NOTICE TO SHAREHOLDERS

VVC EXPLORATION CORPORATION
Condensed Consolidated Financial Statements
For The Three Months Ended April 30, 2018

Responsibility for Consolidated Financial Statements

The accompanying unaudited consolidated financial statements for VVC Exploration Corporation have been prepared by management and were approved by the Audit Committee and the Board of Directors. These unaudited consolidated financial statements have been prepared in accordance with international financial reporting standards and were consistently applied. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the consolidated financial statements, management is satisfied that these consolidated financial statements have been fairly presented.

Auditor involvement

The auditors of VVC Exploration Corporation have not performed a review of the unaudited consolidated financial statements for the three months ended April 30, 2018 and April 30, 2017.

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Condensed Consolidated Statements of Financial Position

		April 30, 2018		Audited January 31, 2018
Assets				
Current assets				
Cash	**$**	**504,713**	$	1,036,636
Deposits and other receivables (Note 4)		**53,967**		65,017
		558,680		1,101,653
Note receivable (Note 5)		**2,260,892**		2,027,468
Investment in associate (Note 6)		**1,055,783**		1,197,814
Equipment (Note 15)		**146,820**		-
	$	**4,022,175**	$	4,326,935
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (Notes 8, 9 and 10)	**$**	**726,430**	$	708,198
Notes payable - Current (Note 10)		**168,473**		168,473
Conversion feature of convertible debt (Note 10)		**124,225**		171,242
		1,019,128		1,047,913
Notes payable (Note 10)		**350,505**		310,528
		1,369,633		1,358,441
Shareholders' equity				
Share capital (Note 11 (b))		**30,190,761**		30,190,761
Common shares to be issued (Note (e))		**63,500**		-
Contributed surplus (Note 11 (c) and 11 (d) and 12)		**8,291,127**		8,242,184
Deficit		**(35,892,846)**		(35,464,451)
		2,652,542		2,968,494
	$	**4,022,175**	$	4,326,935

Going Concern (Note 1)

Approved by the Board

James A. Culver

Director

Michel Laframme

Director

VVC Exploration Corporation

Condensed Consolidated Statements of Loss and Comprehensive Loss

	Three Months Ended April 30, 2018	Three Months Ended April 30, 2017
Expenses		
Mineral property expenses (Note 7)	**$ 65,258**	$ 20,158
Stock-based compensation (Notes 9 and 11 (c))	**48,943**	28,943
Management and consulting fees	**44,995**	26,550
Interest expense	**21,862**	65,822
Office and sundry	**18,632**	9,065
Bank charges	**8,452**	196
Investor relations	**16,265**	-
Accretion (Note 10)	**10,138**	24,367
Rent	**5,102**	1,350
Travel and promotion	**3,142**	9,299
Depreciation	**2,506**	-
Telephone	**2,438**	484
Listing and transfer fees	**-**	1,137
	247,733	187,371
Loss before the undernoted:	**(247,733)**	(187,371)
Other income (loss):		
Interest income	**3,000**	3,000
Share of loss from equity accounted investee (Note 6)	**(142,031)**	(5,324)
Foreign exchange income (loss)	**(73,607)**	(5,934)
Fair value adjustment on derivative liabilities	**31,976**	(93,383)
Net loss and comprehensive loss for the period	**(428,395)**	(289,012)
Basic and diluted loss per share (Note 13)	**$ 0.00**	$ 0.00

VVC Exploration Corporation

Condensed Consolidated Statements of Changes in Shareholders' Equity

As at April 30,	**2018**	2017
Share Capital		
Balance, opening	**$ 30,190,761**	$ 27,306,244
Balance	**30,190,761**	27,306,244
Shares to be Issued		
Balance, opening	**-**	-
Shares to be issued	**63,500**	-
Balance	**63,500**	-
Contributed Surplus		
Balance, opening	**8,242,184**	7,270,613
Stock-based compensation	**48,943**	28,943
Fair value of warrants issued on debenture offering	**-**	32,328
Balance	**8,291,127**	7,331,884
Deficit		
Balance, opening	**(35,464,451)**	(33,971,049)
Net loss	**(428,395)**	(289,012)
Balance	**(35,892,846)**	(34,260,061)
Total shareholders' equity	**$ 2,652,542**	$ 378,067

VVC Exploration Corporation
Condensed Consolidated Statements of Cash Flows

For the Three Months Ended April 30,	2018	2017
Cash flow from operating activities		
Loss for the period	**$ (428,395)**	$ (289,012)
Items not affecting cash:		
Depreciation	**2,506**	-
Share of loss from equity accounted investee	**142,031**	5,324
Accrued interest	**(3,000)**	(3,000)
Stock-based compensation	**48,943**	28,943
Accretion expense	**10,138**	24,367
Fair value adjustment on derivative liabilities	**(31,976)**	93,383
Unrealized loss on foreign exchange	**20,798**	37,137
	(238,955)	(102,858)
Other uses of cash from operations:		
Deposits and other receivable	**11,050**	(583)
Accounts payable and accrued liabilities	**18,232**	51,469
	(209,673)	(51,972)
Cash flow from investing activities		
Purchase of equipment	**(149,326)**	-
Increase in note receivable	**(236,424)**	(61,836)
	(385,750)	(61,836)
Cash flow from financing activities		
Common shares to be issued	**63,500**	-
	63,500	-
Change in cash	**(531,923)**	(113,808)
Cash, beginning of period	**1,036,636**	188,448
Cash, end of period	**$ 504,713**	$ 74,640

1. NATURE OF OPERATIONS AND GOING CONCERN

VVC Exploration Corporation (the "Company") was incorporated on April 11, 1983 under the Company Act (British Columbia) and in August 2003, was continued federally under the Canada Business Corporations Act. The Company's principal business activities include the exploration and development of precious metals mineral properties in Canada and Mexico.

For the Company's exploration stage mineral properties, the Company is in the process of exploration and has not yet determined whether they contain economically recoverable reserves. The recoverability of amounts shown for exploration stage mineral properties is dependent upon the discovery of economically recoverable ore reserves in its mineral properties, the ability of the Company to obtain the necessary financing to complete development, maintenance of the Company's interest in the underlying mineral claims and leases and upon future profitable production from or the proceeds from the disposition of its mineral properties.

In order to meet future expenditures and cover administrative costs, the Company will need to raise additional financing. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. As at April 30, 2018, the Company has accumulated losses of \$(35,892,846) and working capital deficit of \$(460,448).

These factors raise substantial doubt regarding the Company's ability to continue as a going concern. These unaudited consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

These consolidated financial statements were approved by the Board of Directors on June 26, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

These unaudited consolidated financial statements of the Company and its subsidiaries were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").
These unaudited consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated audited financial statements for the year ended January 31, 2018.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

Basis of presentation and consolidation
These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, VVC Exploracion de Mexico, S. de R.L. de C.V., incorporated under the laws of Mexico and Camex Mining Development Group Inc. ("Camex"), a company incorporated under the laws of Canada. All intercompany transactions and balances have been eliminated upon consolidation.

Financial instruments
Financial instruments are required to be classified as one of the following: held-to-maturity; loans and receivables, fair value through profit or loss; available-for-sale or other financial liabilities.

The Company's financial instruments include cash, note receivable, accounts payable and accrued liabilities, notes payable and conversion feature of convertible debt. The Company designated its cash and conversion feature as fair value through profit or loss, its note receivable as loans and receivables, and its account payable and accrued liabilities and notes payable as other financial liabilities, all of which are measured at amortized cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value through profit or loss financial assets are measured at fair value with gains and losses recognized in operations. Financial assets held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost. Available-for-sale financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive loss.

Fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, the fair value of a financial instrument that is quoted in active markets is based on the bid price for a financial asset held and the offer price for a financial liability. When an independent price is not available, fair value is determined by using a valuation which refers to observable market data. Such a valuation technique includes comparisons with a similar financial instrument where an observable market price, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants exist. If no reliable estimate can be made, then the Company is permitted to measure the financial instrument at cost less impairment.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities;
Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly; and
Level 3 - valuation techniques based on inputs for the asset or liability that are not based on observable market data.

At April 30, 2018 and January 31, 2018, cash was classified as level 1 and conversion feature on convertible debenture was classified as level 2.

Investment in associate
The Company accounts for its investments in companies over which it has significant influence using the equity basis of accounting whereby the investments are initially recorded at cost and subsequently adjusted to recognize the Company's share of earnings or losses of the investee and reduced by dividends received, if any. The carrying values of investments are reviewed for indicators of impairment and written down to the estimated recoverable amount when there is evidence of impairment. Such impairment is recorded in the consolidated statements of loss and comprehensive loss.

Mineral properties
Mineral property acquisition costs and related direct exploration and development expenditures, net of recoveries, are charged to the consolidated statements loss and comprehensive loss. Mineral property expenses include any cash consideration paid, and the fair market value of shares issued, if any, on the acquisition of property interests.

Impairment of long-lived assets
The Company's tangible and intangible assets are reviewed for indications of impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. An assessment is made at each reporting date whether there is any indication that an asset may be impaired.

An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss for the period. The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. There were no indications of impairment at April 30, 2018 and January 31, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Stock-based compensation
Stock options and warrants awarded to non-employees are accounted for using the fair value of the instrument awarded or service provided whichever is considered more reliable. Stock options and warrants awarded to employees are accounted for using the fair value method. The fair value of such stock options and warrants granted is recognized as an expense on a proportionate basis consistent with the vesting features of each tranche of the grant. The fair value is calculated using the Black-Scholes option pricing model with assumptions applicable at the date of grant.

Loss per share
Basic loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the year after giving effect to potentially dilutive financial instruments. The dilutive effect of stock options and warrants is determined using the treasury stock method.

Income taxes
Income tax on the profit or loss for the years presented consists of 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 or other comprehensive income. Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized either profit or loss and comprehensive income or loss or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent their future recovery is probable. At the end of each reporting period, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Foreign exchange
The functional and presentation currency of the Company and its subsidiaries is the Canadian dollar.

The Company recognizes transactions in currencies other than the Canadian dollar (foreign currencies) at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in the consolidated statements of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Measurement uncertainty
The preparation of financial statements, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those reported.

Significant estimates used in the preparation of these consolidated financial statements include, but are not limited to the estimated net realizable value of mineral properties, stock-based compensation and composition of deferred income tax assets and liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Black-Scholes option valuation model used by the Company to determine fair values was developed for use in estimating the fair value of freely traded options. This model requires the input of highly subjective assumptions including future stock price volatility and expected time until exercise. Changes in the subjective input assumptions can materially affect the fair value estimates, and therefore the existing model does not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants granted during the year.

3. RECENT ACCOUNTING PRONOUNCEMENTS

The Company recently adopted IFRS 9, Financial Instruments: Classification and Measurement. The adoption of IFRS 9 had no impact of the Company's reporting.

Effective February 1, 2018, the Company adopted IFRS 15 “Revenue from Contracts with Customers” using the modified retrospective approach. The adoption of this new policy did not have an impact on prior period reporting and no changes resulted from the adoption of this new standard. The core principle is that revenue is recognized in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Where applicable, the adoption of the standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. There were no quantitative impacts from the adoption of IFRS 15.

IFRS 16, Leases (“IFRS 16”) sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, the customer (lessee) and the supplier (lessor). This will replace IAS 17, Leases (“IAS 17”) and related Interpretations. IFRS 16 provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract. IFRS 16 introduces a single accounting model for all lessees and requires a lessee to recognize right-of-use assets and lease liabilities for leases with terms of more than 12 months, unless the underlying asset is of low value, and depreciation of lease assets is reported separately from interest on lease liabilities in the income statement. Under IFRS 16, lessor accounting for operating and finance leases will remain substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted. The Company is in the process of assessing the impact of this standard on its consolidated financial statements

4. DEPOSITS AND OTHER RECEIVABLES

	April 30, 2018	January 31, 2018
Sales tax recoverable	**$ 32,599**	$ 30,711
Prepaid expenses	**21,368**	34,306
Balance	**$ 53,967**	$ 65,017

5. NOTE RECEIVABLE

A promissory note in the principal amount of $100,000 is receivable from Samalayuca Cobre S.A de C.V. ("Samalayuca"). The note bears interest at an annual rate of 12% and was repayable on December 31, 2014. However, it is expressly agreed that if there is default in the payment of any installment of principal or interest when due, then the entire principal amount, together with interest, shall become immediately due and payable. As at April 30, 2018, no interest had been paid.

On September 10, 2013, Camex transferred 1,000,000 shares of the Company, valued at 97,590, to the vendors of Samalayuca's mineral property on behalf of its associate, Samalayuca. During 2016, the Company also issued 545,000 units, valued at $27,250 to the vendors of the Samalayuca mineral property on behalf of its associate, Samalayuca. These units were accepted in satisfaction of required payments under a Mining Exploration and Rights Assignment Contract between Samalayuca and the property vendors. During 2017, the Company paid $101,250 to the vendors of Samalayuca in satisfaction of certain property payments due to the vendors. An additional amount of $1,863,802 has been advanced to Samalayuca which is non-interest bearing and has no set terms of repayment.

As at April 30, 2018, interest of $71,000 (2018 - $68,000) has been accrued on the amount loaned to Samalayuca.

5. NOTE RECEIVABLE (Continued)

Details of the note receivable are as follows:

	April 30, 2018	January 31, 2018
Interest bearing loan	$ 100,000	$ 100,000
Advances	1,965,052	1,734,628
Shares issued in lieu of property payments	97,590	97,590
Units issued in lieu of property payments	27,250	27,250
	2,189,892	1,959,468
Accrued interest	71,000	68,000
	$ 2,260,892	$ 2,027,468

6. INVESTMENT IN ASSOCIATE

The Company, through its wholly-owned subsidiary, Camex, owns 45,000 of the outstanding common shares of Samalayuca, a mineral exploration company based in Mexico. These shares represent a 33.75% ownership interest in Samalayuca. The Company has determined that it exercises significant influence over Samalayuca and has accounted for its investment in Samalayuca's shares using the equity method.

Changes in the Company's investment in associate during the period are as summarized as follows:

	April 30, 2018	January 31, 2018
Investment, beginning of period	$ 1,197,814	$ 1,620,815
Share of total comprehensive loss of associate for the period	(142,031)	(423,001)
Investment balance	$ 1,055,783	$ 1,197,814

Summarized financial information of the investee is as follows:

	April 30, 2018	January 31, 2018
Current assets	$ 68,730	$ 73,929
Non-current assets	65,317	53,156
Current liabilities	1,965,497	2,111,435
Loss from operations	$ 420,833	$ 1,253,336

7. MINERAL PROPERTY EXPENDITURES AND RECOVERIES

The following table summarizes the cumulative exploration costs of the Company's active properties:

Mineral Properties	La Tuna	Cumeral	Timmins	Total
Balance, January 31, 2018	323,123	2,674,266	458,729	3,456,118
Exploration costs	-	65,258	-	65,258
Balance, April 30, 2018	**$ 323,123**	**$ 2,739,524**	**$ 458,729**	**$ 3,521,376**

7. MINERAL PROPERTY EXPENDITURES AND RECOVERIES (Continued)

Cumeral, Mexico

In April 2010, the Company finalized an agreement which provides an option to acquire a 100% interest in the 685 hectare gold mining project known as Cumeral (the "Cumeral Property"), consisting of three mining concessions in the State of Sonora, Mexico. The 100% interest in the Cumeral Property can be acquired for cash consideration of US$800,000 (CA$880,000) plus applicable taxes ("VAT"), payable over a period of three years and the issuance of 200,000 common shares of the Company (issued). The Cumeral Property is subject to the reservation of a 2% Net Smelter Return ("NSR"). A finder's fee of US$5,000 (CA$5,500) and 130,000 common shares of the Company was paid to third parties who were instrumental in arranging the transaction. The Company has a 100% interest in three additional mining concessions in the Cumeral area of Mexico.

La Tuna, Mexico

In March 2010, the Company completed the acquisition of a 3,533 hectare gold mining project known as La Tuna, located in the municipality of Alamos in the State of Sinaloa, Mexico. The Company acquired a 100% interest in La Tuna for cash consideration of US$40,000 (CA$39,968) plus VAT and 300,000 common shares of the Company. La Tuna is subject to the reservation of a 2% NSR with a buy-back option. Further exploration is warranted subject to the results of analysis of rock and soil samples.

Samalayuca

Through its 33.75% equity interest in Samalayuca, the Company has an interest in the Samalayuca Copper Project, located in Chihuahua State, Mexico. Samalaycua has entered into a Mining Exploration and Rights Assignment Contract to acquire a 100% interest in the Kaity Property, which includes the Samalayuca Copper Project, for aggregate payments of $US1,875,000 (CA$2,062,500) with payments of $US25,000 (CA$27,500) due every six months during the exploration phase. The Company has an option to purchase from two other equity owners an additional 33.75% interest in Samalyauca Cobre over a period of 3 years.

Timmins

The Company holds a 9-claim unit property in Timmins Township of Ontario, located about 50 km southeast of Timmins in Northern Ontario. Recent geological evaluation of the property has indicated new exploration potential. The claims are in good standing until July 4, 2019.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 30, 2018	January 31, 2018
Interest payable	**$ 129,862**	$ 108,000
Other trade payables	**479,013**	482,643
Amounts payable to related parties	**117,555**	117,555
Accounts payable and accrued liabilities	**$ 726,430**	$ 708,198

9. RELATED PARTY TRANSACTIONS AND BALANCES

Compensation to key management personnel were as follows:

	Three Months Ended April 30,	
	2018	2017
Compensation	**$ 25,947**	$ 27,900
Share-based payments (1)	**14,081**	6,313
Total	**$ 40,028**	$ 34,213

(1) Share-based payments are the fair value of options granted to key management personnel and expensed during the period.

Included in accounts payable and accrued liabilities is $117,555 (2018 - $117,555) payable to key management personnel.

10. NOTES PAYABLE

Details of notes payable, carried at amortized cost are as follows:

	April 30, 2018	January 31, 2018
Demand loan - Palos Merchant Bank LP (CA $150,000)	**$ 150,000**	$ 150,000
Demand Loan - Aeris Trading Corp. (US $15,000)	**18,473**	18,473
Convertible debenture (US $278,241 and US $150,000 , 2017 - US $955,000) (i)	**350,505**	310,528
	518,978	479,001
Less current portion	**168,473**	168,473
	$ 350,505	$ 310,528

(i) Because the debentures are denominated in US dollars and the conversion price is denominated in Canadian dollars, the amount of equity instruments that would be issued upon exercise of the debentures will vary based on fluctuations in the exchange rate between US and Canadian dollars. As a result, a conversion feature is recognized separately as a derivative financial liability and is periodically remeasured.

The derivative financial liability of the debentures was remeasured on April 30, 2018 and January 31, 2018 using the Black-Scholes option pricing model with the following assumptions:

	April 30, 2018	January 31, 2018
Unit price	**$ 0.03**	$ 0.04
Exercise price	**$ 0.10**	$ 0.10
Volatility	**161%**	131% - 157%
Range of expected life (years)	**2.64 - 3.89**	2.89 - 4.12
Dividend yield	**0%**	0%
Risk free rate	**1.99%**	0.616% - 1.3%
Number of conversion units/shares	**3,528,230**	3,528,230
Fair value	**$ 124,225**	$ 171,242

Details of the convertible debentures are as follows:

	Debt Component	Derivative Component/ Warrant value	Total
Balance, January 31, 2018	310,528	171,242	481,770
Accretion expenses	10,138	-	10,138
Foreign exchange	29,839	-	29,839
Fair value adjustment	-	(47,017)	(47,017)
Balance, April 30, 2018	**$ 350,505**	**$ 124,225**	**$ 474,730**

Accrued interest of $83,244 (January 31, 2018 - $67,492) was recognized on the convertible debentures as of April 30, 2018 and is included in accounts payable and accrued liabilities.

11. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value

(b) Issued:

	Number of shares	Amount
Balance, January 31, 2018 and April 30, 2018	261,516,261	$ 30,190,761

11. SHARE CAPITAL (continued)

(c) Stock Options

The Company grants options pursuant to the policies of the TSX Venture Exchange with respect to eligible persons, exercise price, maximum options per person and termination of eligible person status. Options granted vest as to 25% upon grant and 25% each six months thereafter.

Stock option transactions and the number of stock options outstanding were as follows:

	Number of Options		Weighted average Exercise Price
Balance January 31, 2018 and April 30, 2018	29,000,000	$	0.06

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at April 30, 2018 are as follows:

Options Outstanding					Options Exercisable		
Exercise Range	Number Outstanding		Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Number Exercisable		Weighted Average Exercise Price
$0.05 - $0.14	27,900,000	$	0.05	6.50	22,775,000	$	0.06
$0.15 - $0.20	1,100,000	$	0.20	3.47	1,100,000	$	0.20
	29,000,000	$	0.06	6.63	23,875,000	$	0.06

Stock based compensation of $48,943 (April 30, 2017 - $28,943) for the period relates to vested stock options that were granted either in a prior year and recognized as an expense consistent with their vesting features.

11. SHARE CAPITAL (continued)

(d) Warrants

The following tables reflects the continuity of warrants:

Expiry Date	Exercise Price	Balance January 31, 2018	Warrants Issued	Warrants Exercised	Expired/ Cancelled	Balance April 30, 2018
March 4, 2019	$0.12 - $0.18	17,149,500	-	-	-	17,149,500
September 25, 2019	$0.12 - $0.18	2,321,700	-	-	-	2,321,700
October 22, 2019	$0.12 - $0.18	8,227,300	-	-	-	8,227,300
November 30, 2020	$0.06	16,527,545	-	-	-	16,527,545
November 30, 2020	$0.11	750,000	-	-	-	750,000
January 30, 2021	$0.06	8,698,850	-	-	-	8,698,850
November 30, 2021	$0.05	21,972,000	-	-	-	21,972,000
March 15, 2022	$0.05	2,064,820	-	-	-	2,064,820
	$0.05 - $0.18	77,711,715	-	-	-	77,711,715

(e) Shares to be issued

During the period, the Company received $65,000 for units to be issued. These units will be issued as part of a private placement financing of units at a price $0.05 per share. Each unit will consist of one common share and one-half common share purchase warrant. Each full warrant will entitle the holder to purchase common shares at a price of $0.06 for a period of three years from the date of closing the financing.

12. CONTRIBUTED SURPLUS

The following table reflects the continuity of contributed surplus:

		Amount
Balance, January 31, 2018		8,242,484
Stock-based compensation		48,943
Balance, April 30, 2018	**$**	**8,291,427**

13. LOSS PER SHARE

The following table sets forth the computation of basic and diluted loss per share:

	Three Months Ended April 30,			
		2018		2017
Numerator				
Net loss	**$**	**(428,395)**	$	(289,012)
Denominator				
Weighted average number of common shares outstanding, basic and diluted		**261,516,261**		181,736,181
Basic and diluted loss per share	**$**	**0.00**	$	0.00

As a result of losses incurred, the potential effect of the exercise of convertible debt, stock options and warrants was anti-dilutive.

14. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being mineral exploration. As at April 30, 2018, the Company's mineral resource properties are located in Mexico and Canada and its corporate assets are located in Canada. the Company is in the exploration stage and, accordingly, has no reportable segment revenues.

A summary of total assets by geographic region is as follows:

April 30, 2018	**Canada**	**Mexico**	**Total**
Current assets	**$ 461,181**	**$ 97,499**	**$ 558,680**
Note receivable	**-**	**2,260,892**	**2,260,892**
Investment in associate	**-**	**1,055,783**	**1,055,783**
Equipment	**-**	**146,820**	**146,820**
	$ 461,181	**$ 3,560,994**	**$ 4,022,175**

January 31, 2018	Canada	Mexico	Total
Current assets	$ 1,050,591	$ 51,062	$ 1,101,653
Note receivable	-	2,027,468	2,027,468
Investment in associate	-	1,197,814	1,197,814
	$ 1,050,591	$ 3,276,344	$ 4,326,935

15. EQUIPMENT

Cost	
Balance, January 31, 2018	$ -
Additions	149,326
Balance, April 30, 2018	149,326
Accumulated Depreciation	
Balance, January 31, 2018	-
Depreciation	2,506
Balance, April 30, 2018	2,506
Carrying Amounts	
At April 30, 2018	$ 146,820

16. CAPITAL MANAGEMENT

In the management of capital, the Company includes shareholders' equity (excluding accumulated other comprehensive loss). The Company's objective in managing capital is to ensure that financial flexibility is present to increase shareholder value and respond to changes in economic and/or market conditions; to retain a strong capital base so as to maintain investor, creditor and market confidence and to safeguard the Company's ability to obtain financing should the need arise.

In maintaining its capital, the Company has a strict investment policy which includes investing its surplus capital only in highly liquid and highly rated financial instruments.

The Company reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the period.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments are as follows:

	April 30, 2018	January 31, 2018
Fair value through profit or loss, measured at fair value:		
Cash	**$ 504,713**	$1,036,636
Conversion feature on convertible debt	**$ 124,225**	$ 171,242
Loans and receivable, measured at amortized cost:		
Note receivable	**$2,260,892**	$2,027,468
Other liabilities, measured at amortized cost:		
Accounts payable and accrued liabilities	**$ 726,430**	$ 708,198
Notes payable	**$ 518,978**	$ 479,001

Excess cash are invested on a daily basis in highly liquid and highly rated financial instruments. Due to the nature of these investments, fluctuations in interest rates may affect the carrying value of these investments. However, due to the nature of the Company's investments, such changes in interest rate would have limited impact on the Company over the short term.

Interest rate and credit risk

It is management's opinion that the Company is not exposed to significant interest rate or credit risks arising from its financial instruments given their short term nature except in relation to the Company's investment in, and note receivable from, its associate, Samalayuca.

As at April 30, 2018, the Company holds a 33.75% interest in Samalayuca and a note receivable from Samalayuca for a combined value of $3,316,675 (January 31, 2018 - $3,225,282). One of the key assumptions made in the preparation of these consolidated financial statements is that the Samalayuca Copper Project will successfully generate cash flows and the Company will recover these amounts.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company is exposed to the variability of copper prices.

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

Liquidity Risk

The Company has no income and relies on equity financing to support its exploration programs. Management prepares budgets and ensures funds are available prior to commencement of any such program. As at April 30, 2018, the Company does not have sufficient capital to fund its operations over the next twelve months. As at April 30, 2018, the Company had a cash balance of $504,713 (January 31, 2018 - $1,036,636) to settle current liabilities of $1,019,128 (January 31, 2018 - $1,047,913).

Market Risk

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

Sensitivity Analysis

The Company does engage in significant transactions and activities in currencies other than its reported currency. The Company's exploration activities are primarily in Mexico; accordingly, the resulting assets and liabilities are exposed to foreign exchange fluctuations.

The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash and accounts payable and accrued liabilities that are denominated in US Dollars and Mexican Pesos. Sensitivity of closing balances to a plus or minus 10% change in foreign exchange rates, with all other variables held constant, would affect net loss by approximately $140,000 (January 31, 2018 - $190,000).

18. SUBSEQUENT EVENT

Subsequent to April 30, 2018, the Company received US$285,000 for units to be issued. These units will be issued as part of a private placement financing of units at a price $0.05 per share. Each unit will consist of one common share and one-half common share purchase warrant. Each full warrant will entitle the holder to purchase common shares at a price of $0.06 for a period of three years from the date of closing the financing.

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