OROCO RESOURCE CORP.

CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2018

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Oroco Resource Corp.

We have audited the accompanying consolidated financial statements of Oroco Resource Corp., which comprise the consolidated statements of financial position as at May 31, 2018 and 2017 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Oroco Resource Corp. as at May 31, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Oroco Resource Corp.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

September 27, 2018

OROCO RESOURCE CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT MAY 31

	2018	2017
ASSETS		
Current		
Cash	$ 938,804	$ 1,373,872
Receivables	33,162	20,982
Prepaid expenses and advances	4,011	4,915
	975,977	1,399,769
Available for sale securities (Notes 4 and 10)	548,600	1,119,466
Investment in and advances to associated company (Note 4)	721,608	164,556
Deferred acquisition costs	9,759	-
Exploration and evaluation assets (Note 6)	681,547	292,329
Equipment (Note 7)	6,851	8,083
	$ 2,944,342	$ 2,984,203
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Trade payables and accrued liabilities (Note 10)	$ 296,859	$ 200,207
Deferred tax liability (Note 12)	13,443	13,443
	310,302	213,650
Shareholders' equity		
Share capital (Note 9)	18,115,678	16,973,847
Reserves (Note 9)	2,392,571	2,293,674
Deficit	(17,874,209)	(16,496,968)
	2,634,040	2,770,553
	$ 2,944,342	$ 2,984,203

Nature of operations and going concern (Note 1)
Subsequent events (Note 15)

Approved on behalf of the Board:

"Craig Dalziel"
Craig Dalziel – Director

"Steve Vanry"
Steve Vanry – Director

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

OROCO RESOURCE CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
YEAR ENDED MAY 31

	2018	2017
Expenses		
Business development	$ 61,311	$ 96,778
Depreciation (Note 7)	1,232	1,534
Consulting fees (Note 10)	68,925	67,934
Foreign currency loss (gain)	76,870	(38,585)
Management and director fees (Note 10)	244,500	245,500
Office and general	103,964	86,489
Professional fees (Note 10)	284,525	185,416
Property investigation costs	336,942	134,207
Rent	74,954	61,518
Share-based payment (Notes 9 and 10)	184,289	-
Shareholder communications and investor relations	23,024	300
Transfer agent and filing fees	19,166	24,352
Travel	28,500	1,702
Operating loss	(1,508,202)	(867,145)
Equity loss in associated company (Note 4)	(18,868)	-
Gain on sale of available for sale securities (Note 4)	7,678	521,549
Gain on settlement of accounts payable	-	42,161
Interest income	-	41,941
Royalty revenue (Note 5)	142,151	106,125
	130,961	711,776
Loss for the year	(1,377,241)	(155,369)
Unrealized loss on fair value of available for sale securities (Note 4)	(80,389)	(944,908)
Loss and comprehensive loss for the year	$ (1,457,630)	$ (1,100,277)
Basic and diluted loss per common shares	$ (0.02)	$ (0.00)
Weighted average number of common shares outstanding - basic and diluted	79,332,610	77,947,405

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

OROCO RESOURCE CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Share Capital		Reserves			
	Number	Amount	Other comprehensive income	Stock option and warrant	Deficit	Total
		$	$	$	$	$
May 31, 2016	77,947,405	16,973,847	1,128,328	2,110,254	(16,341,599)	3,870,830
Unrealized gain on fair value of available for sale securities	-	-	(944,908)	-	-	(944,908)
Loss for the year	-	-	-	-	(155,369)	(155,369)
May 31, 2017	77,947,405	16,973,847	183,420	2,110,254	(16,496,968)	2,770,553
Shares issued for cash	9,000,000	900,000	-	-	-	900,000
Share issue costs	-	(18,172)	-	-	-	(18,172)
Shares issued for option exercise	200,000	20,003	-	(5,003)	-	15,000
Shares issued for acquisition of exploration and evaluation assets	2,000,000	240,000	-	-	-	240,000
Unrealized loss on fair value of available for sale securities	-	-	(80,389)	-	-	(80,389)
Share-based payment	-	-	-	184,289	-	184,289
Loss for the year	-	-	-	-	(1,377,241)	(1,377,241)
May 31, 2018	89,147,405	18,115,678	103,031	2,289,540	(17,874,209)	2,634,040

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

OROCO RESOURCE CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
YEAR ENDED MAY 31

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (1,377,241)	$ (155,369)
Adjusted for items not involving cash:		
Depreciation	1,232	1,534
Equity loss in associated company	18,868	-
Gain on sale of available for sale securities	(7,678)	(521,549)
Accrued royalty income	(142,151)	(4,545)
Foreign exchange gain	(2,411)	(14,544)
Share-based payment	184,289	-
Gain on settlement of accounts payable	-	(42,161)
Changes in working capital items:		
Receivables	2,350	(139,460)
Prepaid expenses	904	3,911
Trade payables and accrued liabilities	96,563	(17,811)
Net cash used in operating activities	(1,225,275)	(889,994)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(149,129)	(42,074)
Deferred acquisition costs	(9,759)	-
Proceeds on sale of available for sale securities	69,362	707,063
Acquisition of available for sale securities	(22,280)	(221,523)
Royalty revenue	130,032	109,646
Note receivable and interest income	-	1,468,183
Advances to associated company	(124,847)	(216,530)
Advances repaid by associated company	-	51,974
Net cash provided by (used in) investing activities	(106,621)	1,856,739
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue	915,000	-
Share issue cost	(18,172)	-
Net cash provided by financing activities	896,828	-
Change in cash	(435,068)	966,745
Cash, beginning of year	1,373,872	407,127
Cash, end of year	$ 938,804	$ 1,373,872

Supplemental cash flow information (Note 13)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Oroco Resource Corp. (the "Company") was incorporated on July 7, 2006 under the Business Corporations Act of British Columbia and is in the business of acquiring and exploring exploration and evaluation assets in Mexico. The Company is listed on the TSX Venture Exchange (the "TSX-V").

The Company's head office and principal address is located at #1201 - 1166 Alberni Street, Vancouver, British Columbia, Canada, V6E 3Z3.

The Company is in the exploration stage and has not yet determined whether its exploration and evaluation assets contain reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the mineral properties and upon future profitable production or proceeds from the disposition thereof.

The Company's exploration and evaluation assets consist of the Xochipala, Santo Thomas, and Salvador properties in Mexico. The outlook for the Company is tied to realizing on the value of its exploration and evaluation assets and available for sale securities, raising the financing necessary to maintain operations thereafter, and ultimately on generating future profitable operations. These uncertainties may cast significant doubt as to the ability of the Company to continue as a going concern.

These consolidated financial statements do not reflect adjustments to the carrying value of assets and liabilities, the reported expenses and balance sheet classifications used that would be necessary if the going concern assumption were not appropriate.

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements were authorized by the Audit Committee and Board of Directors of the Company on September 28, 2018.

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information and certain financial assets that are measured at fair value, as explained in the significant accounting policies set out in Note 3.

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the parent and of its subsidiaries.

2. BASIS OF PRESENTATION (cont'd…)

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. Control exists when the Company possesses power over an investee, has exposure to variable returns from the investee and has the ability to use its power over the investee to affect its returns. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

Name of Subsidiary	Country of Incorporation	Percentage of Ownership	Principal Activity
Minera Xochipala S.A. de C.V. ("Minera Xochipala")	Mexico	100%	Exploration in Mexico
0973496 B.C. Ltd.	Canada	100%	Holding company

The Company also holds an inactive, nominal company incorporated in Canada.

The Company holds a 13.6% interest in Altamura Copper Corp. ("Altamura") which is accounted for as an equity investment.

Significant estimates

The preparation of these consolidated financial statements requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

Share-based payment - The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model which incorporates market data and which involves uncertainty and subjectivity in estimates used by management in the assumptions. Changes in the input assumptions can materially affect the fair value estimate of stock options.

Valuation of available for sale securities - The Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of, and near term business outlook for, the investee, including factors such as industry and sector performance, changes in technology, and operational and financing cash flow.

The carrying value and the recoverability of exploration and evaluation assets – Management has determined that exploration, evaluation and related costs incurred, which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

Valuation of production royalty - The Company is entitled to royalty income as disclosed in Note 5. The Company has estimated the value of the production royalty to be $Nil due to lack of certainty of future ongoing production and values.

2. BASIS OF PRESENTATION (cont'd…)

Significant judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:

Determination of functional currency - The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which each entity operates. The Company has determined the functional currency of each entity to be the Canadian dollar. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.

Classification of investments as subsidiaries, joint ventures, associated company and portfolio investments - Classification of investments requires judgement as to whether the Company controls, has joint control of or significant influence over the strategic financial and operating decisions relating to the activity of the investee. In assessing the level of control or influence that the Company has over an investment, management considers ownership percentages, board representation as well as other relevant provisions in shareholder agreements. If an investor holds or has the ability to hold 20% or more of the voting power of the investee, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the investor holds less than 20% of the voting power of the investee, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated.

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The Company's cash and investment in associated company is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company's receivables and note receivable are classified as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income or loss except for losses in value that are considered other than temporary which are recognized in profit or loss. Available for sale securities have been classified as available for sale assets.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in profit or loss unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss. The Company has not classified any financial liabilities as FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial liabilities (cont'd…)

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's trade payables and accrued liabilities are classified as other financial liabilities.

Investments in associated companies

The Company accounts for its long-term investments in affiliated companies over which it has significant influence using the equity basis of accounting, whereby the investment is initially recorded at cost, adjusted to recognize the Company's share of earnings or losses and reduced by dividends received.

The Company assesses its equity investments for impairment if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the equity investment and that the event or events has an impact on the estimated future cash flow of the investment that can be reliably estimated. Objective evidence of impairment of equity investments includes:

- significant financial difficulty of the associated companies;
- becoming probable that the associated companies will enter bankruptcy or other financial reorganization; or,
- national or local economic conditions that correlate with defaults of the associated companies.

Deferred acquisition costs

Costs relating to the acquisition of potential exploration and evaluation assets are recorded as deferred acquisition costs in advance of obtaining the asset. Once the asset has been acquired, the costs will be recorded as capitalized costs. The costs are written-off should the potential acquisition no longer be considered viable.

Exploration and evaluation assets

Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. All costs related to the acquisition and exploration of exploration and evaluation assets are capitalized by property as an intangible asset. Costs incurred before the Company has obtained the legal rights to explore an area are charged to operations.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

General exploration costs not related to specific properties and general administrative expenses are charged to operations in the year in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Exploration and evaluation assets (cont'd…)

The Company does not have any producing mineral properties and all of its efforts to date have been exploratory in nature. Upon the establishment of commercial production, carrying values of deferred acquisition and exploration costs are amortized over the estimated life of the mine using the units of production method.

Provisions

Rehabilitation provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the rehabilitation of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for rehabilitation obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with rehabilitation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount.

Subsequently, these capitalized rehabilitation costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional rehabilitation costs).

The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to profit or loss. The Company had no measurable rehabilitation obligations as at May 31, 2018 and 2017.

Other provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date. The Company had no other provisions as at May 31, 2018 and 2017.

Impairment

At the end of each reporting period, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs.

Where an impairment subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Equipment

Equipment is stated at cost less accumulated depreciation. Depreciation is provided for using the declining-balance method at the following rates per annum:

Automotive equipment	10%
Computer equipment	30%
Leaseholds	20%
Office furniture	20%

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the statement of financial position date. Non-monetary items are translated into Canadian dollars at the exchange rate in effect on the respective transaction dates. Revenues and expenses are translated at average rates for the period, except for amortization, which is translated on the same basis as the related asset. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss for the year.

Share-based payments

The fair value of options granted is recognized as stock-based compensation expense with a corresponding increase in reserves. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to capital stock and the fair value of the options is reclassified from reserves to share capital.

The Company accounts for the granting of stock options and direct awards of stock to employees, directors and nonemployees using the fair value method whereby all awards will be recorded at fair value on the date of grant. Stock based compensation awards are calculated using the Black-Scholes option pricing model. Compensation expense is recognized immediately for past services and pro rata for future services over the vesting period with a corresponding increase in reserves.

Income (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares. Basic earnings (loss) per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. There was no dilutive effect for the years presented.

Share capital

Common shares are classified as share capital. Incremental costs, net of tax effects, directly attributable to the issue of common shares are recognized as a deduction from equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares are issued.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Share capital (cont'd…)

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Income taxes

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the financial position reporting date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the financial position reporting date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

New accounting policies adopted

The following standards and amendments to existing standards have been adopted by the Company effective June 1, 2017:

IFRS 7, Financial instruments: disclosures

Amendments to IFRS 7 related to the application of IFRS 9, *Financial Instruments*.

New standards, interpretations and amendments to existing standards not yet effective

The following standards, amendments to standards and interpretations have been issued but are not effective for annual periods beginning on or after January 1, 2018:

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

IFRS 9, Financial instruments

This revised standard addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has three measurement categories for financial assets: amortized cost, fair value through other comprehensive income, and fair value through profit or loss. All equity instruments are measured at either fair value through other comprehensive income or fair value through profit or loss. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest, otherwise it is measured at fair value through profit or loss.

The Company expects this new standard will affect the measurement of its convertible receivable as well as increase disclosure requirements.

IFRS 15, Revenue from contracts with customers

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes *IAS 11, Construction Contracts*, *IAS 18, Revenue*, *IFRIC 13, Customer Loyalty Programs*, *IFRIC 15, Agreements for the Construction of Real Estate*, *IFRIC 18, Transfers of Assets from Customers*, and *SIC-31, Revenue – Barter Transactions involving Advertising Service*.

This standard is not expected to have a material impact on the Company's accounting policies and consolidated financial statements.

The following standards, amendments to standards and interpretations have been issued but are not effective for annual periods beginning on or after January 1, 2019:

IFRS 16, Leases

This standard sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. It eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model.

The Company is currently evaluating the impact this standard is expected to have on the Company's consolidated financial statements.

4. INVESTMENTS AND ADVANCE

(a) Available for Sale Securities

During year ended May 31, 2018, the Company sold 992,000 (2017 - 2,983,500) Goldgroup Mining Inc. ("Goldgroup") shares resulting in a gain on sale of $7,678 (2017 - $521,549). As at May 31, 2018, the remaining 5,601,250 shares had a fair value of $448,100 (2017 - $593,393), resulting in other comprehensive loss of $83,609 (2017 - $944,908).

The Company owns 375,000 common shares, at a cost of $75,000, in a private British Columbia company ("BC Co."), related by virtue of a common director, which provides satellite based, geological services to the mining and other industries, which are able to identify, model and monitor subsurface geological structures.

(Expressed in Canadian Dollars)

4. INVESTMENTS AND ADVANCE (cont'd…)

(a) Available for Sale Securities (cont'd…)

As at May 31, 2018, the Company owned 425,000 common shares (representing a 13.6% ownership), at a cost of $451,073, in Altamura, a company related by virtue of a director and officer of the Company and a member of the Company's management collectively having significant influence in Altamura. Subsequent to May 31, 2018, Altamura split its shares on a 1:14 basis and issued 2,000,000 shares to a third party, reducing the Company's ownership of Altamura to 13%. Altamura has an un-registered interest in mineral concessions in Mexico (the "Interest"), the registration of which Interest is subject to a legal dispute between the vendor of the Interest and a third party. The mineral concessions are subject to a 1.5% NSR.

During year ended May 31, 2018, the Company purchased 75,000 (2017 - Nil) shares of a publicly traded company ("Pub Co.") at a cost of $22,280 (2017 - $Nil). As at May 31, 2018, the shares had a fair value of $25,500 (2017 - $Nil), resulting in other comprehensive gain of $3,220 (2017 - $Nil).

	Goldgroup		Altamura		BC Co.	
	Number	Amount	Number	Amount	Number	Amount
May 31, 2016	9,576,750	$ 1,723,815	300,000	$ 304,550	-	$ -
Additions	-	-	125,000	146,523	375,000	75,000
Disposals	(2,983,500)	(185,514)	-	-	-	-
Fair value adjustment	-	(944,908)	-	-	-	-
May 31, 2017	6,593,250	593,393	425,000	451,073	375,000	75,000
Additions	-	-	-	-	-	-
Disposals	(992,000)	(61,684)	-	-	-	-
Transfer to equity investment	-	-	-	(451,073)	-	-
Fair value adjustment	-	(83,609)	-	-	-	-
May 31, 2018	5,601,250	$ 448,100	425,000	$ -	375,000	$ 75,000

	Pub Co.		Total
	Number	Amount	Amount
May 31, 2016	-	$ -	$ 2,028,365
Additions	-	-	221,523
Disposals	-	-	(185,514)
Fair value adjustment	-	-	(944,908)
May 31, 2017	-	-	1,119,466
Additions	75,000	22,280	22,280
Disposals	-	-	(61,684)
Transfer to equity investment	-	-	(451,073)
Fair value adjustment	-	3,220	(80,389)
May 31, 2018	75,000	$ 25,500	$ 548,600

(Expressed in Canadian Dollars)

4. INVESTMENTS AND ADVANCE (cont'd…)

(b) Equity Investment and Advance

During the year ended May 31, 2018, the Company advanced $124,847 (2017 - $216,530) on behalf of Altamura and received $Nil (2017 - $51,974), for total outstanding advances of $289,403 (2017 - $164,556) (the "Advances"). Pursuant to an agreement with Altamura dated September 26, 2017, as amended, the Company holds an option to convert the Advances into shares of Altamura (the "Share Option") at a price of US$0.057 (US$0.80 pre-split) per share, to a maximum of 3,500,000 (250,000 pre-split) shares. Exercise of the Share Option for all 3,500,000 (250,000 pre-split) shares would result in the Company holding 9,450,000 (675,000 pre-split) common shares, representing a 20% interest in Altamura and according, as of September 27, 2017, the investment has been accounted for as an equity investment. The term of the Share Option has been extended to September 30, 2018. The Advances are secured by promissory notes. Subsequent to May 31, 2018, the Company advanced additional funds and entered into a Restated Option Agreement with Altamura (Note 15).

Information on the equity investment is as follows:

As at May 31, 2018, the Company's investment including dilution gains, less its share of accumulated equity losses was $432,205 (2017 - $Nil). The Company's share of the loss for the period from September 26, 2107 to May 31, 2018 was $18,868 (2017 - $Nil). The Company does not control operational decisions and the Company's judgment is that it has significant influence, but not control and accordingly equity accounting is appropriate.

As at May 31, 2018, Altamura's aggregate assets, aggregate liabilities and loss for the period then ended are as follows:

		Altamura
Aggregate assets	$	359,127
Aggregate liabilities		508,906
Loss for the period from September 26, 2107 to May 31, 2018		138,732
The Company's ownership percentage		13.6%
The Company's share of the loss		18,868

A reconciliation of the equity balance and advances is as follows:

		Altamura
Equity investment		
September 26, 2017	$	451,073
Additions		-
Loss for the period		(18,868)
Total equity investment as at May 31, 2018		432,205
Advances		
May 31, 2017		164,556
Additions		124,847
Total advances as at May 31, 2018		289,403
Total equity investment and advances as at May 31, 2018	$	721,608

(Expressed in Canadian Dollars)

5. CERRO PRIETO ROYALTY

Pursuant to the sale of the Company's interest in the Cerro Prieto Property to Goldgroup in fiscal 2013, Goldgroup agreed to pay to the Company a production royalty (the "Production Royalty") quarterly in arrears. The Production Royalty, payable for each month in which the monthly average of the daily PM London gold fix is in excess of US$1,250 per ounce, is calculated at the rate of 20% of the dollar value of that excess for each ounce of gold produced from the property during that month, to a maximum royalty of US$90 per ounce. This Production Royalty will be payable for each and every ounce of the greater of:

i) the first 90,000 ounces of gold produced from the Property; and

ii) all ounces of gold produced from the Property until the completion of five full years of commercial production, which period commenced on March 1, 2014.

During the year ended May 31, 2018, the Company accrued or received $142,151 (2017 - $106,125) in royalty revenue.

6. EXPLORATION AND EVALUATION ASSETS

	Santo Thomas Properties	Xochipala Property	Total
May 31, 2017	$ -	$ 292,329	$ 292,329
Acquisition costs			
Cash	47,247	-	47,247
Shares issued	240,000	-	240,000
	287,247	-	287,247
Deferred exploration expenditures			
Geologists	39,453	35,708	75,161
Lease payments, assessment fees and taxes	21,093	5,717	26,810
	60,546	41,425	101,971
May 31, 2018	$ 347,793	$ 333,754	$ 681,547

	Xochipala Property	Total
May 31, 2016	$ 250,355	$ 250,355
Deferred exploration expenditures		
Geologists	37,068	37,068
Lease payments, assessment fees and taxes	4,906	4,906
	41,974	41,974
May 31, 2017	$ 292,329	$ 292,329

6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

(a) Xochipala Property Guerrero State, Mexico

The Xochipala Property, located in Guerrero State, Mexico, is comprised of the contiguous Celia Gene and Celia Generosa concessions. Minera Xochipala acquired the Xochipala Property in 2007.

(b) Salvador Property, Guerrero State, Mexico

The Salvador Property is a mining concession 100% owned by Minera Xochipala.

(c) Santo Tomas Properties, Sinaloa State, Mexico

In February 2018, the Company acquired a 77.5% interest in each of the La China II and the AMP Santo Tomas Red 1 concessions and in an application for the Papago 17 concession (the "Santo Tomas Properties") all of which are contiguous to the concessions which cover the known core of the Santo Tomas mineralized structure (the "Core Concessions"). The Santo Thomas Properties were acquired for a total cash payment of $47,247 and the issuance of 2,000,000 common shares, valued at $240,000. The Papago 17 concession was subsequently granted in August 2018.

All three concessions are subject to a 2% net smelter royalty ("NSR").

Altamura holds an un-registered interest in the Core Concessions. The registration of this interest is subject to a legal dispute between the vendor of the interest, who holds a registered 100% interest in the Core Concessions, and third parties. Altamura also holds an indirect 50% interest in the vendor and has an option to acquire the other 50% for US$16,000,000, subject to a 1% NSR, one half of which can be purchased for US$2,000,000.

(Expressed in Canadian Dollars)

7. EQUIPMENT

	Automotive equipment	Computer equipment	Leaseholds	Office furniture	Total
Cost					
May 31, 2016	$ 15,948	$ 23,110	$ 10,017	$ 3,070	$ 52,145
Additions	-	-	-	-	-
May 31, 2017	15,948	23,110	10,017	3,070	52,145
Additions	-	-	-	-	-
May 31, 2018	$ 15,948	$ 23,110	$ 10,017	$ 3,070	$ 52,145
Depreciation					
May 31, 2016	$ 10,388	$ 21,444	$ 8,127	$ 2,569	$ 42,528
Charge for the year	557	499	378	100	1,534
May 31, 2017	10,945	21,943	8,505	2,669	44,062
Charge for the year	500	350	302	80	1,232
May 31, 2018	$ 11,445	$ 22,293	$ 8,807	$ 2,749	$ 45,294
Net book value					
May 31, 2017	$ 5,003	$ 1,167	$ 1,512	$ 401	$ 8,083
May 31, 2018	$ 4,503	$ 817	$ 1,210	$ 321	$ 6,851

8. SETTLEMENT OF NOTE RECEIVABLE

During the year ended May 31, 2017, the Company received $1,468,183 as final payment in relation to the sale of the Company’s interest in the Cerro Prieto Property to Goldgroup (Note 5).

The payment resulted in the extinguishment of principle of $1,055,355 and accrued interest of $120,328 on the note receivable, $292,500 for receipt of a VAT refund and payment of extension and break fees.

9. SHARE CAPITAL AND RESERVES

Authorized

An unlimited number of common shares without par value.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES (cont'd…)

Issued share capital

During the year ended May 31, 2018, the Company issued:

i. 9,000,000 units at a price of $0.10 per unit by way of a private placement for total proceeds of $900,000, with each unit consisting of one common share and one-half of one share purchase warrant. Each whole share purchase warrant will entitle the holder to acquire an additional common share at a price of $0.16 per common share, for a period of 18 months from the date of issue, subject to acceleration provisions. The Company paid a total of $18,172 in cash for fees;
ii. 200,000 common shares, for proceeds of $15,000, pursuant to the exercise of stock options; and
iii. 2,000,000 common shares, valued at $240,000, pursuant to the acquisition of the Santo Tomas Properties (Note 6).

During the year ended May 31, 2017, there was no share capital activity.

Warrants

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
Balance, outstanding as at May 31, 2017 and 2016	-	$ -
Issued	4,500,000	0.16
Balance, outstanding as at May 31, 2018	4,500,000	$ 0.16

Warrants outstanding as at May 31, 2018 are as follows:

Number of warrants	Exercise price	Weighted average remaining life (years)	Expiry date
4,500,000	$ 0.16	1.41	October 26, 2019
4,500,000			

Stock options

The Company has a rolling stock option plan, whereby from time to time, at the direction of the Board of Directors, stock options may be granted to employees, consultants, directors and officers. The number of shares reserved for issuance under the plan shall not exceed 10% of the issued and outstanding common shares of the Company. The exercise price of each option is based on the market price of the Company's common stock at the date of the grant. The options may be granted for a maximum of five years and vesting is determined by the Board of Directors.

During the year ended May 31, 2018, a total of 4,900,000 (2017 - Nil) stock options were granted to certain officers, directors, and consultants of the Company using the Black-Scholes option pricing model. During the year ended May 31, 2018, the Company recognized $184,289 (2017 - $Nil) as share-based payment for the fair value of the stock options.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES (cont'd…)

Stock options (cont'd…)

The fair value of options granted was estimated on the grant date using the Black-Scholes option pricing model with weighted average assumptions as follows:

	For the year ended May 31, 2018	For the year ended May 31, 2017
Risk-free interest rate	1.32%	-
Expected option life in years	3.0 years	-
Expected stock price volatility	147%	-
Expected forfeiture rate	0%	-

Option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Balance, outstanding as at May 31, 2016	400,000	$ 0.30
Expired	(400,000)	0.30
Balance, outstanding as at May 31, 2017	-	-
Granted	4,900,000	0.075
Exercised	(200,000)	0.075
Balance, outstanding as at May 31, 2018	4,700,000	$ 0.075
Balance, exercisable as at May 31, 2018	4,450,000	$ 0.075

Options outstanding as at May 31, 2018 are as follows:

Number of options	Number of exercisable options	Exercise price $	Weighted average remaining life (years)	Expiry date
3,550,000	3,550,000	0.075	2.20	August 11, 2020
150,000	150,000	0.075	2.30	September 18, 2020
500,000	250,000	0.075	2.30	September 18, 2020
500,000	500,000	0.075	2.40	October 24, 2020
4,700,000	4,450,000			

Reserves

As at May 31, 2018, the Company had a Stock Option and Warrant Reserve balance of $2,289,540 (2017 - $2,110,254) consisting of warrant valuations associated with warrants issued in connection with various private placements and share-based compensation associated with stock option grants to employees, consultants, directors and officers.

As at May 31, 2018, the Company had an Other Comprehensive Income balance of $103,031 (2017 - $183,420).

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS

The Company considers key management personnel to consist of directors and officers. The following expenses were incurred with key management personnel:

	For the year ended May 31, 2018	For the year ended May 31, 2017
Management and director fees	$ 244,500	$ 245,500
Consulting	21,600	21,400
Professional fees	102,000	102,000
Share-based payment	67,543	-
Total	$ 435,643	$ 368,900

As at May 31, 2018 included in accounts payable and accrued liabilities was $215,151 (2017 - $142,525) owing to officers and directors. The amounts owing are unsecured, non-interest bearing and have no fixed repayment terms.

During year ended May 31, 2018, the Company purchased Nil (2017 - 375,000) common shares of BC Co., a company related by virtue of a director of the Company also being a director of BC Co. (Note 4).

11. SEGMENTED INFORMATION

The Company operates in one segment being the acquisition and exploration of exploration and evaluation assets located in Mexico. Geographic information is as follows:

As at May 31, 2018

	Canada	Mexico	Total
Equipment	$ 2,348	$ 4,503	$ 6,851
Exploration and evaluation assets	-	681,547	681,547
Other assets	2,244,559	11,385	2,255,944
Total assets	$ 2,246,907	$ 697,435	$ 2,944,342

As at May 31, 2017

	Canada	Mexico	Total
Equipment	$ 3,080	$ 5,003	$ 8,083
Exploration and evaluation assets	-	292,329	292,329
Other assets	2,666,926	16,865	2,683,791
Total assets	$ 2,670,006	$ 314,197	$ 2,984,203

(Expressed in Canadian Dollars)

12. DEFERRED INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2018	2017
Loss for the year before income taxes and discontinued operations	$ (1,377,241)	$ (155,369)
Expected income tax (recovery)	$ (366,000)	$ (40,000)
Change in statutory, foreign tax, foreign exchange rates and other	(64,000)	(68,000)
Permanent difference	48,000	-
Revaluation in other comprehensive income	-	(123,000)
Share issue cost	(5,000)	-
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	(31,000)	57,000
Change in unrecognized deductible temporary differences	418,000	174,000
Total deferred income tax expense	$ -	$ -

The Company's deferred income tax liability relates to the Mexican mining royalty at the rate of 7.5%, which was enacted in Mexico from January 1, 2014 on a prospective basis and applies to earnings before the deduction of interest, taxes, depreciation and amortization as follows:

The significant components of the Company's deferred tax liabilities are as follows:

	2018	2017
Deferred tax liabilities		
Exploration and evaluation assets – Mexican mining royalty	$ 13,443	$ 13,443
	$ 13,443	$ 13,443

The significant components of the Company's unrecorded deferred tax assets are as follows:

	2018	2017
Deferred tax assets (liabilities)		
Exploration and evaluation assets	$ 902,000	$ 778,000
Equipment	3,000	1,000
Share issue costs	4,000	-
Available for sale securities	3,000	(8,000)
Allowable capital loss	857,000	914,000
Non-capital losses available for future periods	2,445,000	2,111,000
	4,214,000	3,796,000
Unrecognized deferred tax assets	(4,214,000)	(3,796,000)
Net deferred tax assets	$ -	$ -

(Expressed in Canadian Dollars)

12. DEFERRED INCOME TAXES (cont'd...)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

		2018	Expiry Date Range
Temporary differences			
Exploration and evaluation assets	$	3,305,000	No expiry date
Equipment		8,000	No expiry date
Share issue costs		15,000	2038 to 2041
Available for sale securities		25,000	No expiry date
Allowable capital loss		3,176,000	No expiry date
Non-capital losses available for future periods		9,042,000	2026 to 2037

Tax attributes are subject to review, and potential adjustment, by tax authorities.

13. SUPPLEMENTAL CASH FLOW INFORMATION

		For the year ended May 31, 2018		For the year ended May 31, 2017
Interest paid	$	-	$	-
Taxes paid		-		-
Non-cash transactions not included in investing or financing activities				
Exploration and evaluation assets included in accounts payable	$	3,094	$	3,005
Shares issued for acquisition of exploration and evaluation assets		240,000		-
Allocation of fair value of options exercised		5,003		-
Allocation of amount from receivables to note receivable		-		386,627
Allocation of available for sale securities to investment in associated company		451,073		-
Unrealized loss on fair value of available for sale securities		(80,389)		(944,908)

14. FINANCIAL INSTRUMENT RISK AND CAPITAL

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of mineral properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital of the Company comprises shareholders' equity. There has been no significant change in the Company's objectives, policies and processes for managing its capital during the year ended May 31, 2018.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

14. FINANCIAL INSTRUMENT RISK AND CAPITAL (cont'd…)

Fair value hierarchy

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in level 1. Prices in level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Management of Industry Risk

The Company is engaged in mineral exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing as well as changes in foreign government policy. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations; however, it is not possible to be certain that all aspects of environmental issues affecting the Company, if any, have been fully determined or resolved.

Management of Financial Risk

The carrying value of cash, receivables, note receivable and trade payables and accrued liabilities approximated their fair value because of the short-term nature of these instruments. Cash is measured at a level 1 of the fair value hierarchy. The Goldgroup and Pub Co. shares recorded in available for sale securities are measured at a level 1 of the fair value hierarchy and the BC Co. shares recorded in available for sale securities are measured using level 3 of the fair value hierarchy based on cost at time of acquisition. The Company's financial instruments are exposed to certain financial risks, which include credit risk, liquidity risk, and market risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The bank accounts are mainly held with a major Canadian bank and this minimizes the risk to the Company.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined above. The Company monitors its ability to meet its short-term expenditures by raising additional funds through share issuance when required. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company is exposed to liquidity risk.

14. FINANCIAL INSTRUMENT RISK AND CAPITAL (cont'd…)

Foreign Exchange Risk

The Company's property interests in Mexico make it subject to foreign currency fluctuations, which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian dollar and foreign currencies. The Company does not invest in derivatives to mitigate these risks. The effect of a 1% change in the foreign exchange rate on the cash held in foreign currencies at May 31, 2018 is nominal.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

15. SUBSEQUENT EVENTS

Subsequent to May 31, 2018, the Company:

i. entered into a consulting services agreement for consideration of 750,000 incentive options, vesting in five equal instalments over the first year, with each option entitling the holder to purchase one common share of the Company for $0.20 until June 27, 2021;

ii. entered into a purchase agreement pursuant to which the Company acquired geological data, analysis and models related to the Santo Tomas properties in consideration for 500,000 common shares (issued) and US$500,000, to be paid by way of three payments of US$50,000 each and a final payment of US$350,000, all to be made over a period of no more than three years;

iii. entered into an agreement to lend up to US$600,000 to Altamura, inclusive of funds loaned to date;

iv. entered into an agreement pursuant to which the Company acquired, subject to TSX-V and shareholder approval, if required, a three year option (the "Option") to acquire all of the equity in Altamura not already held by the Company in consideration for 39,800,000 shares of the Company. If the Company exercises the Option, it will comply with Altamura's obligation to pay certain contingency fees as follows:
   - US$600,000 within six months of successful registration of the Core Concessions;
   - 10% of the sale price, to a maximum of US$3,600,000, (inclusive of the first US$600,000) upon the sale of the Core Concessions to a third party; and
   - 1.5% of the sale price, to a maximum of $4,100,000 on the sale of the Core Concession to a third party; and

v. in replacement of the September 26, 2017 option agreement with Altamura (Note 4), entered into a restated option agreement pursuant to which, in the event that the Company does not exercise the Option (Note 15(iv)), the Company may convert all advances to Altamura into common shares of Altamura at a price of US$0.057 per share at any time within the first six months after the expiry of the Option.