007 | $ 11,055 | $ - | $ 28,062 | $ 37,445 |
| Concession taxes | 63,234 | 14,291 | 8,955 | 86,480 | 91,548 |
| Consulting | 22,125 | 97,055 | 1,528 | 120,708 | - |
| Drilling | 282,448 | - | - | 282,448 | - |
| Environmental | 5,577 | 2,044 | - | 7,621 | - |
| Geophysical | 157,668 | 1,450 | - | 159,118 | - |
| Geological | 160,580 | 79,389 | - | 239,969 | 81,467 |
| Geochemistry | 81,446 | 47,604 | - | 129,050 | - |
| Office and field | 180,645 | 98,365 | 1,500 | 280,510 | 166,400 |
| Topography | 3,980 | 27,175 | - | 31,155 | - |
| Total | $ 974,710 | $ 378,428 | $ 11,983 | $ 1,365,121 | $ 376,860 |

## 10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 30-Sep 2018 | December 31, 2017 |
|---|---|---|
| Trade payables | $ 210,799 | $ 255,870 |
| Accrued liabilities | 26,000 | 25,000 |
| | $ 236,799 | $ 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 September 30 were:

| | 2018 | 2017 |
|---|---|---|
| Short-term benefits paid or accrued: | | |
| Consulting fees | $ 157,500 | $ 4,020 |
| Share-based compensation | 510,094 | 143,870 |
| Professional fees | 84,868 | 16,698 |
| **Total remuneration** | $ 752,462 | $ 164,588 |

Included in accounts payable and accrued liabilities as at September 30, 2018 $24,137 (December 31, 2017 –

$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 June 30, 2018 the Company had 401,000 stock options exercised and received proceeds of $80,600

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 September 30, 2018, there were 900,000 (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 September 30, 2018 5,587,838 common shares remain held in escrow. The common shares are subject to timed releases as follows:

- 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).

(Expressed in Canadian Dollars)

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

### 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 September 30, 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 |
|---|---|---|---|---|
| 217,000 | $0.20 | (Note 3) | January 29, 2027[(1)] | 8.33 |
| 1,611,055 | $0.30 | | March 1, 2023 | 4.42 |
| 150,000 | $0.30 | | March 14, 2023 | 4.46 |
| 450,000 | $0.30 | | May 7, 2023 | 4.61 |
| 2,428,055 | | | | 4.81 |

(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 | 2,350,000 | 0.30 |
| Options of Soleil (Note 3) | 619,998 | 0.20 |
| Expired | (138,945) | 0.30 |
| Exercised | (402,998) | 0.20 |
| As at September 30, 2018 | 2,428,055 | $ 0.29 |
| Number of options currently exercisable | 2,353,055 | $ 0.29 |

During the period ended September 30, 2018, the Company recognized share-based payments expense of $524,754 (2017 - $Nil), in connection with the vesting of stock options granted.

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 September 30, 2018, and 2017:

| | 2018 | 2017 |
|---|---|---|
| Risk-free interest rate | 2.02% | - |
| Expected life of options | 5.00 | - |
| Annualized volatility | 100% | - |
| Dividend rate | 0% | - |

(Expressed in Canadian Dollars)

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

### 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 | 500,000 | 0.20 |
| As at September 30, 2018 | 1,652,571 | $ 0.21 |

Share-based compensation charges for the period ended September 30, 2018 was related to the warrants issued and totalled $Nil (2017 - $143,870).

The weighted average remaining contractual life of warrants outstanding at September 30, 2018 was 2.15 (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 |
| 1,652,571 | | |

The weighted average Black-Scholes inputs are as follows;

| | Sept. 30, 2018 | Sept. 30, 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 September 30, 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 $56,009.
- issued 1,250,000 common shares valued at $312,500 for acquisition of exploration and evaluation assets.

Significant non-cash transactions during the period ended September 30, 2017 consist of the following:

- allocation of subscriptions received in advance of $200,000.
- shares issued in settlement of debt in the amount of $20,953.

(Expressed in Canadian Dollars)

## 13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (cont'd…)

- shares issued for exploration and evaluation assets and deferred acquisition costs in the amount of $160,000 and $320,000 respectively.

## 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:

| | | September 30, 2018 | | December 31, 2017 |
|---|---|---|---|---|
| Exploration and evaluation assets | | | | |
| Mexico | $ | 387,500 | $ | 35,000 |
| USA | | 172,400 | | 172,400 |
| Total | $ | 559,900 | $ | 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:

*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 September 30, 2018, the Company had cash balance of $887,039 to settle current liabilities of $236,799. The Company is not exposed to liquidity risk.

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

*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$1,727,306 as of September 30, 2018 (December 31, 2017 -MX$227,489). A 10% change in foreign exchange rates will affect profit or loss by $23,127.

*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 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 November 19, 2018 the Company announced it will undertake a private placement of up to 6,818,182 units (the "Units") at a price of CDN$0.22 per Unit for gross proceeds of up to CDN$1,500,000. Each Unit shall be comprised of one common share in the capital of the Company (each, a "Share") and one-half (½) of one common share purchase warrant of the Company (each whole warrant, a "Warrant"), with each Warrant being exercisable into one common share (the "Warrant Shares") for a period of two years from the date of issuance of the Warrants at an exercise price of $0.25/Warrant

**17. SUBSEQUENT EVENTS** (cont'd…)

Share; except that, from and after the date that is four months and 1 day after the date of issuance of the Warrants, in the event the closing price of the Company's common shares on the TSX Venture Exchange (the "TSX.V") is at least $0.65/share for any 10 consecutive trading days during the Warrant exercise period, then the Company may anytime thereafter accelerate the expiry date of the Warrants to the date that is 10 days following the date on which the Company issues notice to all the Warrant holders of the new expiry date (and the Company will also issue a press release on the same date as it issues notice confirming the new expiry date of the Warrants).The proceeds of the private placement will be used for exploration and property taxes on the Company's properties in Mexico and general and administration costs for its operations in Mexico and Canada.

The Company may pay finders' fees comprised of cash and/or warrants in connection with the private placement, subject to compliance with the policies of the TSX.V. Completion of the private placement and the payment of any finders' fees remain subject to the receipt of all necessary regulatory approvals, including the approval of the TSX.V.