SONORO METALS CORP.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016

(Expressed in Canadian Dollars)

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SONORO METALS CORP.

We have audited the accompanying consolidated financial statements of Sonoro Metals Corp., which comprise the consolidated statements of financial position as at December 31, 2017 and 2016 and the consolidated statements of comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting pol$ icies 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, the consolidated financial statements present fairly, in all material respects, the financial position of Sonoro Metals Corp. as at December 31, 2017 and 2016, 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 matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 30, 2018

Vancouver
7th Floor 355 Burrard St
Vancouver, BC V6C 2G8
T: 604 687 1231
F: 604 688 4675

Langley
305 – 9440 202 St
Langley, BC V1M 4A6
T: 604 282 3600
F: 604 357 1376

Nanaimo
201 – 1825 Bowen Rd
Nanaimo, BC V9S 1H1
T: 250 755 2111
F: 250 984 0886

Smythe LLP | **smythecpa.com**

SONORO METALS CORP.
(An Exploration Stage Company)
Consolidated statements of financial position
(Expressed in Canadian Dollars)

As at	Note		December 31, 2017		December 31, 2016
Assets					
Current Assets					
Cash and cash equivalents		$	2,211,595	$	204,394
Receivables			72,369		59,646
Loan receivable	6		71,016		-
Assets held-for-sale	7		-		1,566,838
Prepaid expenses			50,020		6,331
			2,405,000		1,837,209
Non-Current Assets					
Exploration and evaluation assets	7		1,031,308		806,550
		$	3,436,308	$	2,643,759
Liabilities					
Current Liabilities					
Accounts payable and accrued liabilities	8, 9	$	142,349	$	173,807
Deferred sale proceeds	7		-		650,000
Due to related parties	9		3,590		10,500
Income taxes payable	12		725,270		-
			871,209		834,307
Shareholders' Equity					
Share capital	10		5,330,278		5,284,028
Share-based payment reserve	10		236,302		118,582
Deficit			(3,001,481)		(3,593,158)
			2,565,099		1,809,452
		$	3,436,308	$	2,643,759

Approved on behalf of the Board:

"Stephen Kenwood" (signed)

Stephen Kenwood, Director

"Ken MacLeod" (signed)

Ken MacLeod, Director

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

SONORO METALS CORP.
(An Exploration Stage Company)
Consolidated statements of comprehensive income (loss)
(Expressed in Canadian Dollars)

Year ended December 31,	Note		2017		2016
Expenses					
Consulting fees	9	$	429,571	$	172,783
Exploration expenditures	7		159,217		43,454
Legal and audit			184,879		114,124
Office and administration			45,663		34,530
Share-based payments	9, 10		117,720		8,522
Transfer agent fees			42,143		18,720
Travel and promotion			50,052		24,585
			(1,029,245)		(416,718)
Other (expenses) and income					
Interest income			2,429		36
Interest expense			-		(12,711)
Gain on disposal of mineral property	7		2,433,162		-
Foreign exchange loss			(68,167)		(13,992)
Write-down of receivables			(21,232)		-
			2,346,192		(26,667)
Income (loss) before taxes			1,316,947		(443,385)
Income tax expense	12		(725,270)		-
Income (Loss) and Comprehensive Income (Loss) for the year		$	591,677	$	(443,385)
Basic and diluted income (loss) per share		$	0.02	$	(0.02)
Weighted average number of shares outstanding			24,396,575		24,026,011

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

SONORO METALS CORP.
(An Exploration Stage Company)
Consolidated statements of changes in shareholders' equity
(Expressed in Canadian Dollars)

	Note	Share Capital		Share-Based Payment Reserve	Deficit	Shareholders' Equity
		Shares	Amount			
Balance, December 31, 2015		23,952,586	$5,206,278	$ 451,310	$ (3,455,773)	$ 2,201,815
Acquisition of mineral properties	10(b)(iii)	50,000	5,000	-	-	5,000
Share-based payments	10(c)	-	-	8,522	-	8,522
Exercised options	10(b)(iv)	375,000	37,500	-	-	37,500
Reallocation of reserve on exercise of options	10(b)(iv)	-	35,250	(35,250)	-	-
Reallocation of reserve on expiry of options	10(c)	-	-	(306,000)	306,000	-
Net loss for the year		-	-	-	(443,385)	(443,385)
Balance, December 31, 2016		24,377,586	5,284,028	118,582	(3,593,158)	1,809,452
Acquisition of mineral properties	10(b)(i)(ii)	300,000	46,250	-	-	46,250
Share-based payments		-	-	117,720	-	117,720
Net income for the year		-	-	-	591,677	591,677
Balance, December 31, 2017		24,677,586	$5,330,278	$ 236,302	$ (3,001,481)	$ 2,565,099

SONORO METALS CORP.
(An Exploration Stage Company)
Consolidated statements of cash flows
For the years ended December 31
(Expressed in Canadian Dollars)

	2017	2016
Operating Activities		
Net income (loss)	$ 591,677	$ (443,385)
Item not involving cash		
Share-based payments	117,720	8,522
Interest income	(521)	-
Gain on disposition of mineral property	(2,433,162)	-
Write down of receivables	21,232	-
Changes in non-cash working capital		
Receivables	(33,955)	(47,331)
Prepaid expenses	(43,689)	10,629
Accounts payable and accrued liabilities	(81,795)	112,685
Due to related parties	(6,910)	(1,050)
Income taxes payable	725,270	-
Cash Used in Operating Activities	(1,144,133)	(359,930)
Investing Activities		
Advances for disposition of mineral property	-	650,000
Loan receivable	(70,495)	-
Proceeds from disposition of mineral property	3,350,000	-
Expenditures on exploration and evaluation assets	(128,171)	(150,723)
Cash Provided by Investing Activities	3,151,334	499,277
Financing Activity		
Proceeds received from exercise of stock options	-	37,500
Cash Provided by Financing Activity	-	37,500
Inflow of Cash and Cash Equivalents	2,007,201	176,847
Cash and Cash Equivalents, Beginning of Year	204,394	27,547
Cash and Cash Equivalents, End of Year	$ 2,211,595	$ 204,394
Cash and Cash Equivalents Consists of		
Cash	$ 2,186,595	$ 179,394
Term deposit	25,000	25,000
	$ 2,211,595	$ 204,394
Supplemental Disclosure with Respect to Cash Flows		
Interest received	$ 1,908	$ 36
Interest paid	$ -	$ 12,711
Shares issued for mineral properties	$ 46,250	$ 5,000
Mineral property expenditures in accounts payable	$ 50,337	$ -

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Sonoro Metals Corp. ("Sonoro" or the "Company") was incorporated in Ontario on November 30, 1944 under the *Company Act* of Ontario. On January 15, 2007, the Company was issued a Certificate of Continuation by the Province of British Columbia. The Company's principal business activity is the acquisition, exploration and development of exploration and evaluation assets. The Company is a publicly-traded company listed on the TSX Venture Exchange ("TSX-V") under the symbol "SMO".

The head office, registered address and records office of the Company are located at suite 1430 – 800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6.

The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead and to finance mineral property acquisitions and future exploration. The Company does not generate cash flow from operations to adequately fund its activities and has therefore relied principally upon the issuance of securities for financing. The Company will be required to and intends to continue relying upon the issuance of securities to finance its future activities, but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company. The Company has an accumulated deficit of $3,001,481 (2016 - $3,593,158) as at December 31, 2017. As at December 31, 2017, the Company had working capital of $1,533,791 (2016 - $1,002,902) available to meet its liabilities as they become due. Although these consolidated financial statements do not include any adjustments that may result from the inability to secure future financing, such a situation would have a material adverse effect on the Company's business, results of operations and financial condition. These matters indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not include any adjustments related to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The Board of Directors approved these consolidated financial statements for issue on April 30, 2018.

2. BASIS OF PREPARATION

These consolidated financial statements, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned integrated subsidiaries, Cap Capital Corp. ("Cap Capital"), Sonoro Metals USA Inc. ("Sonoro USA"), Minera Mar de Plata S.A. de C.V ("MMP") and Minera Breco, S.A. de C.V. ("Breco"). A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investee. All significant intercompany transactions and balances have been eliminated.

2. BASIS OF PREPARATION (Continued)

Critical accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Critical accounting estimates

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

Share-based payments

The fair value of share-based payments is subject to the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in certain assumptions. As the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices and expected forfeiture rate, changes in subjective input assumptions can materially affect the fair value estimate.

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Critical accounting judgment

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

Exploration and evaluation assets

Management is required to make judgments on the status of each mineral property and the future plans with respect to finding commercial reserves. The nature of exploration and evaluation activity is such that only a few projects are ultimately successful and some assets are likely to become impaired in future periods.

In respect of costs incurred for its mineral properties, management has determined that acquisition costs, which have been capitalized, continue to be appropriately recorded on the consolidated statement of financial position at carrying value. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including geologic and metallurgic information, economic assessment/studies, accessible facilities and existing permits.

2. BASIS OF PREPARATION (Continued)

Critical accounting estimates and judgments (Continued)

Exploration and evaluation assets (Continued)

Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral properties.

Assets held for sale

Judgment is required in determining whether an asset meets the criteria for classification as "assets held for sale" in the consolidated statements of financial position. Criteria considered by management include the existence of and commitment to a plan to dispose of the assets, the expected selling price of the assets, the expected timeframe of the completion of the anticipated sale and the period of time any amounts have been classified within assets held for sale. The Company reviews the criteria for assets held for sale each quarter and reclassifies such assets to or from this financial position category as appropriate. In addition, there is a requirement to periodically evaluate and record assets held for sale at the lower of their carrying value and fair value less costs to sell. Management has evaluated the expected fair value less costs to sell and determined that it is higher than the carrying value, based on an offer to purchase the asset.

Functional currency

The Company applies judgment in assessing the functional currency of each entity consolidated in these consolidated financial statements, including determinations of whether each entities' functional currency is impacted by the direction of the Canadian head office, or local market forces.

Gain on disposal of mineral properties

The Company applies judgment in calculating the gain on disposal of mineral property and determining the related tax on disposal. The Company has recorded an estimated tax payable, which assumes that certain expenses incurred that were accumulated in prior years can be deducted in calculating the gain on disposal of mineral property for Mexican tax purposes. The deductibility of the expenses is highly dependent on the assessment and approval of the Mexican tax authorities.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

3. SIGNIFICANT ACCOUNTING POLICIES

Non-monetary consideration

Shares issued for non-monetary consideration to non-employees are recorded at the fair value of the goods or services received. When such fair value cannot be estimated reliably, fair value is measured based on the quoted market value of the Company's shares on the date of share issuance. Shares to be issued, which are contingent upon future events or actions, are recorded by the Company when it is reasonably determinable that the shares will be issued.

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the group of companies. The functional currency for all entities within the group of companies is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21 *The Effects of Changes in Foreign Exchange Rates.*

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the consolidated statement of financial position date. Exchange gains and losses arising on translation are included in net income (loss).

Cash equivalents

The Company considers cash equivalents to be highly liquid short-term interest-bearing investments cashable at any time and having maturities of three months or less from the date acquired. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax is recorded using the asset and liability method, in respect of temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income (loss) per common share

Basic income (loss) per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted income per share is computed similar to basic income (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. However, diluted loss per share does not include the increase to weighted average shares, if the effect of including additional shares would be anti-dilutive.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the assets were acquired:

Fair value through profit or loss – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in net income (loss).

Loans and receivables – These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are originally recognized at fair value and carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments – These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in net income (loss).

Available-for-sale – Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized as other comprehensive income and classified as a component of equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in net income (loss).

All financial assets, except for those at fair value through profit or loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities

The Company classifies its financial liabilities into one of two categories. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in net income (loss).

Other financial liabilities – Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method. Other financial liabilities are classified as current or non-current based on their maturity date.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 - Inputs for assets or liabilities that are not based on observable market data.

Exploration and evaluation expenditures

Exploration and evaluation assets

The Company capitalizes the acquisition costs of exploration and evaluation assets.

Exploration and evaluation expenditures are expensed as incurred. These direct expenditures include such costs as materials used, geological and geophysical evaluation, surveying costs, drilling costs, payments made to contractors, and depreciation on plant and equipment during the exploration phase.

The Company assesses exploration and evaluation assets for indicators of impairment at each reporting date.

When a project is deemed to no longer have commercially viable prospects for the Company, exploration and evaluation assets in respect of that project are deemed to be impaired. As a result, those exploration and evaluation assets, in excess of estimated recoveries, are written off to profit or loss.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exploration and evaluation expenditures (Continued)

under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized costs.

From time to time, the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As such options are exercisable entirely at the discretion of the optionee the amounts payable or receivable are not recorded at the time of the agreement. Option payments are recorded as property costs or recoveries when the payments are made or received.

Capitalized costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the applicable mineral rights are allowed to lapse.

Share-based payments

The Company has a stock option plan that is described in note 10(c). Share-based payments to employees are measured at the fair value of the equity instruments issued and are amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or at the fair value of the equity instruments issued (if it is determined the fair value of the goods or services cannot be reliably measured), and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payment reserve. If and when the stock options are ultimately exercised, the applicable amounts of fair value are transferred from the share-based payment reserve to share capital. If options and warrants expire unexercised, the applicable amounts of fair value are transferred from share-based payments reserve to deficit.

Unit offerings

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market value of the common shares at the time the units are priced, and any excess is allocated to warrants.

Changes in accounting standards not yet adopted

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements. The standards that may be applicable to the Company include the following:

IFRS 9 *Financial Instruments*

This is a finalized version of IFRS 9, which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement.* The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

IFRS 9 *Financial Instruments* (Continued)

version of IFRS 9 introduces a "fair value through other comprehensive income" category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.

- Impairment. The 2014 version of IFRS 9 introduces an "expected credit loss" model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- Derecognition. The requirements for the de-recognition of financial assets and liabilities are carried forward from IAS 39.

Applicable to the Company's annual period beginning on January 1, 2018.

IFRS 16 *Leases*

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 *Leases.*

Applicable to the Company's annual period beginning on January 1, 2019.

4. FINANCIAL INSTRUMENTS

The Company has classified its cash and cash equivalents as fair value through profit and loss; receivables (excluding input tax credits receivable) and loan receivable as loans and receivables, and accounts payable and accrued liabilities and due to related parties, as other financial liabilities.

Fair value

The carrying values of receivables, loan receivable, accounts payable and accrued liabilities and due to related parties approximate their fair values due to the short-term nature of these financial instruments. Cash and cash equivalents are measured at their market value in accordance with Level 1 of the fair value hierarchy.

Credit risk

The Company is exposed to credit risk with respect to its cash and cash equivalents and receivables and loan receivable. The risk arises from the non-performance of counterparties of contracted financial obligations. Credit risk is mitigated as cash and cash equivalents have been placed on deposit with major Canadian and Mexican financial institutions.

4. FINANCIAL INSTRUMENTS (Continued)

Credit risk (Continued)

Concentration of credit risk exists with respect to the Company's cash and cash equivalents and maximum exposure thereto is as follows:

	December 31, 2017	December 31, 2016
Cash and cash equivalents held at major Canadian financial institutions	$ 370,355	$ 84,200
Cash held at major Mexican financial institutions	1,841,240	120,194
Total cash and cash equivalents	$ 2,211,595	$ 204,394

As at December 31, 2017, the Company held a cashable guaranteed investment certificate of $25,000 (2016 - $25,000) earning interest at 0.50% (2016 - prime less 1.95%), maturing May 12, 2018.

As at December 31, 2017, the Company held a cashable guaranteed investment certificate of $469,500 (2016 - $105,535) earning interest at 7.08% (2016 - 6.45%), maturing January 12, 2018.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company has working capital at December 31, 2017 in the amount of $1,533,791 (2016 - $1,002,902) to settle accounts payable and amounts due to related parties of $145,939. Short term liabilities are due within the next 12 months.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(a) Interest rate risk

The Company's cash and cash equivalents consist of cash and guaranteed investment certificates held in bank accounts. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of December 31, 2017 and 2016.

(b) Foreign currency risk

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars.

The Company is exposed to foreign currency risk with respect to cash and cash equivalents and accounts payable and accrued liabilities as a portion of these amounts are denominated in US dollars and Mexican pesos. The Company has not entered into any foreign currency contracts to mitigate this risk.

(Expressed in Canadian Dollars)

4. FINANCIAL INSTRUMENTS (Continued)

Market risk (Continued)

(b) Foreign currency risk (Continued)

As at December 31, 2017 and 2016, the Company's significant exposure to foreign currency risk, based on the consolidated statement of financial position carrying values, were to the Mexican peso and the US dollar, as follows:

	December 31, 2017	
	MXN	USD
Cash	27,494,093	3,246
Accounts receivable	1,816,610	-
Accounts payable and accrued liabilities	(444,643)	-
Net	28,866,060	3,246
Canadian dollar equivalent	$ 1,841,652	$ 4,358

	December 31, 2016	
	MXN	USD
Cash	1,621,165	3,246
Accounts payable and accrued liabilities	(2,001,328)	-
Net	(380,163)	3,246
Canadian dollar equivalent	$ (26,741)	$ 4,358

The sensitivity analysis of the Company's exposure to foreign currency risk suggests that a 10% change in foreign exchange rates between the Mexican peso, US dollar and Canadian dollar would impact net income (loss) for the year ended December 31, 2017 by $184,000 (2016 - $3,000).

(c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

(Expressed in Canadian Dollars)

5. CAPITAL MANAGEMENT

The Company's primary objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to be able to identify and continue with the exploration activities on its exploration and evaluation assets. The Company defines capital that it manages as shareholders' equity.

The Company manages its 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 its capital structure, the Company may attempt to issue shares from treasury, which is the Company's primary source of funds. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

There have been no changes to the Company's approach to capital management during the year ended December 31, 2017.

6. LOAN RECEIVABLE

On December 4, 2017, the Company entered into a promissory note with another company for the principal amount of $70,495. The note bears interest of 10% per annum and is due on December 4, 2018. As at December 31, 2017, interest income of $521 is accrued as part of the loan receivable balance and is recognized in the consolidated statement of comprehensive income (loss).

7. EXPLORATION AND EVALUATION ASSETS

	Chipriona / Santa Clara / Los Pinos	San Marcial	Hilltop	La Calera	Total
Balance, December 31, 2015	$ 1,566,838	$ 155,205	$ 495,622	$ -	$ 2,217,665
Acquisition costs	-	114,512	41,211	-	155,723
Transfer to held for sale	(1,566,838)	-	-	-	(1,566,838)
Balance, December 31, 2016	-	269,717	536,833	-	806,550
Acquisition costs	-	83,932	89,087	51,739	224,758
Balance, December 31, 2017	$ -	$ 353,649	$ 625,920	$ 51,739	$ 1,031,308

During the year ended December 31, 2017, the Company incurred the following exploration expenditures:

	San Marcial	La Calera	Total
Geological fees	$ 99,432	$ 49,188	$148,620
Taxes	9,033	-	9,033
Supplies	1,564	-	1,564
Balance, December 31, 2017	$ 110,029	$ 49,188	$159,217

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (Continued)

During the year ended December 31, 2016, the Company incurred the following exploration expenditures:

	Chipriona / Santa Clara / Los Pinos	San Marcial	Total
Geological fees	$ -	$ 19,885	$ 19,885
Concession taxes	5,379	4,102	9,481
Supplies	-	13,846	13,846
Travel	-	242	242
Balance, December 31, 2016	$ 5,379	$ 38,075	$ 43,454

(a) Chipriona, Santa Clara, Los Pinos

On December 13, 2016, through its wholly owned subsidiary, MMP, the Company entered into an assignment agreement (the "Agreement") with Agnico Sonoro, S.A. de C.V. ("Agnico"), a subsidiary of Agnico Eagle Mines Limited, for the sale of the Company's Chipriona, Santa Clara and Los Pinos projects (the "Properties"), and the obligations of the relating underlying royalties, for $4 million plus a 1% net smelter return royalty ("NSR"). The NSR may be purchased by Agnico at any time for $1.5 million.

The consideration will be paid by Agnico in four tranches, with an initial instalment of $650,000 (received in 2016) payable upon execution of the Agreement. Three additional payments of $650,000, $800,000 and $1,900,000 respectively are due and payable following registration of title at Mexico's Public Registry of Mining, commencing with the registration of title from the original vendors through to final registration under Agnico.

At December 31, 2016, upon execution of the agreement the Company presented the carrying value of the Properties of $1,566,838 as held for sale and recorded the initial instalment of $650,000 that was received in December 2016 as deferred sale proceeds. This has been subsequently reversed upon recognition of the sale on completion of the transaction and receipt of funds in fiscal 2017.

The transaction closed on June 1, 2017. Upon closing, the Company received the remaining $3,350,000 in cash and recorded a gain on disposition of mineral properties of $2,433,162 in profit or loss.

(b) San Marcial

On July 8, 2014, the Company completed the acquisition of Breco, a private Mexican company that holds the San Marcial project in Sonora, Mexico. The Company acquired all of the issued and outstanding shares of Breco by paying $40,000 cash and issuing 50,000 common shares with a market value of $16,000. The acquisition of Breco was deemed to be the acquisition of an asset.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (Continued)

(b) San Marcial (continued)

As a result of the acquisition of Breco, Sonoro assumes the original option agreement obligation with the original optionors of the San Marcial property. Future-stage cash payments to an aggregate of $60,000 over two years and share issuances to an aggregate of 150,000 shares over three years to maintain interest in the underlying San Marcial property option agreement will be made at Sonoro's discretion to the vendors of Breco as follows:

	Cash	Shares
first anniversary date	$30,000	50,000
second anniversary date	30,000	50,000
third anniversary date	-	50,000
	$60,000	150,000

On September 29, 2017, the Company issued the final 50,000 (2016 – 50,000) common shares with a fair value of $7,500 (2016 - $5,000).

There were no required cash payments for fiscal 2017 (2016 - $30,000 second anniversary payment).

On September 10, 2012, Breco entered into an option agreement with certain vendors (the "Vendors") whereby Breco can enter into a Final Binding Agreement to acquire a 100% interest in an additional concession that is contiguous to the San Marcial project for periodic cash payments of US $180,000 to the Vendors (contingent on the Company continuing to exercise its right to proceed with each subsequent phase) and other consideration*, as follows:

Cash		
Payable September 2012	US $ 10,000	(paid by Breco - $9,837)
Payable on execution of Final Agreement	10,000	(paid in October 2014)
Payable 6 months following Final Agreement	20,000	(paid in April 2015)
Payable 12 months following Final Agreement	20,000	(paid in November 2015)
Payable 18 months following Final Agreement	30,000	(paid in August 2016)
Payable 24 months following Final Agreement	30,000	(paid in December 2016)
Payable 30 months following Final Agreement	30,000	(paid in May 2017)
Payable 36 months following Final Agreement	30,000	(paid in September 2017)
Total	US $180,000	

* The San Marcial concession is subject to a 2% net smelter return royalty, which may be purchased for US$750,000 at the Company's election.

The Company, as a result of the acquisition of Breco described above, has assumed the option to acquire a 100% interest in the San Marcial concession per the consideration noted above.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (Continued)

(c) Hilltop Property

On June 12, 2015, the Company entered into a Definitive Agreement with Northern Empire Resources Corp. ("Northern Empire") that grants the Company the option to earn a 60% interest in Northern Empire's Hilltop Gold project ("Hilltop") located in Alaska, USA. During the term of the option, Northern Empire will be the operator of the project. To exercise the option and earn its 60% interest in the Hilltop project, the Company must incur $3,000,000 on exploration activities to advance the Hilltop project and issue 1,000,000 common shares of the Company to Northern Empire as follows:

	Expenditures		Shares	
Within 5 days of signing	$ 250,000	(incurred)	250,000	(issued)
On or before December 31, 2017	500,000	*	250,000	(issued)
On or before December 31, 2018	750,000		250,000	
On or before December 31, 2019	1,500,000		250,000	
	$3,000,000		1,000,000	

* As at December 31, 2017, the Company has incurred $286,833 in qualifying exploration expenditures.

During the year ended December 31, 2017, the Company capitalized $50,337 (2016 - $41,211) incurred for claim maintenance and included as accounts payable to Northern Empire for 2017 claim maintenance fees.

(d) Calera Property

On November 1, 2017, the Company through its wholly owned Mexican subsidiary, MMP, entered into an option agreement (the "Calera Option Agreement") with a resident of Magdalena de Kino, Sonora, Mexico (the "Calera Vendor"), to acquire a 100% interest (the "Calera Option") in the Calera Group of Concessions ("Calera") located in the municipality of Cucurpe, in northern Sonora state, Mexico.

The Calera Option Agreement provides for the Company to acquire a 100% interest in Calera over a 72-month period for total consideration of US$1,000,000 payable in instalments as follows:

November 1, 2017	US$25,000* (paid)
November 1, 2018	US$50,000
May 1, 2019	US$30,000
November 1, 2019	US$30,000
May 1, 2020	US$50,000
November 1, 2020	US$50,000
May 1, 2021	US$100,000
November 1, 2021	US$100,000
May 1, 2022	US$125,000
November 1, 2022	US$125,000
May 1, 2023	US$150,000
November 1, 2023	US$150,000

* Plus reimbursement of property taxes to a maximum of US$15,000 (paid).

7. EXPLORATION AND EVALUATION ASSETS (Continued)

(d) Calera Property (Continued)

Following exercise of the Calera Option, the Calera Vendor will be entitled to a 2% NSR ("Calera NSR") from the proceeds of the sale of minerals from the Calera project. The Company has the option to purchase the Calera NSR for US$650,000 at any time.

(e) Realization of assets

The Company's investment in and expenditures on exploration and evaluation assets comprise a significant portion of the Company's assets. Realization of the Company's investment in the assets is dependent on establishing legal ownership of the property interest, on the attainment of successful commercial production or from the proceeds of its disposal. The recoverability of the amounts shown for the exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the exploration and evaluation assets, and upon future profitable production or proceeds from the disposition thereof.

(f) Title to mineral properties

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history of many exploration and evaluation assets. Although the Company has taken steps to ensure title to the exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such assets, these procedures may not guarantee the Company's title. Asset title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

(g) Environmental matters

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 material 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 exploration and evaluation assets. The Company conducts its exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current assets that may result in a material liability to the Company.

Environmental legislation is becoming increasingly stringent and the costs of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the exploration and evaluation assets, the potential for production on these assets may be diminished or negated.

(Expressed in Canadian Dollars)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are broken down as follows:

	December 31, 2017	December 31, 2016
Trade payables	$ 115,349	$ 146,807
Accrued liabilities	27,000	27,000
Total	$ 142,349	$ 173,807

All accounts payable and accrued liabilities for the Company are due within the next 12 months.

9. RELATED PARTY TRANSACTIONS

At December 31, 2017, $3,590 (2016 - $10,500) is owing to related parties without interest and is payable on demand.

During the year ended December 31, 2016, the Company entered into loan agreements with two directors for total proceeds of $74,500, which was repaid in the fourth quarter of 2016. The loans payable accrued interest at 8% per annum and were payable on demand. For the year ended December 31, 2017, interest expense of $nil (2016 - $2,503) and $nil (2016 - $3,989), respectively, is included in net loss relating to the loan payable.

Compensation of key management

Key management comprises directors and executive officers. Compensation awarded to key management is as follows:

	For the year ended December 31, 2017	2016
Consulting fees	$ 285,000	$ 131,000
Share-based payments	85,838	8,522
	$ 370,838	$ 139,522

The Company incurred no post-employment benefits, no long-term benefits and no termination benefits.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

(i) On December 22, 2017, the Company issued 250,000 common shares of the Company with a fair value of $38,750 pursuant to the Hilltop property option agreement.

(ii) On September 29, 2017, the Company issued 50,000 common shares of the Company with a fair value of $7,500 pursuant to the San Marcial property option agreement.

(iii) On December 5, 2016, the Company issued 50,000 common shares of the Company with a fair value of $5,000 pursuant to the San Marcial property option agreement. These common shares were fair valued at $0.10 per common share based on the market price on the date of issue.

(iv) On October 24, 2016, 375,000 stock options with an exercise price of $0.10 were exercised for gross proceeds of $37,500 to the Company. Upon exercise, $35,250 in share-based payment reserve was allocated to share capital.

(c) Stock options

Pursuant to the policies of the TSX-V, under the Company's stock option plan, options to purchase common shares are granted to directors, employees and consultants at exercise prices determined by reference to the market value on the date of grant for a maximum term of five years. The Board of Directors may grant options for the purchase of up to a total of 10% of the outstanding shares at the time of the option grant less the aggregate number of existing options and number of common shares subject to issuance under outstanding rights that have been issued under any other share compensation arrangement. Options granted under the plan may vest over a period of time at the discretion of the Board of Directors.

A summary of the Company's outstanding and exercisable stock options is as follows:

	December 31, 2017			**December 31, 2016**		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Balance, beginning of year	1,067,500	$	0.12	2,080,000	$	0.27
Granted	1,200,000		0.12	-		-
Expired	-		-	(637,500)		0.60
Exercised	-		-	(375,000)		0.10
Balance, end of year	2,267,500	$	0.12	1,067,500	$	0.12

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (Continued)

(c) Stock options (Continued)

On July 28, 2017, the Company granted incentive stock options to directors, officers and consultants of the Company entitling them to purchase 1,200,000 common shares at a price of $0.12 per share for a period of 5 years vesting 100% on the date of grant and expiring July 28, 2022 with a fair value of $117,720. The fair value of these options was calculated at $0.0981 using the Black-Scholes option pricing model using the following assumptions: annualized volatility of 117%; risk-free rate of 1.5%; and dividend rate of 0%. All options issued vested on the date of issuance and are recognized as share-based payments in the consolidated statements of comprehensive loss.

On December 23, 2016, 637,500 stock options expired unexercised with the relating fair value of $306,000 being allocated from share-based payment reserve to deficit.

During December 31, 2016, 304,375 stock options vested with the fair value of $8,522 being recognized as share-based payments in the statement of comprehensive loss.

No options were granted during the year ended December 31, 2016.

The following summarizes information on the number of stock options outstanding:

Expiry Date	Exercise Price	**December 31, 2017**	**December 31, 2016**
April 7, 2019	$ 0.20	225,000	225,000
December 17, 2019	$ 0.10	842,500	842,500
July 28, 2022	$ 0.12	1,200,000	-
		2,267,500	1,067,500

The weighted average remaining contractual life for the outstanding options at December 31, 2017 is 3.28 (2016 – 2.82) years.

(d) Warrants

As at December 31, 2017, the Company had share purchase warrants outstanding entitling the holders to acquire common shares as follows:

Exercise Price	Expiry Date	Outstanding, December 31, 2016	Issued	Expired	Outstanding, December 31, 2017
$0.15/$0.20/$0.25	November 20, 2017	1,666,667	-	(1,666,667)	-
$0.15/$0.20/$0.25	November 27, 2017	7,000,000	-	(7,000,000)	-
$0.15/$0.20/$0.25	December 3, 2017	2,865,000	-	(2,865,000)	-
$0.12/$0.15/$0.15	June 29, 2018	1,450,000	-	-	1,450,000
		12,981,667	-	(11,531,667)	1,450,000

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (Continued)

(d) Warrants (Continued)

As at December 31, 2016, the Company had share purchase warrants outstanding entitling the holders to acquire common shares as follows:

Exercise Price	Expiry Date	Outstanding, December 31, 2015	Issued	Expired	Outstanding, December 31, 2016
$0.15/$0.20/$0.25	November 20, 2017	1,666,667	-	-	1,666,667
$0.15/$0.20/$0.25	November 27, 2017	7,000,000	-	-	7,000,000
$0.15/$0.20/$0.25	December 3, 2017	2,865,000	-	-	2,865,000
$0.12/$0.15/$0.15	June 29, 2018	1,450,000	-	-	1,450,000
		12,981,667	-	-	12,981,667

11. SEGMENTED INFORMATION

The Company has one business segment, the exploration of mineral properties. The Company's significant assets are distributed by geographic locations as follows:

As at December 31, 2017

	Exploration and Evaluation Assets
United States	$ 625,920
Mexico	405,388
Total	$ 1,031,308

As at December 31, 2016

	Exploration and Evaluation Assets
United States	$ 536,833
Mexico	269,717
Total	$ 806,550

(Expressed in Canadian Dollars)

12. INCOME TAXES

(a) A reconciliation of income tax provision computed at Canadian statutory rates to the reported income tax provision is provided as follows:

	2017	2016
Income (loss) before taxes	$ 591,677	$ (443,385)
Canadian statutory tax rate	26%	26%
Income tax (recovery) computed at statutory rates	153,836	(115,280)
Non-deductible items	249,060	2,216
Temporary differences	(3,679)	195
Effect of change in tax rates	(34,963)	-
Foreign tax rates different from statutory	54,717	(3,942)
Effects of foreign exchange on tax assets	(4,272)	-
Unused tax losses and tax offsets not recognized	311,866	(120,166)
Under (over) provided in prior years	(1,295)	236,977
Income tax expense (recovery)	$ 725,270	$ -
Represented by:		
Current income tax	$ 725,270	$ -
Future income tax	$ -	$ -

The Mexican income tax rate remained constant at 30%.

(b) The Company recognizes tax benefits on losses or other deductible amounts generated in countries where it is probable deferred tax assets will be realized. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2017	2016
Non-capital losses	$ 2,425,000	$ 3,250,000
Share issue costs	25,000	30,000
Tax value over book value of equipment	10,000	10,000
Unrecognized deferred tax	$ 2,460,000	$ 3,290,000

As at December 31, 2017, the Company has non-capital losses carried forward of approximately $2,160,000 (2016 - $2,760,000) and $300,000 (2016 - $490,000) that may be applied against future income for income tax purposes in Canada and Mexico, respectively. The operating losses expire between 2019 and 2037.

(Expressed in Canadian Dollars)

13. EVENTS AFTER THE REPORTING PERIOD

1. On January 23, 2018, the Company through its wholly owned Mexican subsidiary, MMP, entered into an option agreement (the "Cerro Caliche Option Agreement") with a resident of Sonora, Mexico (the "Cerro Caliche Vendor"), to acquire a 100% interest (the "Cerro Caliche Option") in the Cerro Caliche Group of Concessions ("Cerro Caliche") located in the municipality of Cucurpe, in northern Sonora state, Mexico.

   The Cerro Caliche Option Agreement provides for the Company to acquire a 100% interest in Cerro Caliche over a 72-month period for total consideration of US$2,977,000 payable in instalments as follows:

December 19, 2017 deposit	US$10,000* (paid)
On signing	US$117,000**
January 23, 2019	US$200,000
January 23, 2020	US$300,000
July 23, 2020	US$200,000
January 23, 2021	US$200,000
July 23, 2021	US$250,000
January 23, 2022	US$250,000
July 23, 2022	US$300,000
January 23, 2023	US$300,000
July 23, 2023	US$400,000
January 23, 2024	US$450,000

   * Included in prepaid expenses at December 31, 2017.
   ** Plus reimbursement of property taxes of US$23,000. Total of US$140,000 paid January 2018.

   Following exercise of the Cerro Caliche Option, the Cerro Caliche Vendor will be entitled to a 2% NSR ("Cerro Caliche NSR") from the proceeds of the sale of minerals from the Cerro Caliche project. The Company has been granted an option to purchase the Cerro Caliche NSR at any time for US$1,000,000 for each one percent of the Cerro Caliche NSR.

2. On March 14, 2018, the Company through its wholly owned Mexican subsidiary, MMP, entered into an option agreement (the "Rosario Option Agreement") with a resident of Tucson Arizona (the "Rosario Vendor"), to acquire a 100% interest (the "Rosario Option") in the Rosario Group of Concessions ("Rosario") located in the municipality of Cucurpe, in northern Sonora state, Mexico.

   The Rosario Option Agreement provides for the Company to acquire a 100% interest in Rosario over a 72-month period for total consideration of US$1,600,000 payable in instalments as follows:

On signing	US$60,000 (paid)
March 14, 2019	US$75,000
March 14, 2020	US$90,000
March 14, 2021	US$150,000
March 14, 2022	US$300,000
March 14, 2023	US$375,000
March 14, 2024	US$550,000

   Following exercise of the Cerro Caliche Option, the Cerro Caliche Vendor will be entitled to a 2% NSR ("Cerro Caliche NSR") from the proceeds of the sale of minerals from the Cerro Caliche project. The Company has been granted an option to purchase the Cerro Caliche NSR at any time for US$1,000,000 for each one percent of the Cerro Caliche NSR.