LATIN AMERICAN MINERALS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2018

Expressed in Canadian Dollars

NOTE OF NO AUDITOR REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of the company have been prepared by and are the responsibility of the Company's management. The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements.

TABLE OF CONTENTS

Management's Responsibility i
Condensed Interim Consolidated Statements of Financial Position 1
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss 2
Condensed Interim Consolidated Statements of Changes in Equity 3
Condensed Interim Consolidated Statements of Cash Flows 4
Notes to the Condensed Interim Consolidated financial Statements 5
1) Nature of operations and going concern 5
2) Statement of compliance 5
3) Summary of significant accounting policies 5
4) Critical accounting judgements, estimates and assumptions 5
5) Accounting standards issued but not yet effective 7
New standard IFRS 16 "Leases" 7
6) Financial instruments and risk management 8
7) Property, plant and equipment 10
8) Property rights, evaluation and exploration assets 11
9) Accounts payable and accrued liabilities 12
10) Bank loans 12
11) Share capital 12
12) Capital management 16
13) Related party transactions 17
14) Segmented disclosure 18
15) Commitments 18
16) Income Taxes 18
17) Contingency 18

MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Latin American Minerals Inc.:

Management is responsible for the preparation and presentation of the accompanying condensed interim consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the condensed interim consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Audit Committee are composed primarily of directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information presented. The board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Audit Committee has the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Company's external auditors.

We draw attention to Note 1 in the consolidated financial statements which indicates the existence of a material uncertainty that may cast substantial doubt on the Company's ability to continue as a going concern.

The condensed interim consolidated financial statements were approved by the Board of Directors on May 30, 2018 and were signed on its behalf by:

"Mathew Wilson"
Mathew Wilson, CEO

"Dennis Logan"
Dennis Logan, CFO

Expressed in Canadian Dollars

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at March 31, 2018	As at December 31, 2017
Assets		
Current Assets		
Cash and cash equivalents	705,320	1,794,778
Short-term investments	15,000	15,000
Amounts receivable	0	-
VAT/HST/GST receivable	13,084	26,535
Prepaid expenses	157,452	12,326
Total Current Assets	**890,857**	**1,848,639**
Property and equipment (Note 7)	1,237,284	1,282,945
Property rights, evaluation and exploration assets (Note 8)	19,950,017	19,114,839
	21,187,301	**20,397,784**
Total Assets	**22,078,158**	**22,246,423**
Liabilities		
Current Liabilities		
Bank loans (Note 10)	150,540	150,540
Accounts payable and accrued liabilities (Note 9)	1,757,203	1,732,225
Total Current Liabilities	**1,907,743**	**1,882,765**
Bank loans - non-current (Note 7)	168,871	225,715
Provision for mineral property reclamation	386,286	392,635
Payroll withholdings liability (Note 12)	231,554	233,948
	786,711	**852,298**
Total Liabilities	**2,694,454**	**2,735,063**
Shareholders' Equity		
Share capital (Note 12)	26,347,520	26,347,520
Warrants (Note 12)	6,754,087	6,754,087
Contributed surplus (Note 12)	13,727,297	13,090,097
Obligation to issue shares	-	-
Accumulated other comprehensive (income) loss	(248,636)	(374,795)
Deficit	(27,196,564)	(26,305,549)
Total Shareholders' Equity	**19,383,703**	**19,511,360**
Total Liabilities and Shareholders' Equity	**22,078,158**	**22,246,423**

See accompanying notes

Going concern (Note 1)

The consolidated financial statements were approved by the Board of Directors and were signed on its behalf by:

"Stephen Keith" — Stephen Keith, Director

"Richard Patricio" — Richard Patricio, Director

Expressed in Canadian Dollars

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

	Three months Ended March 31, 2018	Three months Ended March 31, 2017
Continuing Operations		
General and Administrative Expenses		
General and administration	184,813	274,837
Non-cash compensation options	637,200	7,373
Investor relations	408	26,770
Amortization	56,012	5,493
Net operating loss for the period	**878,433**	**314,473**
Interest expense	21,453	-
Impairment of exploration and evaluation assets	-	-
Foreign exchange (gain) loss	(8,871)	105,651
Net loss for the period before tax	**891,015**	**420,124**
Deferred tax recovery	-	-
Net Loss after tax	**891,015**	**420,124**
Other Comprehensive loss		
Net loss for the period	(891,015)	(420,124)
Items that may be reclassified subsequently to profit/loss		
Foreign currency translation adjustment income (loss)	126,159	136,684
Comprehensive income (loss) for the period	**(764,857)**	**(283,440)**
Loss per share for the period		
Basic and fully diluted loss per share	**$0.01**	**$0.01**
Weighted Average Number of Shares Outstanding	115,057,700	70,493,533

--The accompanying notes form an integral part of the condensed interim consolidated financial statements--

Expressed in Canadian Dollars

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Number of shares outstanding	Share Capital	Obligation to issue shares	Warrants	Contributed Surplus	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balance at January 1, 2017	**70,439,533**	**24,940,111**	**25,000**	**4,596,549**	**12,619,910**	**(23,866,928)**	**1,345,386**	**19,660,028**
Issuance of share options	-	-	-	-	7,373	-	-	7,373
Other comprehensive income (loss)	-	-	-	-	-	-	136,684	136,684
Net income (loss) for the period	-	-	-	-	-	(563,660)	-	(563,660)
Balance at March 31, 2017	**70,439,533**	**24,940,111**	**25,000**	**4,596,549**	**12,627,283**	**(24,430,588)**	**1,482,070**	**19,240,425**
Balance at April 1, 2017	**70,439,533**	**24,940,111**	**25,000**	**4,596,549**	**12,627,283**	**(24,430,588)**	**1,482,070**	**19,240,425**
Expiry of warrants	-	-	-	(121,336)	121,336	-	-	-
Shares and warrants issued on private placement	43,953,500	2,012,264	(25,000)	1,937,156	-	-	-	3,924,420
Share issuance costs	664,667	(604,855)	-	341,718	-	-	-	(263,137)
Issuance of share options	-	-	-	-	341,478	-	-	341,478
Other comprehensive income (loss)	-	-	-	-	-	-	(1,856,865)	(1,856,865)
Net income (loss) for the period	-	-	-	-	-	(1,874,961)	-	(1,874,961)
Balance at December 31, 2017	**115,057,700**	**26,347,520**	**-**	**6,754,087**	**13,090,097**	**(26,305,549)**	**(374,795)**	**19,511,360**
Balance at January 1, 2018	**115,057,700**	**26,347,520**	**-**	**6,754,087**	**13,090,097**	**($26,305,549)**	**(374,795)**	**19,511,360**
Issuance of share options	-	-	-	-	637,200	-	-	637,200
Other comprehensive income (loss)	-	-	-	-	-	-	126,159	126,159
Net income (loss) for the period	-	-	-	-	-	(891,015)	-	(891,015)
Balance at March 31, 2018	**115,057,700**	**26,347,520**	**-**	**6,754,087**	**13,727,297**	**(27,196,564)**	**(248,636)**	**19,383,703**

--The accompanying notes form an integral part of the condensed interim consolidated financial statements--

Expressed in Canadian Dollars

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months Ended Mar 31, 2018	Three months Ended Mar 31, 2017
Operating activities		
Net loss for the period	(891,015)	(420,124)
Add (deduct) non-cash items:		
Non–cash compensation expense	637,200	7,373
Depreciation and amortization	56,012	5,493
Impairment of mine asset (Note 8)	-	-
Unrealized foreign exchange (gain) loss	-	-
Other non-cash charges	(248,588)	-
	(446,391)	(407,258)
Net change in non-cash working capital		
Amounts receivable		508
Sales tax recoverable	13,451	1,597
Prepaid expenses	(145,126)	12,615
Accounts payable and accrued liabilities	24,978	213,930
Cash flow provided by (used in) operating activities	**(553,088)**	**(178,608)**
Investing activities		
Purchase of property, plant and equipment	-	(265,857)
Purchase of property rights, evaluation and exploration costs	(423,865)	(584,995)
Cash flow used in investing activities	**(423,865)**	**(850,852)**
Financing activities		
Interest paid on bank loans and lines of credit	(21,453)	(14,194)
Repayment of long-term liabilities	(15,383)	-
Repayment of long-term debt	(75,086)	-
Cash flow provided by (used in) financing activities	**(111,922)**	**(14,194)**
Effect of foreign exchange on cash	(583)	136,588
Net increase (decrease) in cash and cash equivalents during the period	**(1,089,458)**	**(907,066)**
Cash and cash equivalents at beginning of period	1,794,778	1,223,898
Cash and cash equivalents at end of period	**705,320**	**316,832**

--The accompanying notes form an integral part of the condensed interim consolidated financial statements--

Expressed in Canadian Dollars

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1) Nature of operations and going concern

Latin American Minerals Inc. ("LAT" or “the Company") was incorporated under the Canada Business Corporations Act on December 9, 2003. The Company’s principal business activity is the exploration and development of resource properties. The head office of the Company is located at Suite 502 – 211 Yonge Street Toronto, ON, M5B 1M4.

These condensed interim consolidated financial statements have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

There exist material uncertainties related to events and conditions that may cast significant doubt upon the Company’s ability to continue as a going concern. The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of exploration and evaluation expenditures is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties.

Consistent with other companies in the sector of mineral exploration, the Company has incurred operating losses since inception and is unable to self-finance operations. The Company has significant cash requirements to meet its overhead and maintain its mineral interests.

For the Company to continue to operate as a going concern, it must continue to obtain additional financing to maintain operations. Although the Company has been successful in the past at raising funds, there can be no assurance that this will continue in the future.

These Financial Statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

	March 31, 2018	December 31, 2017
Working capital (deficit) surplus	**($1,016,887)**	($34,126)
Accumulated deficit	**($27,196,564)**	($26,305,549)

2) Statement of compliance

These Financial Statements were prepared in accordance with International Financial Reporting Standards (“IFRS”) and related IFRS Interpretations Committee (“IFRICs”) as issued by the International Accounting Standards Board (“IASB”).

These Financial Statements were authorized for issuance by the Board of Directors on May 30, 2018.

3) Summary of significant accounting policies

The accounting policies and methods of computation followed in preparing these Financial Statements are the same as those followed in preparing the most recent audited annual financial statements. For a summary of significant accounting policies, please refer to the Company’s audited annual financial statements for the year ended December 31, 2017.

4) Critical accounting judgements, estimates and assumptions

In the application of the Company’s accounting policies, which are described in note 3 in the Company’s Audited Consolidated Financial Statements for the year ended December 31, 2017, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in which the estimates are revised and in any future period affected.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the Condensed Interim Consolidated Financial Statements.

a) Critical estimates

Useful life of property, plant and equipment

The Company reviews the estimated lives of its property, plant and equipment at the end of each reporting period. There were no material changes in the lives of property and equipment during the three months ended March 31, 2018 or the year ended December 31, 2017.

Share-based payments

Management uses the Black-Scholes option pricing model for valuation of share-based compensation and finder's warrants which requires the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materiality affect the fair market value estimate and the Company's results and equity reserves.

Impairment of non-financial assets

Judgment is involved in assessing whether there is any indication that an asset or cash generating unit may be impaired. This assessment is made based on the analysis of, amongst other factors, changes in the market and business environment, the events that have transpired that have impacted the asset or cash generating unit, and information from internal reporting.

Income taxes

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that probable that future taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax assets and unused tax losses can be utilized. In addition, the valuation of tax credits receivable requires management to make judgements on the amount and timing of recovery.

Decommissioning provision

The value of decommissioning liabilities depends on estimates of current risk-free interest rates, future restoration and reclamation expenditures and the timing of those expenditures.

b) Critical judgements

Going concern evaluation

As discussed in note 1, these Financial Statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these Consolidated Financial Statements, then adjustments would be necessary to the carrying value of assets and liabilities and the reported expenses and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at March 31, 2018.

Carrying value and recoverability of property rights, evaluation and exploration assets

The Company makes certain estimates and assumptions regarding the recoverability of the carrying values of property rights, evaluation and exploration assets. The amounts shown for evaluation and exploration costs do not necessarily represent present or future values. The recoverability of the assets' carrying values is dependent upon the determination of economically recoverable reserves, the ability of the Company to obtain the necessary financing and permits to complete development and future profitable production or proceeds from the disposition thereof.

Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defects. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defects.

5) Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective.

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. Overall, the Company does not expect the implementation of IFRS 9 to have a significant impact on its financial assets. The Company continues to assess the impact of the disclosure requirements under IFRS on the Company's condensed interim consolidated financial statements.

New standard IFRS 15 "Revenue from Contracts with Customers"

This new standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. Overall, the Company does not expect the implementation of IFRS 15 to have a significant impact on its revenue. The Company continues to assess the impact of the disclosure requirements under IFRS on the Company's condensed interim consolidated financial statements.

New standard IFRS 16 "Leases"

This new standard replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15. While the Company is currently evaluating the impact this new guidance will have on its condensed interim consolidated financial statements, the recognition of certain leases is expected to increase the assets and liabilities on the consolidated statements of financial position.

6) Financial instruments and risk management

a) Fair value hierarchy

Financial instruments are recorded at fair value are classified using a fair value hierarchy that reflects the significant of the inputs used in making the measurements.

The fair value of hierarchy has the following levels:

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in the markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company’s financial instruments include cash and cash equivalents, short-term investments, accounts payable, and bank loans. The carrying value of cash and cash equivalents is carried at fair value. Short-term investments, accounts payable and accrued liabilities, and bank loans approximate their fair value due to their short-term nature.

b) Credit risk

Credit risk is the risk that a third party might fail to discharge its obligations under the terms of a financial instrument. Credit risk arises from cash and cash equivalents with banks and financial institutions. It is management's opinion that the Company is not exposed to significant credit risk arising from these financial instruments. The Company limits credit risk by entering into business arrangements with high credit-quality counterparties.

c) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

d) Currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The Company primarily operates in Paraguay and incurs certain expenditures and obtains financing in US dollars. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the Company or subsidiary that holds the financial asset or liability. The Company's risk management policy is to review its exposure to non-Canadian dollar forecast operating costs on a case-by-case basis. The majority of the Company's forecast operating costs are in Paraguayan guaranies and Canadian dollars. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of foreign currency financial assets and liabilities in Canadian dollars as at March 31, 2018 is as follows:

Canadian Dollar amounts of foreign currency assets and liabilities

	Assets	Liabilities
Paraguayan Guarani	$16,410	$1,391,247
US Dollars	$1,317	$780,818

Based on the financial instruments held as at March 31, 2018, the Company's deficit would have changed by $237,993 had the Canadian dollar shifted by 10% as a result of foreign exchange effect on translation of non-Canadian dollar denominated financial instruments.

e) Liquidity risk

Prudent liquidity risk management implies maintaining at all times sufficient cash, liquid investments and committed credit facilities to meet the Company's commitments as they arise. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows. Where insufficient liquidity may exist, the Company may pursue various debt and equity instruments for short or long-term financing of its operations.

As at March 31, 2018, the Company had a working capital deficiency of ($1,016,887) (December 31, 2017 working capital deficiency – ($34,126)) and anticipates that the bulk-sampling facility at current gold prices will not provide sufficient funds to cover all the Company's expenditures for the next 12 months. Cash constraints have caused the Company to consider financing alternatives.

The Company's potential sources of cash flow in the upcoming year will be from possible proceeds of ore sales from its bulk sampling facility, possible equity financings, loans, lease financing and entering into joint venture agreements; or any combination thereof.

Expressed in Canadian Dollars

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

7) Property, plant and equipment

	Land	Processing Plant & Geology Equipment	Furniture & Equipment	Total
Cost				
Balance January 1, 2017	**$135,975**	**$2,747,854**	**$747,729**	**$3,631,558**
Additions	-	402,278	1,876	404,154
Disposasls	-	-	-	-
Foreign exchange	(10,970)	(222,543)	(58,174)	(291,687)
Balance December 31, 2017	**$125,005**	**$2,927,589**	**$691,431**	**$3,744,025**
Reclass				
Additions				
Disposasls				
Foreign exchange	4,314	120,181	3,784	128,279
Balance March 31, 2018	**$129,319**	**$3,047,770**	**$695,215**	**$3,872,304**
Accumulated Amortization				
Balance January 1, 2017	**$0**	**($1,937,230)**	**($362,223)**	**($2,299,453)**
Amortization	-	(334,876)	(11,482)	(346,358)
Disposals	-	-	-	-
Additions	-	-	-	-
Foreign exchange	-	130,740	53,991	184,731
Balance December 31, 2017	**$0**	**($2,141,366)**	**($319,714)**	**($2,461,080)**
Amortization	-	(55,174)	(838)	(56,012)
Disposals		-		-
Additions				-
Foreign exchange	-	(115,875)	(2,053)	(117,928)
Balance March 31, 2018	$0	($2,312,416)	($322,605)	($2,635,021)
Carrying Amounts				
At December 31, 2017	**$125,005**	**$786,223**	**$371,717**	**$1,282,945**
At March 31, 2018	**$129,319**	**$735,355**	**$372,610**	**$1,237,283**

Expressed in Canadian Dollars

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

8) Property rights, evaluation and exploration assets

	Passo Yobai
Carrying value	
Balance January 1, 2017	**$18,862,139**
Additions	2,067,598
Disposals	-
Interest capitalized	43,806
Amortization	335,204
Provision for environmental remediation	181,309
Write-down of mineral property	(876,791)
Foreign exchange	(1,498,426)
Balance December 31, 2017	**$19,114,839**
Additions	423,865
Disposals	-
Interest capitalized	-
Amortization capitalized	-
Provision for environmental remediation	-
Write-down of mineral property	-
Foreign exchange	411,313
Balance Marh 31, 2017	**$19,950,017**

a) Paso Yobai

The Paso Yobai project comprises the Discovery Trend property, which is 99% owned by the Company; the other 1% being owned by a third party that receives 1% net smelter returns royalty on a yearly basis and the X-Mile Trend exploration property, which is 100% owned by the Company.

During the year ended December 31, 2017 the Company assessed the value of certain expenditures that had been capitalized to the exploration and evaluation assets and determined that continued capitalization of these amounts was no longer justified. During the year ended December 31 ,2017 the Company recorded an impairment charge of $876,791 (December 31, 2016 - $nil). Nil impairment charges were recorded during the three months ended March 31, 2018

Provision for mineral property reclamation

Management has determined that the bulk sampling facility at Paso Yobai will require certain site restoration and decommissioning expenditures in the future. The Company has estimated that future cash flows required to settle obligations of the bulk sampling program are expected to occur in 2023. The provision was calculated using a discount rate of 2.40% and inflation rate of 4.5% in the amount of $405,229 (December 31, 2017 – $392,635) The reclamation obligation may change materially based on future changes in operations, costs of reclamation, discount rates and closure activities, and regulatory requirements.

Reclamation Obligation	
Balance December 31, 2017	**$392,635**
Provison for mineral porperty reclamation	-
Foreign exchange	12,594
Balance March 31, 2018	**$405,229**

Expressed in Canadian Dollars

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

9) Accounts payable and accrued liabilities

	Mar-31-2018	Dec-31-2017
Accounts Payable	1,728,953	1,688,975
Accrued liabilities	28,250	43,250
Total	**1,757,203**	**1,732,225**

10) Bank loans

On June 19, 2014, the Company received USD$700,000 ($758,520) loan provided by the Banco Bilbao Vizcaya Argentaria ("BBVA") in Paraguay, which is divided in two parts. The first part is a secured 6-year loan ("Term Loan") of USD$600,000 including a one-year grace period on capital, bearing an annual interest rate of 10%. Subject to a penalty of 4% over the balance outstanding, the Company is allowed to prepay the Term Loan. The second part is a revolving line of credit ("Line of Credit") of USD$100,000 bearing an annual interest rate of 8.5%.

Both the Term Loan and the Line of Credit are secured by the pilot plant machinery and certain real estate in Paraguay.

	March 31, 2018	December 31, 2017
Opening balance	**$376,255**	**$561,760**
New borrowings	-	-
Repayments	(75,086)	(142,835)
Interest capitalized in property rights, evaluation and exploration costs	-	43,806
Interest paid on term loan and line of credit	(21,453)	(43,806)
Foreign exchange	18,241	(42,670)
Ending Balance	**$319,411**	**$376,255**
Current portion	**$150,540**	**$150,540**
Non-current portion	**$168,871**	**$225,715**

The repayments of the non-current portion of the Term Loan are as follows:

	Amount
2019	$137,995
2020	$30,876
Total	**$168,871**

Further commitments of the Company are described in Note 14.

11) Share capital

a) Authorized

Unlimited number of common shares without par value.

Three months ended March 31, 2018

The Company did not issue any equity during the three months ended March 31, 2018.

Expressed in Canadian Dollars

	Number of Shares
Balance January 1, 2017	70,439,533
Shares issued on private placement	44,618,167
Shares issued for exercise of warrants	0
Shares issued for exercise of options	0
Balance at 31 December 2017	**115,057,700**
Balance at January 1, 2018	115,057,700
Shares issued on private placement	**0**
Balance March 31, 2018	**115,057,700**

Year ended December 31, 2017

On May 18, 2017, the Company closed the first tranche of a non-brokered private placement (the "First Tranche") by issuing 12,445,167 units at a price of $0.12 per unit for gross proceeds of $1,493,420. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share for a period of 24 months from the closing of the offering at a price of $0.15 per common share. The warrants are estimated with a fair value of $729,601.

On June 2, 2017, the Company closed the second tranche (the "Second Tranche") by issuing 1,508,333 units at a price of $0.12 per unit for gross proceeds of $181,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share for a period of 24 months from the closing of the offering at a price of $0.15 per common share. The warrants are estimated with a fair value of $88,283.

In connection with the First and Second Tranches, the Company incurred $80,640 in cash transaction costs and recorded $86,406 in issuances of 664,667 units to the brokers. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share for a period of 24 months from the closing of the offering at a price of $0.15 per common share. The warrants are estimated with a fair value of $82,637. The Company issued 1,082,280 broker warrants. Each broker warrant entitles the holder to purchase one common share for a period of 24 months from the closing of the offering at a price of $0.12 per common share. The broker warrants are estimated with a fair value of $135,740.

On December 1, 2017, the Company closed the first tranche of a non-brokered private placement (the "December First Tranche") by issuing 14,046,667 units at a price of $0.075 per unit for gross proceeds of $1,053,500. Each unit is comprised of one common share and one common share purchase warrant. Each warrant will entitle the holder thereof to purchase one common share for a period of 5 years from the closing of the offering at a price of $0.10 per common share. The warrants are estimated with a fair value of $523,620.

On December 20, 2017, the Company closed the second tranche of a non-brokered private placement (the "December Second Tranche") by issuing 14,619,999 units at a price of $0.075 per unit for gross proceeds of $1,096,500. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share for a period of 5 years from the closing of the offering at a price of $0.10 per common share. The warrants are estimated with a fair value of $544,993.

On December 29, 2017 the Company closed the third tranche of a non-brokered private placement (the "December Third Tranche") by issuing 1,333,334 units at a price of $0.075 per unit for gross proceeds of $100,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share for a period of 5 years from the closing of the offering at a price of $0.10 per common share. The warrants are estimated with a fair value $50,659.

The Company incurred $182,497 in cash transaction costs and recorded $123,341 for the issuance of broker's warrants.

Expressed in Canadian Dollars

The fair value of the warrants and broker's warrants was determined with the following weighted average assumptions:

Assumption	
Share price	$0.12
Risk-free rate	1.48%
Expected dividend yield	0.00%
Expected volatility	247.00%
Warrant life in years	4.02

b) Stock options

The Company has established an incentive stock option plan (the "Plan") for management, directors, and consultants of the Company, as designated and administered by a committee of the Company's Board of Directors. Under the Plan, the Company may grant options for up to 10% of the issued and outstanding common shares of the Company.

During the three months ended March 31, 2018

On January 9, 2018 the Company granted incentive stock options to officers and Directors of the Company. These options are exercisable at a price of $0.13 per common share for a period of five years from the grant date.

During the year ended December 31, 2017

On June 5, 2017 the Company granted incentive stock options to officers of the Company. These options are exercisable at a price of $0.15 per common share for a period of five years from the grant date.

On July 18, 2017 the Company granted 1,000,000 stock options to an officer of the Company. These options are exercisable at a price of $0.15 per common share for a period of five years from the grant date.

On September 11, 2017 the Company granted 845,000 stock options to officers of the Company. These options are exercisable at a price of $0.15 per common share for a period of five years from the date of grant with all options vesting evenly over 12 months following the grant date.

The following table summarizes information about stock options outstanding as at March 31, 2018:

Expiry date	Exercise Price	March-31 2018 Outstanding	March-31 2018 Exercisable
April-17-2018	$1.50	69,000	69,000
July-7-2019	$0.17	350,000	350,000
July-26-2021	$0.35	2,000,000	2,000,000
August-22-2021	$0.37	500,000	500,000
June-5-2022	$0.15	1,150,000	1,150,000
July-18-2022	$0.15	1,000,000	1,000,000
September-11-2022	$0.15	845,000	465,329
January-9-2023	$0.13	4,950,000	4,950,000
		10,864,000	**10,484,329**

Expressed in Canadian Dollars

The following table reflects the continuity of stock options for the periods presented:

Stock option activity	31-March 2018	Weighted Average Exercise price	31-December 2017	Weighted Average Exercise price
Balance – beginning of period	5,914,000	$0.26	6,839,000	$0.36
Granted	4,950,000	$0.13	2,995,000	$0.15
Exercised	-	-	-	-
Expired	-	$0.00	($3,420,000)	$0.35
Forfeited	-	$0.00	($500,000)	$0.37
Balance – end of period	10,864,000	$0.20	5,914,000	$0.26

The fair value of stock options granted during the three months ended March 31, 2018 was $637,200 with the following assumptions:

Assumption	January 9, 2018
Share price	**$0.13**
Risk-free rate	**2.01%**
Expected dividend yield	**0.00%**
Expected volatility	**229.69%**
Warrant life in years	**5.00**

The fair value of stock options granted during the year ended December 31, 2017 was $348,851 with the following weighted average assumptions:

Weighted Average	
Share price	**$0.12**
Risk-free interest rate	**1.35%**
Expected dividend yield	**0.00%**
Expected volatility	**234.84%**
Estimated life	**5.00**

Expressed in Canadian Dollars

c) Warrants

The following table summarizes warrants outstanding at March 31, 2018:

Date of Issuance	Date of Expiry	Exercise Price	March-31 2018 Outstanding
June-23-2015	June-23-2018	$0.70	**655,800**
December-31-2015	November-18-2018	$0.15	**16,116,769**
July-04-2016	November-17-2018	$0.15	**521,038**
June-10-2016	June-10-2018	$0.15	**6,655,000**
June-24-2016	June-28-2018	$0.15	**2,680,000**
July-07-2016	July-07-2018	$0.15	**10,703,716**
July-15-2016	July-15-2018	$0.15	**18,778,084**
May-15-2017	May-15-2019	$0.15	**14,618,167**
June-02-2017	June-02-2019	$0.12	**1,082,280**
December-01-2017	December-01-2022	$0.12	**14,046,667**
December-20-2017	December-20-2022	$0.12	**14,619,999**
December-28-2017	December-28-2022	$0.10	**1,333,334**
December-28-2017	December-28-2022	$0.08	**1,184,559**
			102,995,413

	March-31 2018
The outstanding warrants have a weighted-average exercise price of:	$0.11
The weighted average remaining life in years of the outstanding warrants is:	1.80

The following table reflects the continuity of warrants for the periods presented:

Warrant activity	March-31 2018	Weighted Average Exercise price	December-31 2017	Weighted Average Exercise price
Balance – beginning of period	102,995,413	$0.14	56,735,018	$0.16
Issuance of special warrants	-	$0.00	-	$0.00
Issued on private placements	-	$0.00	46,885,006	$0.12
Issued from exercise of broker warrants	-	$0.00	-	$0.00
Exercised	-	$0.00	-	$0.00
Expired	-	$0.00	(624,611)	$0.25
Balance – end of period	**102,995,413**	**$0.14**	102,995,413	$0.14

12) Capital management

The Company's capital structure consists of all components of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition and exploration of resource properties and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

Expressed in Canadian Dollars

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

13) Related party transactions

Related party transactions are summarized as follows:

Name and principal position	Year	Remuneration or fees [1]	Share based payments [1]	Included in accounts payable [1]
Mathew Wilson, CEO - management fees	**2018**	**$30,000**	**$64,364**	-
	2017	-	-	-
Dennis Logan, CFO - management fees	**2018**	**$21,000**	**$38,618**	-
	2017	-	-	-
Bira De Oliveira, COO - management fees	**2018**	**$37,941**	**$64,364**	-
	2017	-	-	-
Jeremy Niemi, Director of Exploration	**2018**	**$25,500**	**$128,727**	-
	2017	-	-	-
Directors -diector fees	**2018**	**$2,000**	**$218,836**	-
	2017	-	-	-
Basil Botha, former CEO – management fees	**2018**	-	-	-
	2017	$15,000	-	$5,250
Miles Rideout, former CEO – management fees	**2018**	-	-	-
	2017	13,200	-	-
Clearline CPA (Grant T. Smith), former CFO – management fees	**2018**	-	-	**$2,800**
	2017	$21,000	-	$7,350
Cameron Tymstra, former COO – management fees	**2018**	-	-	-
	2017	$29,850	-	$13,675
Michael Hepworth, former Director – management fees	**2018**	-	-	-
	2017	$15,000	-	-

[1] Amounts disclosed were paid or accrued to the related party during the three months ended March 31, 2018 and 2017.

Expressed in Canadian Dollars

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

14) Segmented disclosure

a) Operating segments

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties.

b) Geographic segments

As at March 31, 2018, all the Company's non-current assets were located in South America.

15) Commitments

On October 25, 2016, LAMPA signed an agreement with the Paraguayan government Instituto de Prevision Social ("IPS") whereby the Company will make monthly payments of $5,532 over the term of 60 months which includes a 1.5% monthly blended interest charge to repay the outstanding liability.

The following table summarizes the Company's total annual payments under this agreement:

	Amount
Balance of 2018	$46,311
2019	$61,748
2020	$61,748
2021	$61,748
Total	**$231,554**

16) Income Taxes

Please refer to not 16 of the Company's Annual Audited Consolidated Financial Statements for the year ended December 31, 2017 for details regarding the Company's income taxes.

17) Contingency

During the year ended December 31, 2016, one of the employees of the Company's Paraguayan subsidiary filed two separate lawsuits against the Company for wrongful dismissal. The Company disagrees with the claims made in the suits and intends to vigorously defend itself against the allegations. The lawsuits are claiming a total of PYG 553,804,077 ($135,682). Of this amount, PYG 374,799,077 ($91,526) has been accrued as at March 31, 2018 and December 31, 2017.