



**Unaudited Interim
Consolidated Financial Statements**

As at and for the three and six months ended

March 31, 2018 and 2017

NOTICE TO READER

The accompanying unaudited interim consolidated financial statements of Caracara Silver Inc. (the "Company" or "Caracara") have been prepared by and are the responsibility of management. The unaudited Interim consolidated financial statements as at and for the three and nine months ended March 31, 2018 and 2017 have not been reviewed by the Company's auditors.

MANAGEMENT'S RESPONSIBILITY FOR UNAUDITED INTERIM CONSOLIDATED FINANCIAL REPORTING

The accompanying unaudited interim consolidated financial statements of the Company are the responsibility of management and the Board of Directors (the "Board") of the Company.

The unaudited interim consolidated financial statements (the "Interim Consolidated Financial Statements") have been prepared by management, on behalf of the Board, in accordance with the accounting policies disclosed in the notes to the unaudited interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

The Board is responsible for reviewing and approving the unaudited interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board for its consideration in approving the unaudited interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

As the Company is a Venture Issuer (as defined under *National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings*) ("NI 52-109"), the Company and Management are not required to include representations relating to the evaluation, design, establishment and/or maintenance of disclosure controls and procedures ("DC&P) and/or ICFR, as defined in NI 52-109, nor has it completed such an evaluation. Inherent limitations on the ability of the certifying officers to design and implement on a cost effective bases DC&P and ICFR for the issuer may result in additional risks of quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

"Nick Tintor"
President and Chief Executive Officer

May 15, 2018

"Stephen Gledhill"
Chief Financial Officer

May 15, 2018

Caracara Silver Inc.
Unaudited Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

<i>As at</i>	March 31, 2018	June 30, 2017
	\$	\$
Assets		
Current assets		
Cash <i>(note 7)</i>	85,129	2,733
Sales taxes recoverable	4,941	3,020
Total current assets	90,070	5,753
Total assets	90,070	5,753
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities <i>(note 8)</i>	69,518	88,518
Advances from related parties <i>(note 11)</i>	38,390	77,000
Promissory note <i>(note 9)</i>	78,660	73,260
Shareholder loan <i>(note 10)</i>	-	12,841
Total current liabilities	186,568	251,619
Total liabilities	186,568	251,619
Equity		
Share capital <i>(note 12)</i>	7,488,722	7,413,722
Reserve for warrants <i>(note 12)</i>	75,000	-
Deficit	(7,660,220)	(7,659,588)
Total equity	(96,498)	(245,866)
Total liabilities and equity	90,070	5,753

Continuance of operations (note 2)

Events after the reporting date (note 15)

Approved by the Board on May 15, 2018.

"Robert Boaz"

Director

"Stephen Coates"

Director

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

Caracara Silver Inc.
Unaudited Interim Consolidated Statements of Operations and
Comprehensive Loss

(Expressed in Canadian dollars except weighted-average share information)

	Three months ended		Nine months ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	\$	\$	\$	\$
Exploration and evaluation expenditures <i>(note 13)</i>	-	-	(50,000)	(49,500)
Administrative expenses				
Consulting and professional fees	(1,260)	3,750	3,740	9,240
Directors' fees and expenses <i>(note 10)</i>	5,000	5,000	15,000	15,000
General and administrative	837	806	2,592	5,400
Investor relations <i>(note 10)</i>	-	-	-	150
Management fees and salaries <i>(note 10)</i>	9,000	9,000	14,500	27,000
Shareholder and public company expenses	4,251	(1,015)	8,959	15,250
Total administrative expenses	17,828	17,541	44,791	72,040
Total expenses and expenditures	17,828	17,541	(5,209)	22,520
income (loss) before other items	(17,828)	(17,541)	5,209	(22,520)
Other items				
Foreign exchange gain (loss)	(1,411)	171	327	(712)
Interest expense <i>(note 9)</i>	(1,800)	(1,800)	(6,168)	(5,400)
Income (loss) and comprehensive Income (loss) for period	(21,039)	(19,170)	(632)	(28,652)
Basic and fully diluted income (loss) per share	(0.00)	(0.00)	0.00	(0.00)
Weighted average number of common shares outstanding	61,515,400	51,895,835	68,209,704	51,895,835

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

Caracara Silver Inc.
Unaudited Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share Capital		Reserve for Warrants	Reserve for Share-based payments	Deficit	Total
	Number of shares	Amount				
		\$	\$	\$	\$	\$
Balance, June 30, 2016	51,895,835	7,413,722	-	1,227,568	(8,811,231)	(169,941)
Loss for period	-	-	-	-	(28,652)	(28,652)
Balance, March 31, 2017	51,895,835	7,413,722	-	1,227,568	(8,839,883)	(198,593)
Expiry of options	-	-	-	(1,227,568)	1,227,568	-
Loss for the period	-	-	-	-	(47,273)	(47,273)
Balance, June 30, 2017	51,895,835	7,413,722	-	-	(7,659,788)	(245,866)
Issuance of shares for cash (note 12)	30,000,000	150,000	-	-	-	150,000
Fair value of issued warrants (note 12)	-	(75,000)	75,000	-	-	-
Loss for the period	-	-	-	-	(632)	(632)
Balance, March 31, 2018	81,895,835	7,488,722	75,000	-	(7,660,220)	(96,498)

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

Caracara Silver Inc.
Unaudited Interim Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

Nine months ended	March 31, 2018	March 31, 2017
	\$	\$
Operating activities		
Loss for the period	(632)	(28,652)
Non-cash interest <i>(notes 10 & 11)</i>	6,168	5,400
Net change in non-cash working capital items:		
Accounts receivable	(1,921)	(625)
Accounts payable and accrued liabilities	(19,000)	(22,623)
Cash used for operating activities	(15,385)	(46,500)
Financing activities		
Proceeds from issuance of shares <i>(note 12)</i>	150,000	-
Advances from (repayments to) a shareholder <i>(note 10)</i>	(13,609)	8,000
Advances from (repayments to) related parties <i>(note 11)</i>	(38,610)	44,593
Cash provided from financing activities	97,781	52,593
Increase (decrease) in cash for the period	82,396	6,093
Cash at beginning of year	2,733	3,006
Cash at end of period	85,129	9,099

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

Caracara Silver Inc.

Notes to the Unaudited Interim Consolidated Financial Statements As at and for the three and nine months ended March 31, 2018 and 2017 (Expressed in Canadian dollars)

1. General

Caracara Silver Inc. (the "Company" or "Caracara") was incorporated under the laws of British Columbia on December 3, 2009.

The principal business activity of the Company is the acquisition, exploration and development of mineral properties in Peru. The Company's main and registered office is located at 120 Adelaide Street West, Suite 2400, Toronto, Ontario, Canada, M5H 1T1.

At the annual general and special meeting of its shareholders held on August 29, 2016, the shareholders of the Company approved, among other items, amending the Company's articles to allow the directors of the Company to approve the subdivision or consolidation of any or all of its shares without further shareholder approval. In addition, the shareholders also approved the option agreement for the Company's Princesa-Pilunani mineral concessions (note 13).

As the Company has optioned its only property, it does not meet the continued listing requirements of the TSX Venture Exchange ("TSXV"). As a result, as of October 17, 2016, the Company has migrated to the NEX market, a sub-board of the TSXV, and trades under the symbol "CSV.H". On April 30, 2018, the Company completed a 1-for-10 consolidation (the "Consolidation") and changed its symbol to "SILV.H".

2. Continuance of operations

These unaudited interim consolidated financial statements are prepared on a going-concern basis, which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business. The Company had a working capital deficit of \$96,498 as at March 31, 2018 (June 30, 2017 – \$245,866), and an accumulated deficit of \$7,660,220 (June 30, 2017 – \$7,659,588). These conditions indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern and meet its commitments as they become due, including the acquisition or exploration and development of any mineral properties, is dependent on the Company's ability to attain profitable operations and/or obtain the necessary financing. Management is currently assessing alternatives for raising additional funding, which may include additional equity offerings. The outcome of these matters cannot be predicted at this time. If the Company is unable to obtain additional financing, management will be required to curtail the Company's operations. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

The business of mining exploration involves a high degree of risk and there is no assurance that any current or future exploration projects will result in future profitable mining operations. The Company has no source of revenue but has significant cash requirements to meet its administrative overhead, pay its liabilities, and maintain its mineral interests.

These unaudited interim consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern.

Caracara Silver Inc.

Notes to the Unaudited Interim Consolidated Financial Statements As at and for the three and nine months ended March 31, 2018 and 2017 (Expressed in Canadian dollars)

3. Basis of preparation

3.1 Statement of compliance

The Interim Consolidated Financial Statements, including comparatives, have been prepared in accordance with International Accounting Standards 34 'Interim Financial Reporting'. Interim financial statements would not normally include all the information required for full annual financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Company as at and for the years ended June 30, 2017 and 2016.

The Consolidated Financial Statements were approved for issuance by the Board on May 15, 2018.

3.2 Basis of presentation

The Interim Consolidated Financial Statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as set out in note 5. The Consolidated Financial Statements are presented in Canadian dollars, the Company's functional currency.

3.3 Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account.

The Financial Statements include the financial statements of the Company and its wholly-owned subsidiaries, Solex del Peru S.A.C. ("Solex") incorporated in Peru and CSI Princesa Inc. incorporated in Ontario, Canada. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of operations and comprehensive loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All inter-Company transactions, balances, income and expenses are eliminated on consolidation.

3.4 Adoption of new and revised standards and interpretations

IFRS 9 *Financial Instruments*

Issued by IASB	July 2014
Effective for the Company's annual period beginning	July 1, 2018

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- **Classification and measurement of financial assets.** Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and

Caracara Silver Inc.

Notes to the Unaudited Interim Consolidated Financial Statements As at and for the three and nine months ended March 31, 2018 and 2017 (Expressed in Canadian dollars)

measured as “fair value through profit or loss” unless upon initial recognition elected to be classified as “fair value through other comprehensive income”.

- **Classification and measurement of financial liabilities.** When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity’s own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.
- **Impairment of financial assets.** An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at “amortized cost” or “fair value through other comprehensive income”, lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.
- **Hedge accounting:** Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

The Company is currently assessing the implications IFRS 9 will have on the consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

Issued by IASB

May 2014

Effective for the Company’s annual period beginning

July 1, 2018

This new standard establishes a comprehensive framework for the recognition, measurement and disclosure of revenue replacing IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue — Barter Transactions Involving Advertising Services*.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

Revenue is recognized based on a five-step model:

1. Identify the contract with customer;
2. Identify the performance obligations;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations; and,
5. Recognize revenue when (or as) the performance obligations are satisfied.

New disclosure requirements on information about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The Company is currently assessing the implications IFRS 15 will have on its consolidated financial statements.

IFRS 16 Leases

Issued by IASB

January 2016

Effective for the Company’s annual period beginning

July 1, 2019

Caracara Silver Inc.

Notes to the Unaudited Interim Consolidated Financial Statements As at and for the three and nine months ended March 31, 2018 and 2017 (Expressed in Canadian dollars)

Earlier application permitted for entities that also apply IFRS 15 *Revenue from Contracts with Customers*.

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Company is currently assessing the implications IFRS 16 will have on its consolidated financial statements.

4. Capital management

The Company considers its capital to be equity, which is comprised of share capital, reserve accounts and deficit. The Company's capital structure is adjusted based on the funds available to the Company such that it may continue exploration and development of its properties for the mining of minerals that are economically recoverable. The Board of Directors does not establish quantitative return on capital criteria, but rather relies on the expertise of management and other professionals to sustain future development of the business.

The Company's only property has been optioned, and as a result, the Company currently has no source of operating cash flow, other than the annual option receipt (note 13). The Company intends to raise additional funds as and when required to purchase any new projects. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The ability of the Company to arrange such financing in the future will depend, in part, upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

Caracara Silver Inc.

Notes to the Unaudited Interim Consolidated Financial Statements As at and for the three and nine months ended March 31, 2018 and 2017 (Expressed in Canadian dollars)

There were no changes in the Company's approach to capital management during the 9 months ended March 31, 2018. The Company is not subject to externally imposed capital restrictions.

5. Financial instruments

Fair value

As at March 31, 2018, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these instruments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgement, and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

A summary of the Company's risk exposures as it relates to its financial instruments are reflected below:

i) Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is attributable to various financial instruments, as noted below. The credit risk is limited to the carrying value amount carried on the statements of financial position.

Cash is held with a major Canadian bank and therefore the risk of loss is minimal.

ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at March 31, 2018, the Company had working capital deficit of \$96,498 (June 30, 2017 – \$245,866). The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. In addition, in order to meet its longer-term working capital requirements and property-acquisition and exploration expenditures, the Company intends on securing further financing to ensure that those obligations are properly discharged.

iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity prices and/or stock market movements (price risk).

a. Interest rate risk

The Company is not exposed to significant interest rate price risk due to the short-term nature of its monetary assets and liabilities. Cash not required in the short term is invested in short-term GIC's, as appropriate.

Caracara Silver Inc.

Notes to the Unaudited Interim Consolidated Financial Statements As at and for the three and nine months ended March 31, 2018 and 2017 (Expressed in Canadian dollars)

b. Currency risk

Although the Company's operations are conducted in Canadian dollars, it has entered into contracts and/or agreements that require payment in United States dollars or other foreign currencies. Management believes that foreign currency risk derived from currency conversions is negligible and, therefore, does not hedge its foreign currency risk.

c. Price risk

The Company is not subject to price risk.

6. Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible".

The Company's funds are kept in Canadian and US dollars at a major Canadian financial institution. As at December 31, 2018 and 2017, the Company's exposure to foreign currency balances is as follows:

Account	Foreign Currency	Exposure (\$CDN)	
		March 31, 2018	June 30, 2017
Cash	US dollar	-	40
Accounts payable	US dollar	(52,098)	(52,433)

The Company believes that a change of 10% (2017 - 10%) in foreign exchange rates would cause consolidated net loss and comprehensive loss to increase/decrease by approximately \$5,200 for the 9 months ended March 31, 2018 (one year, June 30, 2017 - \$5,200).

7. Cash

The balance at March 31, 2018, consists of cash amounting to \$85,129 (June 30, 2017 - \$2,733) on deposit with a major Canadian bank.

8. Accounts payable and accrued liabilities

Accounts payable of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and amounts payable for operating and financing activities. The usual credit period for trade purchases is between 30 to 90 days.

The following is an analysis of the accounts payable and accrued liabilities:

As at,	March 31, 2018	June 30, 2017
	\$	\$
Suppliers	66,658	72,018
Accrued liabilities	2,860	16,500

Caracara Silver Inc.

Notes to the Unaudited Interim Consolidated Financial Statements As at and for the three and nine months ended March 31, 2018 and 2017 (Expressed in Canadian dollars)

Total accounts payable and accrued liabilities	69,518	88,518
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9. Promissory note

The following is a continuity of the promissory note payable (the "Note"), which bears interest at a rate of 12% per annum:

	\$
Advanced on August 28, 2015	60,000
Accrued interest to September 30, 2016	7,860
Balance, September 30, 2016	67,860
Accrued interest to June 30, 2017	5,400
Balance, June 30, 2017	73,260
Accrued interest to March 31, 2018	5,400
Balance, March 31, 2018	78,660

10. Loan from shareholder

The following is a continuity of the loan from Shareholder, which is due on demand, unsecured and bears interest at 15% annum:

	\$
Advances during year ended June 30, 2017	12,217
Accrued interest to June 30, 2017	624
Balance, June 30, 2017	12,841
Accrued interest to September 30, 2017 (payout date)	768
Loan repayment	(13,609)
Balance, March 31, 2018	-

11. Related party transactions

The Interim Consolidated Financial Statements include transactions with directors and/or officers of the Company and/or corporations related to or controlled by them. These transactions were measured at their exchange amounts, being the amounts agreed to be the related parties. The Company incurred the following fees and expenses in the normal course of operations in connection to officers and directors, or companies controlled by them, as follows:

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Caracara Silver Inc.

Notes to the Unaudited Interim Consolidated Financial Statements As at and for the three and nine months ended March 31, 2018 and 2017 (Expressed in Canadian dollars)

	3 months ended		9 months ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	\$	\$	\$	\$
Management fees	9,000	9,000	14,500 ¹	27,000
Directors' fees	5,000	5,000	15,000	15,000

¹Reflects an agreed-upon reduction of outstanding fees to RGMI in the amount of \$12,500.

As at March 31, 2018, amounts due to related parties includes amounts due to RGMI of \$3,390 (June 30, 2017 - \$33,000) and the Company's directors equal to \$35,000 (June 30, 2017 - \$20,000).

12. Share capital

Authorized share capital consists of an unlimited number of common shares.

Fiscal 2018

In November 2017, the Company completed a private placement issuing 30,000,000 common shares at \$0.005 per share, raising gross and net proceeds of \$150,000.

Fiscal 2017

The Company did not issue any common shares during the year ended June 30, 2017.

Options

Caracara has a stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors, employees and consultants. The plan allows for the issuance of up to 10% of the issued and outstanding common shares. As at March 31, 2018, the Company had 8,189,584 (June 30, 2017 – 5,189,584) options available for issuance.

During the year ended June 30, 2017, 2,800,000 options with a fair value of \$1,227,568, expired unexercised.

13. Exploration and evaluation expenditures

The evaluation and exploration expenses for the Company are broken down as follows:

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Caracara Silver Inc.

Notes to the Unaudited Interim Consolidated Financial Statements As at and for the three and nine months ended March 31, 2018 and 2017 (Expressed in Canadian dollars)

	3 months ended		9 months ended		Cumulative Mar. 31, 2018
	Mar. 31, 2018	Mar. 31, 2017	Mar. 31, 2018	Mar. 31, 2017	
	\$	\$	\$	\$	\$
Acquisition costs	-	-	-	-	1,963,104
Exploration costs:					
Drilling	-	-	-	-	426,185
Environmental and community relations	-	-	-	-	233,416
Assaying and sampling	-	-	-	-	111,809
Field and camp supplies	-	-	-	-	567,215
Consulting and professional fees	-	-	-	-	594,495
General exploration expenditures	-	-	-	500	1,769,802
	-	-	-	500	3,702,922
Recovery from option agreement (see below)	-	-	(50,000)	(50,000)	(358,968)
Total exploration and evaluation expenditures	-	-	(50,000)	(49,500)	5,307,058

Mineral projects

On August 31, 2016 (the “Option Date”), the Company executed an option agreement (the “Option Agreement”) with Alcon Exploration Corp. (“Alcon”), whereby Alcon has the option to earn a 100% interest in the Company’s Princesa silver concessions located in Peru (the “Property”).

Alcon can exercise the option by paying Caracara the following amounts:

- (a) An aggregate sum of \$250,000 as follows:
 - (i) \$50,000 (the “Initial Payment”) within seven business days of the approval of the Option Agreement by the TSXV (the “Approval Date”) (received);
 - (ii) \$50,000 on or before the first anniversary of the Approval Date (the “First Anniversary Payment”) (received, see note 15(ii)) (received); and
 - (iii) \$150,000 on or before the second anniversary of the Approval Date; and
- (b) 2,000,000 common shares of the capital of Caracara upon closing of a going-public transaction by the Optionor, in accordance with the Option Agreement

The Initial Payment and the First Anniversary Payment have been recorded as a reduction to exploration expenditures during the year ended June 30, 2017 and 2018, respectively.

Caracara Silver Inc.

Notes to the Unaudited Interim Consolidated Financial Statements As at and for the three and nine months ended March 31, 2018 and 2017 (Expressed in Canadian dollars)

14. Segmented information

As at March 31, 2018, the Company has only one operating and geographic segment, the corporate administration of the Company from Canada. As such, amounts disclosed in the Financial Statements also represent the single operating and geographic reporting segments.

Prior to the Option Date, the Company had the following segmented information:

Operating segments

The Company's operations comprised a single reporting operating segment seeking mineral properties in which to engage in mineral exploration. As the operations comprise a single reporting segment, amounts disclosed in the Financial Statements also represent the single reporting segment.

Geographic segments

Caracara is in the business of mineral exploration. Prior to the Option Date, management had organized the Company's reportable segments by geographic area. The Peru segment is responsible for that country's mineral exploration and production activities while the Canadian segment manages corporate head office activities. After the option date, the reportable identifiable assets are consistent with amounts disclosed in the Financial Statements. Information concerning Caracara's reportable income segments is as follows:

	Three months ended		Nine Months ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	\$	\$	\$	\$
Consolidated income (loss) and comprehensive income (loss):				
Canada	(21,039)	(18,135)	(50,632)	(78,152)
Peru	-	(1,035)	50,000	49,500
Total loss and comprehensive loss	(21,039)	(19,170)	(632)	(28,652)

15. Events after the reporting date

On April 30, 2018, the Consolidation was affected.