GOLDPLAY EXPLORATION LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED MARCH 31, 2018

REPORT DATE:
May 24, 2018

This Management Discussion and Analysis (the "MDA") provides relevant information on the operations and financial condition of Goldplay Exploration Ltd. (the "Company") for the period ended March 31, 2018.

The Company is in the business of mineral exploration. Activities include the evaluation, acquisition and exploration of mineral exploration properties in search of economic mineral deposits. Properties gold potential in Mexico is the current focus of the Company. The realization of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves and future profitable production or proceeds from the disposition of these assets. The carrying values of exploration and evaluation assets do not necessarily reflect their present or future values.

All monetary amounts in this MDA and in the consolidated financial statements are expressed in Canadian dollars, unless otherwise stated. Financial results are being reported in accordance with International Financial Reporting Standards ("IFRS").

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which is it was made, with respect to the period covered by these filings, and the consolidated financial statements together with other financial information included in these filings. The Board of Directors' approves the consolidated financial statements and MDA and ensures that management has discharged its financial responsibilities.

The MDA should be read in conjunction with the Company's consolidated financial statements and notes thereto for the period ended March 31, 2018.

The Company is registered in the province of British Columbia. The Company's head office address is Suite 900 – 999 West Hastings Street, Vancouver B.C. V6C 2W2. The Company's registered and records office is Suite 1100 – 736 Granville Street, Vancouver, B.C. V6Z 1G3.

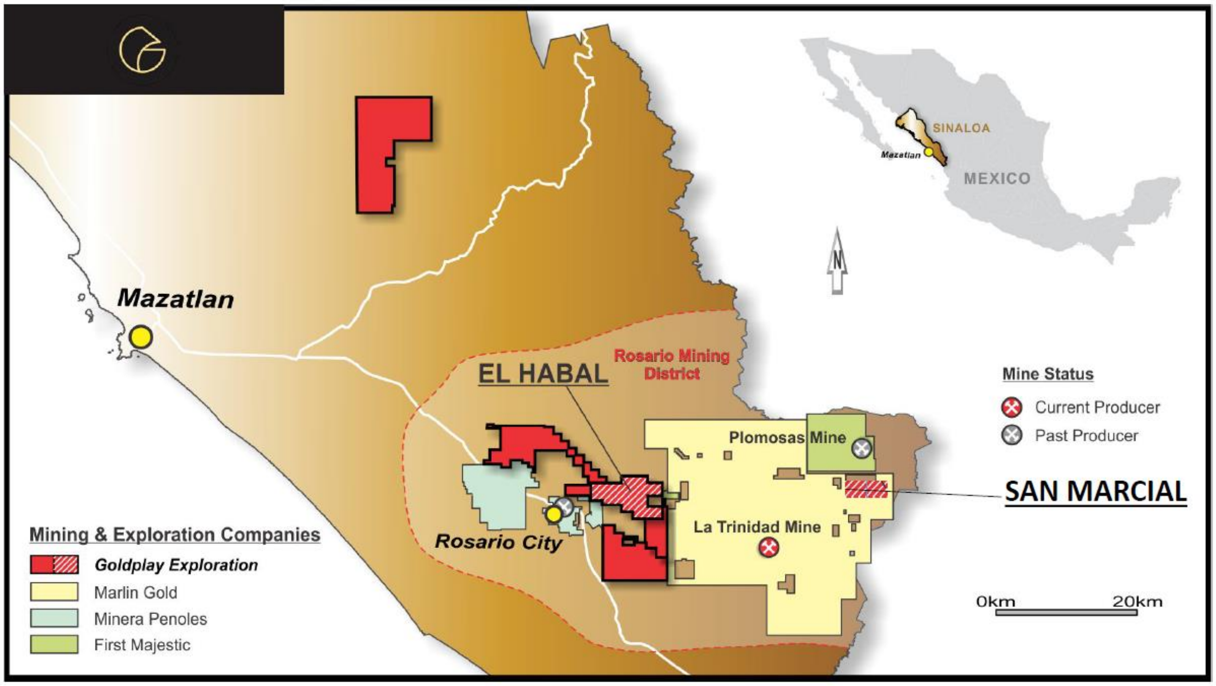
OVERALL PERFORMANCE

The Company has completed a transaction with Soleil Capital Corp. ("Soleil") dated March 1, 2018 (the "Amalgamation Agreement"). The details of the transaction are under the Amalgamation Agreement section of the MDA.

Goldplay is a mineral exploration company active in exploration in the Rosario Gold District, Sinaloa Mexico and it will utilize the its mineral exploration knowledge, strategy and experience related to the Rosario Gold District pursuing new discoveries and resource developments. The Company continues to evaluate new opportunities, whether by staking, property acquisition or by a corporate transaction.

EXPLORATION PROJECTS

The Company is a junior resource exploration company. Its principal properties are San Marcial and the El Habal Gold Property. The Company controls +250 sq. km of exploration concessions in the Rosario Mining District, Sinaloa, Mexico.



San Marcial Property, Sinaloa, Mexico

On May 7, 2018 the Company received TSX Venture Exchange ("TSX.V") approval on the option to acquire a 100% interest in the San Marcial Property. The San Marcial consists of an attractive near-surface high-grade silver, zinc and lead project with a historical National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") (1) with an immediate opportunity for resource expansion.

Resource		Grade			Contained Metal		
Category	Tonnes	Ag (g/t)	Zn (%)	Pb (%)	Ag M(oz)	Zn M(lbs)	Pb M (lbs)
Indicated	3,755,893	149.20	0.67	0.36	18.0	29.9	55.3
Inferred	3,075,403	44.21	0.51	0.29	4.4	19.5	34.7

(1) The historical NI 43-101 resource estimate is based on a cut off of 30 g/tAg for open pit and 80 g/t Ag for underground resource classification completed by Micon International Ltd. for Silvermex on November 5, 2008. The historical resource is based on 4,884 meters of drilling in 30 core drill holes. A qualified person has not done sufficient work to verify and to classify the historical estimate as current mineral resources, and the Company is not treating the historical estimate as current mineral resources. Further work must be carried out to verify all historical information before a resource estimate is possible, and there can be no assurance that when established, that any such resource would be economically recoverable.

The existing historical NI 43-101 resource estimation exhibits significant exploration upside as it only comprises 30 drill holes completed up to November 2008. An additional 22 drill holes were completed post-filing of historical NI 43-101, representing an immediate opportunity to update and expand the resources. The historical NI 43-101 covers 600 m of a mineralized trend which is open along strike for an additional 3.5 km, supported by positive surface exploration results. The mineralization is an open down dip as most of the historical drilling was completed only up to 250 m below the surface in the resource estimation area. Historical preliminary metallurgical results from oxide and sulfide samples from San Marcial have indicated column leach tests recoveries in the range of 80% for a 72-hour leach period and preliminary flotation test work in drill core composite samples reporting recoveries in the range of 90%.

The mineralization at San Marcial is typical of the low sulphidation, epithermal systems hosted near the contact of the Tertiary, Upper and Lower Volcanic units in the Sierra Madre Occidental Geologic Province.

Along the 3.5 km mineralized trend, there are highly altered hydrothermal breccias, conglomerates, and relatively fresh dacite porphyry intrusive. Faulting is an important structural feature related to the silver gold zinc lead copper mineralization, and the intersection of east-west with northwest structures are considered the most prospective areas for exploration at San Marcial.

There are two main mineralized zones (upper and lower), located in the center of the mineral concession and both outcropping at surface. Both mineralized zones and associated host rocks exhibit fracture filling and typical hydrothermal textures of epithermal deposits. There is local brecciation hosting mineralized zones.

San Marcial exhibits significant exploration upside supported by historical regional exploration programs completed by previous operators with the identification of 14 exploration targets like San Marcial inside the concessions. Some of these exploration targets consist of old shallow pits, caved shafts and historical underground workings in areas with extensive hydrothermal alteration hosted by major regional structures.

<u>El Habal Gold Property, Sinaloa, Mexico</u>

The El Habal Gold Property comprises 3765 ha in 5 exploration concessions located in the Rosario Gold District, Sinaloa, Mexico. The Rosario Gold District is a historical gold and silver district that includes the multi-million-ounce historic high-grade Au-Ag Rosario Mine, which reportedly operated for 250 years. The exploration concessions are detailed as follows:

Concession #	Ownership	Township	Due Date	Record Date	Area (ha)	Name
229261	Goldplay de México	Rosario	March 27, 2057	March 28, 2007	3,136.96	El Habal
226963	Goldplay de México	Rosario	March 30, 2056	March 31, 2006	220.00	San Pablo 2
236078	Goldplay de México	Rosario	May 3, 2060	May 4, 2010	80,00	San Pablo
226962	Goldplay de México	Rosario	March 30, 2056	March 31, 2006	50.00	Baluarte 2
232406	Goldplay de México	Rosario	August 4, 2058	August 5, 2008	278.1625	Las Dos Chiquitas

The El Habal Gold Property is 10 km east of the historical mining town of Rosario, Sinaloa, Mexico, centered at approximately UTM coordinates 420828 E and 2545478 N, within the WGS84 Zone 13N.

Mineralization on the El Habal Gold Property consists of low sulphidation epithermal, stock work systems, gold rich stockwork/veining and breccia exhibiting lateral zonation with higher concentrations close to intersections of major structures. The mineralization occurs mainly within a north-northwest striking tectonic corridor hosted not only by the Upper Volcanic Group but also the Lower Volcanic Group. There is evidence of multi-phased mineralizing events with common overprints of many stockwork systems over brecciated host rocks. The multi-phased event has produced several phases of silica with a predominance of gold mineralization over most of the El Habal Gold Property. Sulphide occurrence is limited (<2%) in some zones with no evidence of Cu, Zn and Pb mineralization. The mineralization has an intimate relationship with the evolution of the extensional setting, where district normal faults are likely conduits or regional feeders as the major hosts. Most of the mineralized zones present are steeply dipping with deflection of dip through different competence rocks. There are strike slip structures such as fault jogs generating mineralized zones off-shooting the major structures. Oxidation of host rocks and mineralized zones extends at least 80 meters from surface as supported from geological mapping and sampling of well exposed mineralized zones in historical old underground workings.

As of the date of this report, the Company is actively exploring on the ground at its core asset, El Habal Gold Property. Successive surface exploration programs and surveys have been completed on the property over the past two years, starting in December 2015. Most of work comprised of channel sampling for analysis of precious and base metals, topographic and old working survey.

The Company received final approvals from the "Secretaria de Medio Ambiente y Recursos Naturales – SEMARNAT" on June 8th, 2017, for excavation and sampling of 19 trenches at the El Habal Gold Property. As of today, the company has completed 12 trenches, spaced on average 100 m on a regular grid on the mineralized zone, and exposing the gold mineralization in oxidized, highly fractured or brecciated silicified or argillically altered rhyolites or andesites over a total strike length of 2 km. The trenches have confirmed the continuity of the mineralized zone along strike beyond the initial central area. Assays from all these trenches have identified a core zone of higher gold grade in a stock work system predominantly in an area measuring 500 m long by 250 m wide.

The Company has completed the following work for the period January 2018 to March 2018

Detailed Geological mapping: (area covered was 700 x 300 meters)

Rock Geochemistry- Trenching and Channel Samples: 81 samples were collected

Ground Geophysical Survey, Controlled Source Audio Magneto - Telluric (CSMAT) and Magnetometry over the mineralized zone in a grid consisting of 389 reading points located on 27 lines spaced every 100m and covering a strike length of 2.7km. The objective of this survey will be to define structures and alteration zones associated with gold mineralization to provide additional information for a first pass drilling program.

A first pass core drilling program is scheduled for Q2 2018, in accordance with the recommendations in the independent NI 43-101 report which will be filed on SEDAR.

Other Properties:

Goldplay de Mexico SA de CV ("Goldplay Mexico"), 100% owned Mexican Subsidiary, entered into an assignment of rights with Grupo Promotor de Mexico SA de CV ("GPM") on April 20, 2017, by virtue of which GPM transferred 100% interest and title to the following adjacent concessions in the Rosario Gold District To Goldplay Mexico.

Concession #	Ownership	Township	Due Date	Record Date	Area (ha)	Name
228755	Goldplay de México	Rosario	January 18, 2057	January 19, 2007	2.70	Tigra Negra Fraction II
228756	Goldplay de México	Rosario	January 18, 2057	January 19, 2007	1.35	Tigra Negra Fraction III
228757	Goldplay de México	Rosario	January 18, 2057	January 19, 2007	1.35	Tigra Negra Fraction IV
228758	Goldplay de México	Rosario	January 18, 2057	January 19, 2007	1.35	Tigra Negra Fraction V
243620	Goldplay de México	Rosario	November 3, 2064	November 4, 2014	1,406.58	El Habal Sur

Application # File Number	Ownership	Township	Area (ha)	Name
59/7706	Goldplay de México	Huajicori,	32.77	Indio Fracc. I
59/7706	Goldplay de México	Huajicori,	0.38	Indio Fracc. II
59/7706	Goldplay de México	Huajicori,	3.89	Indio Fracc. III
95/13335	Goldplay de México	Rosario	5,555.78	La Union 2
95/13354	Goldplay de México	Rosario	4,558.22	Yauco
95/13507	Goldplay de México	Concordia	11,118.25	El Placer II

Qualified Person and Quality Control/Quality Assurance

Marcio Fonseca, M.Sc, D.I.C, PGeo., the Company's President and Chief Executive Officer and a director and a qualified person as defined by NI 43-101, has supervised the preparation of the scientific and technical information that forms the basis for the mineral property disclosure in this MDA and has approved the disclosure herein. Mr. Fonseca is not independent of the Company, as he is an officer and director of the Company.

SUMMARY OF QUARTERLY RESULTS

The following selected financial data have been prepared in accordance with IFRS and should be read in conjunction with the Company's consolidated financial statements. The following is a summary of selected financial data for the Company for its eight completed financial quarters ended March 31, 2018.

Quarter Ended Amounts in 000's	**Mar. 31, 2018**	**Dec. 31, 2017**	**Sept. 30, 2017**	**June 30, 2017**	**Mar. 31, 2017**	**Dec. 31, 2016**	**Sept. 30, 2016**	**Jun. 30, 2016**
Net income (loss)	(2,199)	(504)	(365)	(174)	(146)	(54)	-	7
Earnings (loss) per share – basic and diluted	(0.10)	(0.04)	(0.03)	(0.02)	(0.01)	(0.01)	(0.00)	(0.00)
Total assets	3,889	808	1,017	422	203	143	21	20
Working capital	3,253	(64)	437	264	(12)	(49)	(181)	(181)

During the quarter ended March 31, 2018 the Company completed the Amalgamation Agreement with Soleil, completed private placements for gross proceeds of $3,150,372, incurred general and administrative expenses of $976,613 which included exploration expenditures of $279,772 and share-based compensation of $393,389 and incurred a listing expense of $1,289,202.

During the quarter ended December 31, 2017 the Company had exploration expenditures in the amount of $202,035 and consulting fees of $61,500 and professional fees of $77,162.

During the quarter ended September 30, 2017 the Company received $620,600 in net proceeds and had exploration expenditures of $197,243 and $74,980 for stock-based compensation. The Company entered into an advisory services agreement relating to the acquisition of the Nevada exploration projects. The Company issued 2,033,242 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 other Nevada properties at such time they are acquired.

During the quarter ended June 30, 2017 the Company received $449,000 in net private placement proceeds and had expenditures of $104,235 on exploration expenditures and $40,961on professional fees.

During the quarter ended March 31, 2017 the Company received $115,000 in net private placement proceeds and had expenditures of $55,276 on exploration expenditures and $68,890 for stock-based compensation.

During the quarter ended December 31, 2016 the company received $200,000 in subscription received in advance. The Company had expenditures of $77,799 on exploration expenditures, $32,067 in the professional fees and recorded a gain on settlement of accounts payable in the amount of $66,283.

Three Months ended March 31, 2018 compared to three months ended March 31, 2017

The Company's general and administrative costs were $976,613 (2016 – $146,067), and reviews of the major items are as follows:

- Exploration expenditures of $279,772 (2017 - $55,276) of which $278,272 (2017 - $55,276) was spent on the El Habal property and $1,500 on the Golconda property. The expenditures increased as the Company received funding and the Company became more active;

- Consulting of $64,250 (2017 - $4,020) consisting of fees paid or accrued to the CEO of $21,000 (2017 - $Nil), the CFO of $13,500 (2017 - $4,020), business development of $13,500 (2016 - $Nil) and other of $16,250 (2017 - $Nil).

- Professional fees of $126,255 (2017 - $Nil) consists of legal of $40,420 (2017 - $Nil), audit and accounting of $810 (2017 - $ Nil) and transaction costs of $85,025 (2017 - $Nil). The legal fees increase was due to royalty agreement, San Marcial property acquisition and corporate matters;

- Share-based compensation of $393,389 (2017 – $68,890) for options issued in 2018 and warrants in 2017;

- Regulatory and transfer agent of $16,405 (2017-$Nil) increased as the Company became a reporting issuer because of the Amalgamation Agreement with Soleil; and

- Travel of $15,125 (2017 - $8,645) increased as the Company became more active in capital raising and property evaluation.

Other items showed a loss of $1,223,111 (2017 - $Nil). Due to their nature, these transactions relate to events that do not necessarily generate comparable effects on the Company's operating results. Significant areas of change include:

- Expenses related to the reverse acquisition of $1,289,202 (2017 - $Nil). The acquisition of the Company by Goldplay was accounted for as a share-based payment. The fair value of the shares issued was determined to be $1,860,000 based on the estimated fair value of the shares. The Company also incurred an additional $180,359 of transaction costs that were attributable to the reverse acquisition. The excess of the purchase price and related costs over the fair value for the net assets acquired was recognized in the statement of comprehensive loss. The determination and allocation of the purchase price is summarized below:

Net assets of Soleil acquired:	$
Cash	809,621
Trade payable and accrued liabilities	(58,465)
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 (Note 3 – condensed interim consolidated financial statement dated March 31, 2018)	1,289,202

- Received $100,000 (2017 - $Nil), of which $65,000 was recognised in loss and comprehensive loss and $35,000 was recognized as a reduction in exploration and evaluation assets, as the Company was paid for an option to purchase a 1% NSR on the El Habal property and for a 1% royalty on four concessions adjacent to the El Habal property

LIQUIDITY AND CAPITAL RESOURCES

Because of economic conditions, globally, there is uncertainty in capital markets and the Company anticipates that it and others in the mineral resource sector will have limited access to capital. Although the business and assets of the Company have not changed, investors have increased their risk premium and their overall equity investment has diminished. The Company continually monitors its financing alternatives and expects to finance its fiscal 2018 operating overhead and acquisition and exploration expenditures through private placements.

The quantity of funds to be raised and the terms of any equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. There can be no assurance that such funds will be available on favorable terms, or at all.

As at March 31, 2018, the Company reported cash of $3,156,144 compared to $125,421 as at December 31, 2017. The increase in cash on hand and working capital was the result of cash used in operating activities of $812,397, cash acquired from the reverse acquisition of $844,621 and cash received from financing activities of $2,998,499.

During the period ended March 31, 2018 the Company;

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.

The Company completed a private placement of 3,000,000 common shares at $0.30 per common share for gross proceeds of $900,000.

The Company had 223,889 stock options exercised and received proceeds of $44,778.

During the year ended December 31, 2017 the Company completed private placements of 6,857,955 common shares for gross proceeds of $1,250,000 and paid a finder's fee in the amount of $14,400.

The Company has no long-term debt obligations.

SHARE CAPITAL

(a) As of the date of the MDA the Company has 34,098,017 issued and outstanding common shares. The authorized share capital is unlimited no par value common shares.

(b) As at the date of the MDA the Company has 2,706,554 incentive stock options outstanding.

(c) As at the date of the MDA the Company has 1,652,571 share purchase warrants.

RELATED PARTY TRANSACTIONS

Key management personnel compensation for the period ended March 31, were:

	2018	2017
Short-term benefits paid or accrued:		
Professional fees paid to Laura Diaz (Director)	$ 14,224	$ -
Consulting fees paid to Marcio Fonseca (CEO)	21,000	4,020
Consulting fees paid to Gino DeMichele (Director)	13,500	-
Consulting fees paid to Yaron Conforti (VP Business Development)	13,500	-
Consulting fees paid to Blaine Bailey (CFO)	13,500	-
Stock based compensation to Directors and officers	374,647	-
Total remuneration	**$ 450,371**	**$ 4,020**

Accounts payable and accrued liabilities as at March 31, 2018 included $17,296 (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.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

INVESTOR RELATIONS

On March 14th, 2018, the Company entered an investor relations contract with Brisco Capital Partners Corp. ("Brisco") to provide investor relations services to the Company. The agreement is for an initial term of one year and may be extended by mutual consent. Under the agreement, Brisco will be paid the sum of $7,500 per month and receive 150,000 stock options exercisable at $.30 per share for a period of 5 years.

PROPOSED TRANSACTIONS

Currently the Company is not a party to any material proceedings. The Company continually evaluates new opportunities, including new properties by staking, acquisition or joint venture, and corporate consolidation or merger opportunities.

AMALGAMATION AGREEMENT (Reverse Acquisition)

On March 1, 2018 the Company entered into an Amalgamation Agreement (Reverse Acqusition) ("Transaction") with Soleil in which Soleil will acquire all the outstanding shares of the Company, resulting in Goldplay shareholders receiving 15,833,333 Soleil common shares. The Company completed a concurrent subscription receipt financing of 7,501,239 subscription receipts at $0.30 per subscription receipts, for gross proceeds of $2,250,372. The Company also paid a cash finder's fee of $15,271, issued 41,066 compensation warrants which entitles the holder thereof to purchase one additional share of the resulting issuer at a purchase price of $.30/share for a period of two years from date of issue, March 1, 2018 and paid expenses of $34,116. Concurrent with the closing of the transaction the subscription receipts were converted to the Company shares. Because of the Transaction, shareholders of the Company will acquire control of Soleil. The Transaction is considered a purchase of Soleil's net assets by the shareholders of the Company and will be accounted for as a reverse acquisition.

On March 1, 2018 each common share in the capital of Soleil that was outstanding immediately prior to the transaction was consolidated on a 2 (old) for 1 (new) basis and converted into 1 common share in the capital of the Resulting Issuer (the "**Resulting Issuer Shares**") each outstanding common share in the capital of Goldplay (the "**Goldplay Shares**") was consolidated on an approximately 0.677747234 (old) to 1 (new) basis and immediately thereafter the Subscription Receipts automatically converted to Goldplay Shares on a 1:1 post-consolidation basis and immediately thereafter, all then issued Goldplay Shares converted on a 1:1 basis into Resulting Issuer Shares. All outstanding incentive stock options and share purchase warrants of Soleil and Goldplay that were outstanding prior to the amalgamation, were consolidated on the same basis as each company's common shares and thereafter were converted to incentive stock options and warrants of the resulting issuer.

An aggregate of 29,534,572 Resulting Issuer Shares are outstanding upon completion of the Amalgamation with former holders of Soleil Shares holding an aggregate of 6,200,000 Resulting Issuer Shares, former holders of Goldplay Shares holding an aggregate of 15,833,333 Resulting Issuer Shares and Subscription Receipts holding an aggregate of 7,501,239 Resulting Issuer Shares. An aggregate of 620,000 incentive stock options were outstanding prior to the amalgamation and were held by former holders of Soleil incentive stock options and an aggregate of 1,611,505 warrants were outstanding prior to the amalgamation and were held by former holders of Soleil warrants holding an aggregate of 500,000 and former holders of Goldplay warrants holding an aggregate of 1,111,505 warrants.

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 consolidated interim 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 consolidated interim financial statements at their historical carrying value. Soleil's results of operations have been included from March 1, 2018.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the condensed consolidated interim financial statements, and the reported amounts of revenues and expenses during the reporting year. Areas requiring the use of estimates in the preparation of the Company's condensed consolidated interim financial statements the carrying value and the recoverability of the exploration ad evaluation assets included in the Condensed Consolidated Interim Statement of Financial Position, the assumptions used to determine the fair value of share-based payments in the Condensed Consolidated Interim Statement of Comprehensive Loss, and the estimated amounts of reclamation and environmental obligations. Management believes the estimates used are reasonable; however, actual results could differ materially from those estimates and, if so, would impact future results of operations and cash flows.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

There were no changes in the Company's significant accounting policies during the period ended March 31, 2018 that had a material effect on its condensed consolidated interim financial statements. The Company's significant accounting policies are disclosed in Note 2 to its condensed consolidated interim financial statements for the period ended March 31, 2018.

RISKS AND UNCERTAINTIES

The Company's business is mineral exploration. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, mineral prices, political, and economical.

The Company will take steps to verify the title to any properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties. These procedures do not guarantee the Company's title. Property titles may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

The Company has no significant sources of operating cash flow and no revenue from operations. Additional capital will be required to fund the Company's exploration program. The sources of funds available to the Company are the sale of equity capital or the offering of an interest in its project to another party. There is no assurance that it will be able to obtain adequate financing in the future or that such financing will be advantageous to the Company.

The property interests to be owned by the Company or in which it may acquire an option to earn an interest are in the exploration stages only, are without known bodies of commercial minerals and have no ongoing operations. Mineral exploration involves a high degree of risk and few properties, which are explored, are ultimately developed into production. If the Company's efforts do not result in any discovery of commercial minerals, the Company will be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous materials and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties in which it previously had no interest. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liabilities to the Company.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk factors

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 counter party'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 receivables is remote as they are due from the Government of Canada. The Company's cash is deposited in accounts held at a large financial institution in Canada and in Mexico. As such, the Company believes the credit risk with cash is remote. Receivables comprise input tax receivables due from the Government of Canada. The Company considers the credit risk of receivables to be low.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As of March 31, 2018, the Company had a cash balance of $3,156,144 (December 31, 2017 - $125,421) to settle current liabilities of $129,410 (December 31, 2017 - $280,870). All the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

The Company intends to raise additional equity financing in the coming fiscal year to meet its obligations.

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. The Company is not subject to significant exposure to interest rate risk.

Foreign currency risk

The Company's exploration work is conducted in Mexico. The international nature of the Company's operations results in foreign exchange risk as transactions are denominated in foreign currency.

The Company's operating expenses are incurred primarily in Canadian dollars; its exploration programs are primarily in Mexico and are denominated in either United States dollars or Mexican Pesos. The fluctuation of the Canadian dollar will, consequently, have an impact upon the reported profitability of the Company and may also affect the value of the Company's assets and liabilities. The Company continuously monitors this exposure to determine if any mitigation strategies become necessary.

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, the ability to obtain financing, or the ability to obtain a public listing 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.

CAPITAL MANAGEMENT

The Company defines capital that it manages as shareholders' deficiency, consisting of issued common shares, stock options and warrants included in reserves, and subscriptions receivable.

The Company manages its capital structure and adjusts it, based on the funds available to the Company, to support the acquisition, exploration and development 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 property in which the Company currently has an interest is in the exploration stage; as such 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 we no changes to the Company's approach to capital management during the year.

FORWARD-LOOKING STATEMENTS

This MDA contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable Canadian securities legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. Information concerning mineral resource/reserve estimates and the economic analysis thereof contained in preliminary economic analyses or prefeasibility studies also may be deemed to be forward-looking statements in that they reflect a prediction of the mineralization that would be encountered, and the results of mining that mineralization, if a mineral deposit were developed and mined. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate, plans and similar expressions, or which by their nature refer to future events. These forward-looking statements include, but are not limited to, statements concerning:

- the Company's strategies and objectives, both generally and in respect of its specific mineral properties or exploration and evaluation assets;
- the timing of decisions regarding the timing and costs of exploration programs with respect to, and the issuance of the necessary permits and authorizations required for, the Company's exploration programs;
- the Company's estimates of the quality and quantity of the resources and reserves at its mineral properties;
- the timing and cost of planned exploration programs of the Company and the timing of the receipt of result thereof;
- general business and economic conditions;
- the Company's ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations; and

- the Company's expectation that it will be able to add additional mineral projects of merit to its existing property portfolio.

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward looking statements are risks and uncertainties beyond the Company's ability to predict or control, including, but not limited to, risks related to the Company's inability to raise the necessary capital to be able to continue in business and to implement its business strategies, to identify one or more economic deposits on its properties, variations in the nature, quality and quantity of any mineral deposits that may be located, variations in the market price of any mineral products the Company may produce or plan to produce, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, and other risks identified herein under "Risks and Uncertainties".

The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results are likely to differ, and may differ materially, from those expressed or implied by forward looking statements contained in this MDA. Such statements are based on several assumptions which may prove incorrect, including, but not limited to, assumptions about:

- the level and volatility of the price of commodities;
- general business and economic conditions;
- the timing of the receipt of regulatory and governmental approvals, permits and authorizations necessary to implement and carry on the Company's planned exploration;
- conditions in the financial markets generally;
- the Company's ability to attract and retain key staff;
- the nature and location of the Company's mineral exploration projects, and the timing of the ability to commence and complete the planned exploration programs; and
- the ongoing relations of the Company with its regulators.

These forward-looking statements are made as of the date hereof and the Company does not intend and does not assume any obligation, to update these forward-looking statements, except as required by applicable law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. The current state of the global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations.

DISCLOSURE OF MANAGEMENT COMPENSATION

In accordance with the requirements of Section 19.5 of TSXV Policy 3.1, the Company provides the following disclosure with respect to the compensation of its directors and officers during the period:

1. During the period ended March 31, 2018, the Company did not enter any standard compensation arrangements made directly or indirectly with any directors or officers of the Company, for their services as directors or officers, or in any other capacity, with the Company or any of its subsidiaries except as disclosed under "Related Parties Transactions".

2. During the period ended March 31, 2018, officers of the Company were paid for their services as officers by the Company as noted above under "Related Parties Transactions".

3. During the period ended March 31, 2018, the Company did not enter any arrangement relating to severance

payments to be paid to directors and officers of the Company and its subsidiaries.

APPROVAL

The Board of Directors of the Company has approved the disclosures in this MDA.