Rosita Mining Corporation

Unaudited Interim Consolidated Financial Statements

For the Three Month Period Ended March 31, 2018

Rosita Mining Corporation

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim consolidated financial statements by an entity's auditors.

May 30, 2018

Rosita Mining Corporation

Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at	March 31, 2018 $ (Unaudited)	December 31, 2017 $ (Audited)
Assets		
Current Assets		
Cash	245,579	88,359
Amounts receivable	-	14,681
Prepaid expenses	11,976	4,267
Total current assets	257,555	107,307
Non-current assets		
Equipment (Note 3)	5,394	6,004
Total assets	262,949	113,311
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	84,495	228,751
Loan payable (Note 6)	6,229	6,090
Due to related parties (Note 7)	154,672	148,053
Total liabilities	245,396	382,894
Shareholders’ equity		
Share capital	20,004,357	19,617,573
Reserve for warrants	308,731	427,390
Contributed surplus	14,272,141	14,272,141
Deficit	(34,567,676)	(34,586,687)
Total shareholders’ equity	17,553	(269,583)
Total liabilities and shareholders’ equity	262,949	113,311

Nature of operations and continuance of business (Note 1)

Approved for issuance by the Board on May 30, 2018:

Signed “John Cook”

John Cook, Director

Signed “Nick Tintor”

Nick Tintor,Director

(The accompanying notes are an integral part of these unaudited interim consolidated financial statements.)

Rosita Mining Corporation

Unaudited Interim Consolidated Statements of Comprehensive Loss

(Expressed in Canadian dollars)

	Three months ended	
	March 31, 2018 $	March 31, 2017 $
Operating expenses		
Depreciation	611	1,778
Exploration and evaluation expenditures (Note 4)	45,799	127,531
Office and administrative expenses (Note 7)	17,737	33,589
Professional fees	(34,131)	-
Salaries and benefits	-	14,025
Shareholder communications	31,514	4,861
Total operating expenses	61,530	181,784
Loss before other income (expense)	(61,530)	(181,784)
Other income (expense)		
Other income	-	197
Foreign exchange gain (loss)	80,541	(1,576)
Total other income (loss)	80,541	(1,379)
Net loss and comprehensive loss	19,011	(183,163)
Basic and diluted net loss per share	(0.00)	(0.00)
Weighted average number of shares outstanding	63,091,451	54,147,282

(The accompanying notes are an integral part of these unaudited interim consolidated financial statements.)

Rosita Mining Corporation

Unaudited Interim Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars)

	Share Capital					
	Number of shares	Amount $	Warrants $	Contributed Surplus $	Accumulated deficit $	Total $
Balance at December 31, 2016	54,147,282	19,451,007	437,308	14,272,141	(34,075,783)	84,673
Net loss for the period	-	-	-	-	(183,163)	(183,163)
Balance at March 31, 2017	36,783,982	19,067,609	-	14,272,141	(34,258,946)	(98,490)
Balance at December 31, 2017	59,227,282	19,617,573	427,390	14,272,141	(34,586,687)	(269,583)
Shares issued from exercise of warrants	4,875,000	386,784	(118,659)	-	-	268,125
Net loss for the period	-	-	-	-	19,011	19,011
Balance at March 31, 2018	64,102,282	20,004,357	308,731	14,272,141	(34,567,676)	17,553

(The accompanying notes are an integral part of these unaudited interim consolidated financial statements.)

Rosita Mining Corporation

Unaudited Interim Consolidated Statements of Cash Flow

(Expressed in Canadian dollars)

	Six months ended	
	March 31, 2018 $	March 31, 2017 $
Operating activities		
Net loss	19,011	(183,163)
Items not involving cash:		
Depreciation	611	1,778
Change in non-cash working capital items:		
Amounts receivable	19,855	10,107
Prepaid expenses	-	3,593
Accounts payable and accrued liabilities	(157,001)	(10,496)
Cash used in operating activities	(117,524)	(178,181)
Financing activities		
Advances from related parties	6,619	23,915
Exercise of warrants	268,125	-
Cash provided from financing activities	274,744	23,915
Investing activities		
Purchase of equipment	-	(3,938)
Sale of short-term investment	-	10,000
Cash provided from investing activities	-	6,062
Net decrease in cash	157,220	(148,204)
Cash at beginning of period	88,359	274,869
Cash at end of period	245,579	126,665

(The accompanying notes are an integral part of these unaudited interim consolidated financial statements.)

1. Nature of Operations and Continuance of Business

Rosita Mining Corporation (the "Company"), is an exploration-stage, publicly-traded company on the TSX Venture Exchange ("TSXV") under the symbol 'RST'. The Company was incorporated in Ontario, Canada and is a junior prospecting and natural-resource company, focused on growing exploration and mineral assets to build shareholder value. As the Company's assets are located outside North America, they are subject to the risk of foreign investment, including additional local taxation and royalties, renegotiation of contracts, possible expropriation, currency exchange fluctuations and political uncertainty. The Company's registered office is at 6012 – 85 Avenue, Edmonton, AB, T6B 0J5.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2018, the Company has not generated any revenues from operations, has an accumulated deficit of $34,567,676, and has working capital of $12,159. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that it has sufficient working capital to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing may be required but will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Statement of Compliance

These unaudited interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting of the International Financial Reporting Standards ("IFRS").

(b) Basis of presentation and principles of consolidation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board on a going concern basis.

The consolidated financial statements have been prepared on a historical cost basis. These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

These consolidated financial statements include the accounts of the Company and its wholly-owned, subsidiaries: Midlands Minerals Ghana Limited, Midenka Resources Limited, Midlands Minerals Tanzania Limited, Manonga Minerals Limited, Harbour Capital Corporation (until dissolution on July 25, 2016), Alder Resources Ltd., and ALR Nicaragua S.A. All significant inter-company balances and transactions have been eliminated on consolidation.

(c) Use of Estimates and Judgments

The preparation of these consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the collectability of amounts receivable, the useful lives and carrying values of equipment, fair value of share-based compensation, and unrecognized deferred income tax assets.

2. **Significant Accounting Policies** (continued)

(c) Use of Estimates and Judgments (continued)

Judgments made by management include the factors used to assess whether the going concern assumption is appropriate. The assessment of the going concern assumption requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

(d) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(e) Exploration and Evaluation Expenditures

All acquisition and exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are first tested for impairment and then capitalized to mining property and development assets within property, plant and equipment. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

(f) Reclamation and Remediation Provisions

The Company recognizes a provision for statutory, contractual, constructive, or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant, and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability including risks specific to the countries in which the related operation is located.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mineral properties, plant, and equipment. These costs are depreciated using either the unit of production or straight-line method depending on the asset to which the obligation relates.

The obligation is increased for the accretion and the corresponding amount is recognized as a finance expense. The obligation is also adjusted for changes in the estimated timing, amount of expected future cash flows, and changes in the discount rate. Such changes in estimates are added to or deducted from the related asset except where deductions are greater than the carrying value of the related asset in which case, the amount of the excess is recognized in the consolidated statements of operations.

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases, interest rates, and as new information concerning the Company's closure and reclamation obligations becomes available.

2. Significant Accounting Policies (continued)

(g) Financial Instruments

3. Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in the consolidated statement of operations. The gain or loss recognized incorporates any dividend or interest earned on the financial asset. Cash and short-term investment are classified as fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to the consolidated statement of operations. The Company does not have any assets classified as available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables are comprised of amounts receivable.

2. **Significant Accounting Policies** (continued)

(g) Financial Instruments (continued)

(i) Non-derivative financial assets (continued)

Impairment of financial assets

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to the consolidated statement of operations in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of operations.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through the consolidated statement of operations are not reversed through the consolidated statement of operations. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

(ii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities, loan payable, and amounts due to related parties.

2. Significant Accounting Policies (continued)

(g) Financial Instruments (continued)

(ii) Non-derivative financial liabilities (continued)

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

(iii) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(h) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the consolidated statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(i) Equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Where the cost of certain components of property and equipment are significant in relation to the total cost of the item, they are accounted for and depreciated separately. Depreciation commences when the equipment is put into use. Depreciation is recognized in the consolidated statement of operations using the following rates:

Computer equipment and software	2 years straight-line
Office equipment	5 years straight-line

The Company reviews the depreciation rate and useful lives at each reporting date. Any gain or losses arising on the disposal of equipment is recognized in the consolidated statement of operations.

2. Significant Accounting Policies (continued)

(j) Foreign Currency Translation

The Company's functional and reporting currency is the Canadian dollar. The Company incurs foreign currency transactions in Nicaraguan Cordoba (ALR Nicaragua). All other wholly-owned subsidiaries are inactive and are not impacted by foreign currency translation. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the consolidated statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the consolidated statement of operations.

(k) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at March 31, 2018, the Company has 14,401,350 (2017 – 24,751,350) potentially dilutive shares.

(l) Comprehensive Income (Loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the consolidated statement of operations.

(m) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

(n) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2017, and have not been applied in preparing these consolidated financial statements.

- New standard IFRS 9, "Financial Instruments"
- Amendments to IFRS 2, "Share-based Payments"

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(n) Accounting Standards Issued But Not Yet Effective (continued)

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the Company's consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. Equipment

Equipment is comprised as follows:

	Equipment $
Cost:	
Balance, December 31, 2016	18,828
Additions	3,937
Balance, December 31, 2017	22,765
Additions	-
Balance, March 31, 2018	22,765
Accumulated Depreciation:	
Balance, December 31, 2016	12,138
Additions	4,622
Balance, December 31, 2017	16,760
Additions	611
Balance, March 31, 2018	17,371
Carrying Amounts:	
Balance, December 31, 2017	6,004
Balance, March 31, 2018	5,394

4. Exploration and Evaluation Expenditures

	Year ended December 31, 2017 $	Year ended December 31, 2016 $
Rosita Project		
Acquisition costs	-	40,144
Assays	27,893	51,505
Consulting and salaries	86,098	85,754
Drilling	5,510	4,454
General exploration and administration	184,798	209,499
	304,299	391,356

(Expressed in Canadian dollars)

4. Exploration and Evaluation Expenditures (continued)

Rosita Project

On August 29, 2011, the Company entered into an option agreement with Calibre Mining Corp. to earn a 65% interest in the Rosita project. To exercise the option, the Company must perform the following:

(i) Issue 1,000,000 common shares as follows:

- 200,000 common shares within 5 business days of the TSX approval of the option agreement (issued);
- 200,000 common shares on or before October 3, 2012 (issued);
- 200,000 common shares on or before October 3, 2013 (issued);
- 200,000 common shares on or before October 3, 2014 (issued); and
- 200,000 common shares on or before October 3, 2015 (issued).

(ii) Incur $4,000,000 of exploration expenditures on the property as follows:

- $500,000 on or before October 3, 2012 (incurred);
- An additional $750,000 on or before October 3, 2013 (incurred);
- An additional $1,250,000 on or before October 3, 2014 (incurred); and
- An additional $1,500,000 on or before October 3, 2015 (incurred).

On June 30, 2014, the Company entered into a royalty agreement with Forbes & Manhattan, Inc. ("Forbes") for the settlement of accounts payable totaling $508,500. The royalty is a 0.5% net smelter royalty ("NSR") multiplied by the Company's participating interest in the Rosita Project at the time. The royalty becomes effective upon the Company earning the 65% interest in the Rosita Project (completed in November 2015). The Company may reacquire the NSR by paying $1,508,500 to Forbes.

In November 2015, the Company fulfilled the requirements under the option agreement and it had earned its 65% interest in the Rosita project. Pursuant to the option agreement, upon earn-in, an automatic joint-venture was created between Rosita and Calibre and in November 2016, the Company and Calibre memorialized an agreement (the "JV Agreement") with an effective date of November 23, 2015. For accounting purposes, the Company has determined that the JV Agreement does not meet the criteria set forth in IFRS 11 *Joint Arrangements*.

Pursuant to the option agreement, at the earn-in date, Calibre was to transfer title of the Rosita project to the Company. Such transfer is ongoing but not yet completed as of March 31. 2017.

5. Accounts Payable and Accrued Liabilities

	March 31, 2018 $	March 31, 2017 $
Trade payables	75,495	206,151
Accrued liabilities	9,000	20,000
	84,495	226,151

6. Loan Payable

As at March 31, 2018, the Company owes $6,229 (2017 - $nil) to a shareholder of the Company. The amounts owing are unsecured, non-interest bearing, and due on demand.

7. Related Party Transactions

(a) As at March 31, 2018, the Company owed $94,371 (2017 - $10,040) to a company controlled by the Chief Executive Officer of the Company. The amount owing is unsecured, non-interest bearing, and due on demand. During the three month period ended March 31, 2018, the Company incurred management fees of $12,000 (2017 - $12,000) to a company controlled by the Chief Executive Officer of the Company, which has been recorded in general and administrative expense.

(b) As at March 31, 2018, the Company owed $60,301 (2017 - $25,229) to a company controlled by the former Chief Financial Officer of the Company. The amount owing is unsecured, non-interest bearing, and due on demand. During the three month period ended March 31, 2018, the Company incurred management fees of $nil (2017 - $30,000) to a company controlled by the former Chief Financial Officer of the Company, which has been recorded in general and administrative expense.

(c) During the three month period ended March 31, 2018, share-based compensation of $nil (2017 - $320,000) was incurred to officers and directors of the Company.

8. Share Capital

Authorized: Unlimited common shares without par value

Share transactions for the year ended December 31, 2017

(a) On August 30, 2017, the Company issued 2,780,000 common shares at $0.03 per share for proceeds of $83,400. In connection with this issuance, the Company incurred share issuance costs of $6,672 and issued 222,400 finders' warrants, with each warrant exercisable into one common share of the Company at $0.05 per share until August 30, 2018. The fair value of the finders' warrants was $3,044, calculated using the Black-Scholes option pricing model assuming a risk free rate of 1.23%, no expected dividends, volatility of 157%, and an expected life of one year.

(b) On July 31, 2017, the Company issued 1,700,000 common shares at $0.03 per share for proceeds of $51,000. In connection with this issuance, the Company incurred share issuance costs of $4,080 and issued 81,600 finders' warrants, with each warrant exercisable into one common share of the Company at $0.05 per share until July 31, 2018. The fair value of the finders' warrants was $1,642, calculated using the Black-Scholes option pricing model assuming a risk free rate of 1.19%, no expected dividends, volatility of 151%, and an expected life of one year.

(c) On December 20, 2017, the Company issued 600,000 common shares for proceeds of $33,000 pursuant to the exercise of share purchase warrants.

(Expressed in Canadian dollars)

9. Stock Options

The Company has adopted a stock option plan pursuant to which options may be granted to directors, officers, employees, and consultants of the Company to a maximum of 10% of the issued and outstanding common shares, and not exceeding 5% granted to any individual. The stock options have a maximum term of five years and cannot be assigned or transferred. The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average Exercise price $
Outstanding, December 31, 2016	3,991,725	0.18
Expired	(1,782,675)	0.32
Outstanding, December 31, 2017	2,209,050	0.15
Outstanding, March 31, 2018	2,209,050	0.15

Additional information regarding stock options as at March 31, 2018 is as follows:

Range of Exercise prices $	Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price $
0.11	2,000,000	3.6	0.11
0.28	9,050	1.2	0.18
0.50	200,000	1.6	0.50
	2,209,050	3.4	0.15

10. Share Purchase Warrants

	Number of warrants	Weighted average exercise price $
Balance, December 31, 2016	17,888,200	0.39
Issued as finders' warrants	304,000	0.05
Exercised	(600,000)	0.055
Expired	(524,900)	0.39
Balance, December 31, 2017	17,067,300	0.055
Exercised	(4,875,000)	0.055
Balance, March 31, 2018	12,192,300	0.055

Additional information regarding share purchase warrants outstanding as at March 31, 2018 is as follows:

Number of warrants outstanding	Exercise price $	Expiry date
11,888,300	0.055	July 18, 2018
81,600	0.05	July 31, 2018
222,400	0.05	August 30, 2018
12,192,300		

(Expressed in Canadian dollars)

11. Financial Instruments and Risks

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's consolidated statement of financial position as at March 31, 2018 as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, March 31, 2018 $
Cash	245,579	–	–	245,579

The fair values of other financial instruments, which include amounts receivable, accounts payable and accrued liabilities, loan payable, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Amounts receivable consist of GST refunds due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk. In addition to Canadian dollars, the Company conducts transactions in Nicaraguan Cordoba. A 10% change in foreign exchange rates would not have a material effect on the Company's consolidated financial statements.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(e) Price Risk
The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

12. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital, warrant reserve, and contributed surplus.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2017.

13. Segment Disclosures

As at March 31, 2017, the Company has one operating segment engaged in mineral exploration in Nicaragua. The Nicaraguan segment is responsible for the Company's mineral exploration and production activities and holds equipment of $5,394 (2017 - $8,850). The Canadian segment manages corporate activity and has no non-current assets.