CANDENTE GOLD CORP

Interim Condensed Consolidated Financial Statements

As at and for the nine months ended December 31, 2018

(Expressed in United States dollars, unless otherwise noted)

NOTICE

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these interim condensed consolidated financial statements then these financial statements must be accompanied by a notice indicating that the interim condensed consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Candente Gold Corp.
Interim Condensed Consolidated Statements of Financial Position
At December 31, 2018 and March 31, 2018

(expressed in United States dollars unless otherwise noted)

	Note	December 31, 2018	March 31, 2018
Assets			
Current assets			
Cash		$ 3,760	$ 36,248
Trade and other receivables		6,250	1,164
Prepaid expenses and deposits		4,018	6,373
		14,028	43,785
Non-current assets			
Unproven mineral right interests	4	8,364,466	8,456,942
Equipment		2,976	3,682
Total non-current assets		8,367,442	8,460,624
Total assets		$ 8,381,470	$ 8,504,409
Liabilities			
Current liabilities			
Trade payables and accrued liabilities	5,7	$ 1,435,031	$ 1,337,452
Total Liabilities		1,435,031	1,337,452
Equity			
Share capital	6	24,193,995	24,193,995
Obligation to issue shares	4	107,444	107,444
Reserves	6	5,820,504	5,750,535
Accumulated deficit		(23,175,504)	(22,885,017)
Total equity		6,946,439	7,166,957
Total liabilities and equity		$ 8,381,470	$ 8,504,409
Nature of operations and going concern	1		
Subsequent event	11		

Approved on behalf of the Board of Directors on February 28, 2019

(signed) Larry Kornze
Director

(signed) Paul Barry
Director

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

Candente Gold Corp.
Interim Condensed Consolidated Statements of Comprehensive Loss
For the nine months ended December 31, 2018 and 2017
(expressed in United States dollars unless otherwise noted)

	Note		Nine months ended December 31, 2018		2017
Expenses					
Exploration expenses	**9**	**$**	**133,352**	$	175,978
General and administrative expenses	**9**		**149,364**		106,030
			282,716		282,008
Other (income) expenses					
Loss (gain) on foreign exchange			**7,771**		(1,818)
Net loss		**$**	**(290,487)**	$	(280,190)
Other comprehensive income (loss)					
Items that will not be reclassified to profit or loss:					
Foreign currency translation			**42,242**		(44,242)
Comprehensive loss		**$**	**(248,245)**	$	(324,432)
Loss per share attributable to shareholders, basic and diluted		**$**	**(0.00)**	$	(0.00)
Weighted average number of common shares outstanding: basic and diluted			**107,206,923**		107,206,923

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

Candente Gold Corp.
Interim Condensed Consolidated Statements of Changes in Equity
For the nine months ended December 31, 2018 and 2017
(expressed in United States dollars unless otherwise noted)

	Share Capital		Reserves						
	Total common shares	Share capital	Equity settled employee compensation and warrants	Other reserve	Foreign currency reserve	Total reserves	Obligation to issue shares	Deficit	Total
Balance at March 31, 2018	**107,206,923**	**$ 24,193,995**	**$ 5,876,070**	**$ 52,046**	**$ (177,581)**	**$ 5,750,535**	**$ 107,444**	**$(22,885,017)**	**$ 7,166,957**
Share-based payments	**-**	**-**	**27,227**	**-**	**-**	**-**	**-**	**-**	**27,227**
Net loss	**-**	**-**	**-**	**-**	**-**	-	**-**	**(290,487)**	**(290,487)**
Foreign currency translation	**-**	**-**	**-**	**-**	**42,742**	**42,742**	**-**	**-**	**42,742**
Balance at December 31, 2018	**107,206,923**	**$ 24,193,995**	**$ 5,903,297**	**$ 52,046**	**$ (134,839)**	**$ 5,820,504**	**$ 107,444**	**$(23,175,504)**	**$ 6,946,439**
Balance at March 31, 2017	107,206,923	$ 24,193,995	$ 5,876,070	$ 52,046	$ (150,757)	$ 5,777,359	$ 107,444	$(22,450,080)	$ 7,628,718
Net loss	-	-	-	-	-	-	-	(280,190)	(280,190)
Foreign currency translation	-	-	-	-	(44,242)	(44,242)	-	-	(44,242)
Balance at December 31, 2017	107,206,923	$ 24,193,995	$ 5,876,070	$ 52,046	$ (194,999)	$ 5,733,117	$ 107,444	$(22,730,270)	$ 7,304,286

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

Candente Gold Corp.
Interim Condensed Consolidated Statements of Cash Flows
For the nine months ended December 31, 2018 and 2017
(expressed in United States dollars unless otherwise noted)

	Nine months ended December 31, 2018	2017
Cash provided by (used in):		
Operating		
Loss for the period	**$ (290,487)**	$ (280,190)
Items not affecting cash:		
Depreciation	**706**	1,263
Share-based payments	**27,227**	-
Foreign exchange	**4,127**	(44,278)
Changes in non-cash working capital items:		
Decrease (increase) in amounts receivable	**(5,086)**	1,263
Decrease (increase) in prepaid expenses and deposits	**2,355**	(36)
Increase in accounts payable and accrued liabilities	**136,194**	222,248
Net cash used in operating activities	**(124,964)**	(99,730)
Investing		
Value added tax	**4,776**	(7,502)
Option payments received	**90,000**	-
Addition to unproven mineral rights interests	**(2,300)**	(2,300)
Net cash provided by (used) in investing activities	**92,476**	(9,802)
Effect of exchange rate changes on cash	**-**	(70)
Net change in cash	**(32,488)**	(109,602)
Cash at beginning of period	**36,248**	124,923
Cash at end of period	**$ 3,760**	$ 15,321

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

(Expressed in United States dollars unless otherwise noted)

1. Nature of operations and going concern

Candente Gold Corp. and its subsidiaries (the "Company") are engaged in the exploration of mineral right interests in Mexico and Peru. The Company was incorporated on April 24, 2009 under the Business Corporation Act of British Columbia. The principal subsidiaries of the Company as at December 31, 2018 are as follows:

Subsidiary	Interest	Functional Currency
Candente Mexico Resource Corp.	100%	CDN Dollars
El Oro (BC) Exploration Inc.	100%	CDN Dollars
Candente Gold Peru S.A.	100%	US Dollars
Minera CCM, S.A. de C.V. ("CCM")	100%	US Dollars
Minera CCM El Oro Jales S.A. de C.V.	100%	US Dollars
Candente Mexico Servicios S.A. de C.V.	100%	US Dollars

Candente Gold's common shares are listed on the TSX Venture Exchange ("TSX-V") under the trading symbol CDG.V. The Company's share options and warrants are not listed.

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on February 28, 2019.

At the date of these interim condensed consolidated financial statements, the Company has not yet determined whether any of its mineral right interests contain economically recoverable mineral reserves. Accordingly, the value of mineral right interests represents cumulative acquisition costs incurred to date and does not necessarily reflect present or future values. The recovery of these costs is dependent upon the discovery of economically recoverable mineral reserves and the ability of the Company to obtain the necessary financing to complete their exploration and development and to resolve any environmental, regulatory, or other constraints.

These interim condensed consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. For the nine months ended December 31, 2018, the Company had a net loss of $290,487, cumulative losses since inception of $23.2 million, and, as at December 31, 2018, current liabilities exceed current assets by $1.4 million. The Company does not generate cash flows from operations and accordingly, the Company will need to raise additional funds through the issuance of securities, resource secured debt or joint venture projects. Although, the Company has been successful in raising funds in the past there can be no assurance that the Company will be able to raise sufficient funds in the future, in which case the Company may be unable to meet its obligations as they come due in the normal course of business. In addition, the Company is subject to sovereign risk, including political and economic instability, changes in existing government regulations relating to mining, as well as currency fluctuations and local inflation. These factors indicate the existence of a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts on the interim condensed consolidated statement of financial position.

2. Statement of compliance and basis of presentation

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These interim condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended March 31, 2018, which have been prepared in accordance with IFRS issued by the IASB.

3. New Accounting Standards and Interpretations

Financial Instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of April 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilize a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application.

The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of reserves at April 1, 2018.

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

3. New Accounting Standards and Interpretations (continued)

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in the consolidated statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive loss.

Accounting Standards Issued But Not Yet Applied

Leases
On January 13, 2016, the IASB published a new standard, IFRS 16, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The main provision of IFRS 16 is the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases that were previously classified as operating leases. Under IFRS 16, a lessee is required to do the following: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, on the balance sheet; and (ii) recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant, as the right-of-use asset is depreciated and the lease liability is accreted using the effective interest method. The new standard also requires qualitative disclosures along with specific quantitative disclosures. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company continues to assess the impact of adopting this standard on its consolidated financial statements.

Other accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Company's consolidated financial statements.

(Expressed in United States dollars unless otherwise noted)

4. Unproven mineral right interests

As at December 31, 2018 and March 31, 2018, the Company's capitalized unproven mineral right interest costs are as follows:

		Balance at April 1, 2018		Acquisition costs and additions		Option payments received		Balance at December 31, 2018
Mexican Properties								
El Oro - Hardrock	**$**	**8,077,850**	**$**	**-**	**$**	**-**	**$**	**8,077,850**
El Oro mine tailings		**74,840**		**-**		**(90,000)**		**(15,160)**
Peruvian Properties		**210,238**		**2,300**		**-**		**212,538**
Value-added tax		**94,014**		**(4,776)**		**-**		**89,238**
Closing balance	**$**	**8,456,942**	**$**	**(2,476)**	**$**	**(90,000)**	**$**	**8,364,466**

		Balance at April 1, 2017		Acquisition costs and additions		Option payments received		Balance at March 31, 2018
Mexican Properties								
El Oro - Hardrock	$	8,077,850	$	-	**$**	**-**	$	8,077,850
El Oro mine tailings		154,840		-		(80,000)		74,840
Peruvian Properties		207,938		2,300		-		210,238
Value-added tax		84,283		9,731		-		94,014
Closing balance	$	8,524,911	$	12,031	$	(80,000)	$	8,456,942

Mexican Properties

El Oro – Hardrock

On January 31, 2017, the Company acquired the remaining 30% interest in the El Oro Project (the "El Oro Project") in Mexico (the "Transferred Interest") from Desarollos Mineros San Luis, S.A. de C.V. ("›"), a subsidiary of Goldcorp Inc. ("Goldcorp"). The Company now holds a 100% interest in the El Oro Project as it had previously earned a 70% interest in the El Oro Project from Goldcorp. As consideration for the acquisition of the Transferred Interest, the Company agreed to issue to DMSL (or its nominee) an aggregate of 5,000,000 common shares of the Company. 1,000,000 common shares were issued on the date of acquisition of the Transferred Interest (issued with a fair value of $26,861 (CDN$35,000)) (Note 6) and further tranches of 1,000,000 common shares are to be issued to DMSL (or its nominee) on the four successive anniversary dates, with the Company having the right but not the obligation to issue any or all of such 4,000,000 common shares in advance of such anniversary dates in its sole discretion. The 4,000,000 common shares were fair valued at $107,444 (CDN$140,000) and were recorded as an obligation to issue shares as at March 31, 2017. As at December 31, 2018, 1,000,000 common shares have been issued.

For the year ended March 31, 2017, bi-annual land holding payments were made by Goldcorp. When the Company acquired the remaining 30% of the El Oro property in January 2017, these payments became the responsibility of the Company, and, as at December 31, 2018, $414,878 (March 31, 2018 - $284,979) has been accrued as a liability to the Mexican government for land holding costs.

(Expressed in United States dollars unless otherwise noted)

4. Unproven mineral right interests (continued)

El Oro Mine Tailings

During the year ended March 31, 2014, the Company signed an agreement with the Municipality of El Oro ("Municipality") that provides the Company with the access and processing rights to tailings deposits. Upon signing the agreement, $25,000 was due and paid with monthly contributions of $3,000 for community projects. The Municipality cancelled the obligation to pay $3,000 per month in April 2015, when their tourist activities in the San Juan tunnel started interfering with normal usage of the tunnel by the Company.

On March 8, 2016, the Company entered into an agreement with Sun River Gold Crop. ("SRG") to grant SRG the right and option to earn a 51% interest in the Company's tailings project in El Oro Mexico. On November 9, 2018, the 2016 Agreement was superseded by a new Letter of Intent ("LOI") granting SRG the right and option to further test and, if proven economic, develop and operate the Company's tailings project in El Oro Mexico, through an indirect ownership of Candente Gold´s Mexican subsidiary, CCM EL Oro Jales, S.A. de C.V. ("CCM El Oro Jales"), according to the agreement CCM EL Oro Jales executed with the Municipality of El Oro.

The LOI was superseded by a definitive agreement signed in November 2018. In order to exercise the option, Sun River is required to make staged payments totaling US$300,000, over a period of fifteen months, commencing upon the date of signing of the LOI (US$170,000 paid to date); bring the mine tailings properties into commercial production within 36 months of the effective date of the option agreement; and grant to the Company a 10% of net profits ("NPI") life of mine royalty on production from the properties. The definitive agreement also allows SRG to reduce the NPI payable to the Company to 5% by paying an additional US$200,000 in increments of $50,000 at the end of each quarter, commencing 18 months from the date of the LOI. Upon making the totality of the staged payments and, if commercial production has been achieved on time, Sun River will indirectly acquire a 100% interest in CCM El Oro Jales.

Peruvian properties

As at December 31, 2018, the Company has maintained in good standing a portion of the Tres Marias and Las Brujas properties. These properties are early stage gold and gold-silver exploration projects in Peru.

5. Trade payables and accrued liabilities

		December 31, 2018		March 31, 2018
Trade payables	**$**	**912,162**	$	940,475
Accrued liabilities		**522,869**		396,977
	$	**1,435,031**	$	1,337,452

(Expressed in United States dollars unless otherwise noted)

6. Capital and equity reserve

a. Shares authorized

The Company has an unlimited number of common shares with no par value.

b. Shares issued

At December 31, 2018, the Company had 107,206,923 (March 31, 2018 – 107,206,923) common shares issued and outstanding.

c. Share options

Company has an incentive share option plan (the "Plan"). Under the Plan a total of 10% of the Company's outstanding common shares are reserved for the issuance of shares at discretion of the Board of Directors. Terms of each option award is fixed by the Board of Directors at time of grant. Share option awards have a maximum term of ten years.

During the period ended December 31, 2018, the Company granted 1,850,000 stock options to management, directors, an employee and a consultant. The options are exercisable at $0.05 per common share for a period of five years from the date of issue.

In addition, during the period ended December 31, 2018, the Company repriced 355,000 options which were issued on August 27, 2014 and expire on August 27, 2019. The original price of the options was $0.10, and the new price of the options is $0.05.

The changes in stock options were as follows:

	Number of Options	Weighted Average Exercise Price (CDN$)
Options outstanding, March 31, 2018	**8,055,000**	**0.06**
Options granted	**1,850,000**	**0.05**
Options outstanding, December 31, 2018	**9,905,000**	**0.06**

As at December 31, 2018, the following options were exercisable and outstanding:

	Outstanding		Exercisable		
Grant date	**Exercise price (CDN$)**	**Number of options**	**Exercise price (CDN$)**	**Number of options**	**Expiry date**
August 27, 2014	0.10	2,050,000	0.10	2,050,000	August 27, 2019
August 27, 2014	0.05	355,000	0.05	355,000	August 27, 2019
September 10, 2014	0.10	100,000	0.10	100,000	September 10, 2019
May 20, 2016	0.05	5,000,000	0.05	5,000,000	May 20, 2026
February 28, 2017	0.05	550,000	0.05	550,000	February 28, 2027
May 7, 2018	0.05	1,600,000	0.05	800,000	May 7, 2023
October 1, 2018	0.05	250,000	0.05	-	October 1, 2023
	0.06	9,905,000	0.06	8,855,000	

(Expressed in United States dollars unless otherwise noted)

6. Capital and equity reserve (continued)

c. Share options (continued)

The Company used the Black-Scholes option-pricing model under the following weighted average assumptions and recorded total share-based payments for the nine months ended December 31, 2018 and 2017, of $27,227 and $Nil respectively:

	Nine months ended December 31, 2018	Nine months ended December 31, 2017
Dividend yield	**0.00%**	-
Risk-free interest rate	**2.15%**	-
Volatility range	**163.33%**	-
Expected life	**5 years**	-
Forfeiture rate	**Nil**	-

d. Warrants

During the period ended December 31, 2018, the Company extended the exercise period of 5,000,000 share purchase warrants issued pursuant to the private placement completed on August 12, 2016, from August 12, 2018, to August 20, 2020.

	Number of Warrants	**Weighted Average Exercise Price (CDN$)**
Warrants outstanding, December 31, 2018 and March 31, 2018	5,000,000	0.10

e. Reserves

Other reserve:
Other reserve records the reserve resulting from the acquisition of subsidiaries.

Equity settled employee compensation and warrants reserve:
The equity settled employee compensation and warrant reserve recognized as stock-based compensation expense and other warrant payments. At the time that stock options or warrants are exercised, the corresponding amount will be transferred to share capital.

Foreign currency reserve:
Foreign currency reserve records unrealized exchange differences arising on translation of group companies that have a functional currency other than the Company's reporting currency.

f. Obligation to issue shares

Obligation to issue shares consists of the fair value of 4,000,000 common shares that are due to be issued to DMSL for the acquisition of the Transferred Interest (Note 4).

(Expressed in United States dollars unless otherwise noted)

7. Related party disclosures

Company's related parties consist of companies owned by executive officers and directors. The following is a list of related parties that the Company enters into trading transactions with:

- Ridley Rocks Inc. – Management and exploration fees;
- SW Project Management – Project management and engineering fees;
- Michael Thicke Geological Consulting Inc. – Exploration fees for member group of companies; and
- Candente Copper Corp. - shared administrative expenses with a Company related by directors and management in common.

a. Related party transactions

The Company incurred the following fees and expenses with companies owned by key management and directors.

		Nine months ended December 31,		
		2018		2017
Salaries and management and exploration fees	**$**	**39,856**	$	27,905
Share-based payments		**21,861**		-
	$	**61,717**	$	27,905

Share-based payments are the fair value of options expensed for directors and key management personnel during the nine months ended December 31, 2018 and 2017.

b. Balance owing

Amounts due to related parties are unsecured, non-interest bearing and due on demand. Accounts payable at December 31, 2018 includes $180,614 (March 31, 2018 - $183,724) owing to directors and officers and $555,878 (March 31, 2018 - $583,167) owing to Candente Copper Corp., a shareholder of the Company.

(Expressed in United States dollars unless otherwise noted)

8. Segmented information

The Company operates in one segment being the exploration of mineral properties. The Company operates in three geographical areas, being Peru, Mexico and Canada. Following is an analysis of the Company's assets by geographical area and reconciled to the Company's interim condensed consolidated financial statements

			December 31, 2018
	Peru	**Mexico**	**Total**
Unproven mineral right interests	**$287,300**	**$8,077,166**	**$8,364,466**
Equipment	**1,019**	**1,957**	**2,976**
	$288,319	**$8,079,123**	**$8,367,442**

			March 31, 2018
	Peru	Mexico	Total
Unproven mineral right interests	$285,000	$8,171,942	$8,456,942
Equipment	781	2,901	3,682
	$285,781	$8,174,843	$8,460,624

9. Expenses

	Three months ended December 31,				Nine months ended December 31,			
		2018		2017		**2018**		2017
GENERAL AND ADMINISTRATIVE								
Audit and tax advisory fees	**$**	**8,136**	$	11,357	**$**	**32,202**	$	27,879
Bank charges and interest		**35**		155		**148**		443
Depreciation		**5**		529		**706**		1,263
Legal		**12,501**		(6,207)		**12,094**		(267)
Management fees, office salaries and benefits (Note 7)		**14,101**		9,459		**40,008**		28,794
Office, rent and miscellaneous		**5,862**		1,785		**15,716**		14,042
Regulatory and filing fees		**6,870**		4,902		**16,457**		9,992
Share-based payments (Note 6)		**8,123**		-		**27,227**		-
Shareholder communications		**1,088**		15,391		**4,806**		23,884
Total general and administrative expenses	**$**	**56,721**	$	37,371	**$**	**149,364**	$	106,030

	Three months ended December 31,				Nine months ended December 31,			
		2018		2017		**2018**		2017
EXPLORATION								
Project administration	**$**	**675**	$	3,661	**$**	**3,453**	$	11,609
Mining fees		**32,945**		214,369		**129,899**		214,369
Cost recoveries and option payments		**-**		(50,000)		**-**		(50,000)
Total exploration expenses	**$**	**33,620**	$	168,030	**$**	**133,352**	$	175,978

10. Financial risk and capital management

The Company is exposed to certain financial risks in the normal course of its operations:

a. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The liquidity position of the Company is managed to ensure sufficient liquid funds are available to meet financial commitments in a timely and cost-efficient manner. The Company's management continually reviews the liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels. The Company plans to make payments of trade payables and commitments from its current working capital and future sources of equity financing. Liquidity risk is considered to be high.

b. Currency risk

Currency risk is the risk that arises on financial instruments that are denominated in a currency, i.e. in a currency other than the functional currency in which they are measured. The Company operates internationally and is exposed to risks from foreign currency rates. The functional currency of the Company's subsidiaries is the United States and Canadian dollars and some of the subsidiaries transactions are denominated in Mexican Pesos and Nuevo Soles. The Company does not enter into any foreign exchange contracts to mitigate this risk. The Company and its subsidiaries do not have significant transactions or hold significant cash denominated currencies other than their functional currencies. Therefore, the risk is considered minimal.

b. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. Credit risk arises from cash and trade and other receivables. Cash are deposited in highly rated corporations and the credit risk associated with these deposits is low.

c. Fair value hierarchy

The consolidated statements of financial position carrying amounts for cash, trade and other receivables and trade payables, approximate fair value due to their short-term nature.

The following provides a description of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash is measured as Level 1. There were no transfers between levels during the period.

d. Capital management

The Company's capital structure is comprised of working capital (current assets minus current liabilities) and equity. The Company's objectives when managing its capital structure is to, maintain

(Expressed in United States dollars unless otherwise noted)

10. Financial risk and capital management (continued)

b. Capital management (continued)

financial flexibility to preserve the Company's access to capital markets and its ability to meet its financial obligations.

The Company's corporate office is responsible for capital management. This involves the use of corporate forecasting models, which facilitate analysis of the Company's financial position including cash flow forecasts to determine the future capital management requirements.

In preparing its budgets and corporate forecasting models, the Company considers operating commitments imposed by its subsidiaries and the stability of the global capital markets

Capital management is undertaken to ensure a secure, cost-effective supply of funds to ensure the Company's operating and capital expenditure requirements are met.

The total capital being managed by the Company as of the balance sheet dates, December 31, 2018 and March 31, 2018 is as follows:

		As at December 31, 2018		As at March 31, 2018
Total working capital deficiency	**$**	**(1,421,003)**	$	**(1,293,667)**
Total equity		**6,946,439**		**7,166,957**
Total capital	**$**	**5,525,436**	$	**5,873,290**

There were no changes in the Company's approach to capital management during the period and the Company is not subject to any restrictions on its capital.

11. Subsequent event

Subsequent to December 31, 2018, the Company received $130,000 from SRG in connection with the mine tailings agreement.