CANDENTE GOLD CORP
TSX.V:CDG

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The following Management's Discussion and Analysis ("MD&A") focuses on significant factors that affected Candente Gold Corp. ("Candente Gold") and its subsidiaries (collectively, the "Company") during the relevant reporting period and to the date of the report. This MD&A contains a review and analysis of financial results for the year ended March 31, 2018, and identifies business risks that the Company faces and comments on financial resources required for development of the business.

This MD&A supplements but does not form part of the consolidated financial statements of the Company and notes thereto for the year ended March 31, 2018, and consequently should be read in conjunction with the afore-mentioned consolidated financial statements which are presented in accordance with International Financial Reporting Standards ("IFRS"). Information in this MD&A is current as of July 30th, 2018.

All amounts, unless specifically identified as otherwise, both in the Company's consolidated financial statements and this MD&A are expressed in US dollars.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain "forward-looking information" which may include, but is not limited to, statements with respect to future events or future performance, management's expectations regarding the Company's growth, results of operations, estimated future revenues, requirements for additional capital, production costs and revenue, future demand for and prices of gold and precious metals, business prospects and opportunities. In addition, statements relating to mineral estimates or mineralized material of recoverable gold and precious metals are forward-looking information, as they involve implied assessment, based on certain estimates and assumptions, that the gold and precious metals can be profitably produced in the future. Such forward-looking information reflects management's current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "predicts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative or grammatical variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. A number of known and unknown risks, uncertainties and other factors may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. Such factors include, among others, general business, economic, competitive, political and social uncertainties; development and/or exploration activities and the accuracy of probability simulations prepared to predict prospective mineral resources; changes in project parameters as plans continue to be refined; political instability or insurrection or war; labor force availability and turnover; delays in obtaining governmental approvals and permits or in the completion of development or construction activities or in the commencement of operations; as well as those factors discussed in the section entitled "Risks Factors" in this MD&A. These factors should be considered carefully, and readers of this MD&A should not place undue reliance on forward-looking information.

Although the forward-looking information contained in this MD&A is based upon what management believes to be reasonable assumptions, there can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Such forward-looking information is made as of the date of this MD&A and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise such forward-looking information to reflect new events or circumstances.

USE OF NON-GAAP MEASURES

In this document, we refer to terms that do not have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS"). Usage of these terms may vary from the usage adapted by other companies and cannot be reconciled to comparable terms in the issuer's, consolidated financial statements for the year ended March 31, 2018.

In this document and in the Company's consolidated financial statements, unless otherwise noted, all financial data is prepared in accordance with IFRS.

BUSINESS OVERVIEW

The Company is principally engaged in the exploration and development of mineral properties in Mexico and Peru. The Company is in the exploration stage as its properties have not yet reached commercial production and none of its properties is beyond the preliminary exploration stage. All work presently planned by the Company is directed at defining mineralization and increasing understanding of the characteristics of, and economics of, that mineralization.

The Company's principal asset is the El Oro gold-silver property located in the states of Mexico and Michoacan, Mexico (the "El Oro Property" or the "Property").

BOARD OF DIRECTOR AND MANAGEMENT CHANGES

On April 3, 2018, Mr. Alec Peck was appointed Chief Financial Officer following the resignation of Mr. Faisel Hussein.

On March 7, 2018, Mr. Sean Waller resigned as Vice President of the Company. Mr. Waller will continue to act as a consultant to the Company.

PROJECT SUMMARIES

Mexico

El Oro Property

The Company holds a 100% interest in the El Oro Property, having purchased the remaining 30% from a wholly-owned subsidiary of Goldcorp Inc. in January 2017. Management has reviewed all previous exploration results on the project and re-focused on targets for future exploration. One key area is the border zone of the historical Esperanza and Mexico Mines where several high-grade gold-silver intersections in several veins and structures were intersected by previous drilling by the Company. Since this area was drilled, a structural study identified northeasterly controls to high grades, which fits the nature of this mineralized zone. Future drilling is planned to target this border area as well as 31 other identified exploration targets. In addition to the El Oro Property, the Company has the right to process tailings left from pre-1930s milling of ores from the Mexico mine on the San Rafael vein in the El Oro District ("Tailings Project"). The Company has been evaluating the potential for the historic tailings to generate near-term cash flow. The Mexico Mine Tailings have had extensive historic and recent assessments including drill testing and metallurgical test work. In addition to the Mexico Mine Tailings, the Company has a right of first refusal to reprocess three additional tailings deposits. All four tailings deposits lie within the town of El Oro and are adjacent to existing road access, power and water services.

Studies by the Company have determined that the Mexico Mine Tailings contain an Inferred Resource* of 1,267,400 tonnes grading 2.94 g/t gold, 75.12 g/t silver containing a total of 119,900 ounces of gold and 3,061,200 ounces of silver.

*Note: Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. All figures have been rounded to reflect the accuracy of the estimate. For more information, see" National Instrument 43-101 Technical Report on the Inferred Mineral Resource Estimate of the Mexico Mine Tailings" prepared by Nadia Caira, P.Geo. and Allan Reeves, P.Geo., dated August 25, 2014 with an effective date of July 8, 2014 (the "Technical Report") available at www.sedar.com.

Bi-annual land holding payments previously made by Goldcorp are now the responsibility of the Company and as at March 31, 2018, $284,979 is owed to the Mexican government for land holding costs.

In September 2017, the Company entered into a revised agreement with the Municipality of El Oro ("Municipality") for the access and reprocessing rights on the tailings deposits. The agreement now provides the Company with the right to recover all available gold and silver from the tailings deposit and pay to the Municipality an 8% Net Profits Interest ("NPI"). The Company is also entitled to retain the first $1,500,000 of the 8% NPI payable to the Municipality.

On November 9, 2017, the Company entered into a binding letter agreement with Sun River Gold Corp. ("Sun River" or "SRG"), a private Nevada corporation, to grant Sun River the right and option to further test and, if proven economic, develop and operate the Company's tailings project in El Oro Mexico (the "Tailings Project"), through 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.

In order to exercise the option, Sun River is required to make the following option exercise payments:

1) A payment of $50,000 upon execution of the agreement (paid),
2) Four quarterly payments of $30,000 commencing February 9, 2018 ($30,000 paid),
3) A payment of $130,000 on February 9, 2019, and
4) Four quarterly payments of $50,000 commencing May 9, 2019.

Sun River is also required to bring the mine tailings properties into commercial production within 36 months of the effective date of the option agreement, grant to the Company a 5% net profit Life of Mine royalty on production from the properties and assume the obligation to pay the 8% net profit interest royalty to the Municipality.

Upon making the totality of the option exercise payments and, if commercial production has been achieved, Sun River will indirectly acquire a 100% interest in CCM El Oro Jales. During the year ended March 31, 2018, the Company received $80,000 in payments.

If at the end of the option period, commercial production in the tailings retreatment operation has not been attained, the parties may engage a mediator to confirm that SRG has in fact made its best efforts to bring the tailings retreatment into production. In the event it is determined that best efforts were made by SRG, the Company will extend the term of the agreement by a further 2 years. If production has not started within the two-year extension, all rights granted to Sun River will be terminated without obligation to the Company.

Sun River Gold is a private mining company registered in Nevada and owned and operated by experienced gold mining investors, mineral economists, metallurgists, metallurgical engineers and business development entrepreneurs. The Board of Sun River Gold currently comprises four owners/Directors, most of whom have fifteen or more years working in Mexico exploring, permitting and operating mines.

Peru

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

CONSOLIDATED OPERATING HIGHLIGHTS FOR THE YEAR ENDED MARCH 31, 2018 AND 2017

Operating Highlights	2018	2017	Change
Mexico			
Exploration: Data Compilation, Mapping, Geological Evaluations	$ -	$ (27,334)	27,334
Project administration	13,245	83,146	(69,901)
Mining fees	284,979	-	284,979
Cost recoveries	-	(32,000)	32,000
Total	$ 298,224	$ 23,812	$ 274,412

Year Ended March 31, 2018 Compared to the Year Ended March 31, 2017

Below is a comparison of the exploration costs incurred above for the year ended March 31, 2018 with those incurred in the year ended March 31, 2017:

Project administration - Costs included in project administration are salaries for the staff on site at El Oro and the costs of maintaining the base camp operations at El Oro. These costs haven been reduced in the current year due to management's decision to conserve cash.

Mining fees - 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 March 31, 2018, $284,979 is owed to the Mexican government for land holding costs.

CONSOLIDATED FINANCIAL HIGHLIGHTS

Consolidated Financial Performance and Financial Position for the Year Ended March 31, 2018

	March 31, 2018	March 31, 2017	Change
Cash and cash equivalents	$ 36,248	$ 124,923	$ (88,675)
Unproven mineral rights interest	$ 8,456,942	$ 8,524,911	$ (67,969)
Total Assets	$ 8,504,409	$ 8,661,075	$ (156,666)
Share Capital	$ 24,193,995	$ 24,193,995	$ -
Net loss	$ (434,937)	$ (258,447)	$ (176,490)
Loss per share	$ (0.00)	$ (0.00)	$ (0.00)
Audit and tax advisory	$ 38,161	$ 36,343	$ 1,818
Legal	$ 2,836	$ 67,678	$ (64,842)
Management fees, office salaries and benefits	$ 38,255	$ 82,365	$ (44,110)
Office, rent and miscellaneous	18,210	$ 17,748	$ 462
Regulatory and filing fees	$ 12,983	$ 28,676	$ (15,693)
Share-based payments	$ -	$ 151,964	$ (151,964)
Shareholder communications	$ 29,322	$ 49,207	$ (19,885)

Cash at March 31, 2018, decreased by $88,675 from March 31, 2017, to $36,248, due to the use of cash for operating activities in 2018. No funds were generated through private placements in the current year.

Total assets declined from $8,661,075 to $8,504,409, a decrease of $156,666 largely due to the decrease in cash.

Net loss increased by $176,490 in 2018 due to the accrual of mining fees of $284,979 in the current year as well as a gain on forgiveness of debt of $210,375 recorded in the prior year. This was partially offset by a decrease of $69,901 in project administration costs and a decrease of $295,113 in general and administrative costs for 2018.

Below is an explanation of the variances of amounts included in total general and administrative expenses for the year ended March 31, 2018:

- Legal fees were $2,836 for the year ended March 31, 2018, compared to $67,678 for 2017, representing a decrease of $64,842. The decrease is related to the legal costs incurred for the purchase of the remaining 30% of the El Oro project in the prior year.
- Management fees, office salaries and benefits are personnel costs incurred at the Company's offices in Vancouver and Peru. These costs have decreased in the current year by $44,110. The proportion of management's time allocated to various projects can fluctuate, creating variances in the amounts recorded as general operating costs.
- Regulatory and filing fees were $12,983 for the year ended March 31, 2018, compared to $28,676 for the prior year, a reduction of $15,693. The decrease is partially related to fees associated with the filing of the stock option plan in the prior year.
- Share-based payments for the year ended March 31, 2018, were $Nil compared to $151,964 in the prior year. This decrease is due to the granting of 5,800,000 options in 2017. No options were granted in 2018.
- Shareholder communications was $29,322 for the year ended March 31, 2018, compared to $49,207 for the year ended March 31, 2017. The decrease is due to the Company's marketing efforts in Europe and North America in 2017 which included the costs of hiring a European investor relations firm, attendance at various mining conferences and travel within Europe and North America.

Consolidated Financial Performance for the Three Months Ended March 31, 2018

	March 31, 2018		March 31, 2017		Change	
Net loss	$	(154,747)	$	(431,242)	$	276,495
Audit and tax advisory	$	10,282	$	15,071	$	(4,789)
Legal	$	3,103	$	28,434	$	(25,331)
Management fees, office salaries and benefits	$	9,461	$	16,105	$	(6,644)
Office, rent and miscellaneous	$	4,168	$	7,687	$	(3,519)
Regulatory and filing fees	$	2,991	$	11,971	$	(8,980)
Share-based payments	$	-	$	21,593	$	(21,593)
Shareholder communications	$	5,438	$	13,980	$	(8,542)

The net loss for the three months ended March 31, 2018, was $154,747 compared to $431,242 for the quarter ended March 31, 2017. This decrease was largely due to a foreign exchange loss of $319,413 incurred in the quarter ended March 31, 2017, compared to a foreign exchange gain of $3,360 recorded in the three months ended March 31, 2018. The large foreign exchange loss incurred in the quarter ended March 31, 2017, was due to a $260,802 correction of foreign exchange amounts recorded in previous quarters.

Below is an explanation of the variances of amounts included in total general and administrative expenses for the three months ended March 31, 2018:

- Audit and tax advisory was $10,282 for the three months ended March 31, 2018, compared to $15,071 for the quarter ended March 31, 2017, representing a decrease of $4,789. The decrease is related to additional accounting work completed in Mexico in the prior year quarter.
- Legal fees were $3,103 for the quarter ended March 31, 2018, compared to $28,434 for the quarter ended March 31, 2017. The decrease is related to legal costs incurred in the prior year quarter to the purchase the remaining 30% of the El Oro project and renegotiate the Tailings and Tourism Agreements.
- Management fees, office salaries and benefits are personnel costs incurred at the Company's offices in Vancouver and Peru. These costs have decreased for the quarter ended March 31, 2018, by $6,644 due to fees for November and December 2016 being recorded in January 2017.
- Regulatory and filing fees were $2,991 for the three months ended March 31, 2018, compared to $11,971 for the three months ended March 31, 2017. The decrease is related to the incurrence of fees for the filing of the stock option plan in the prior year quarter.
- Share-based payments for the quarter ended March 31, 2018, were $Nil compared to $21,593 for the quarter ended March 31, 2017. The decrease is due to the vesting of 5,800,000 options granted in the prior year. No options were issued in the current year.
- Shareholder communications was $5,438 for the quarter ended March 31, 2018, compared to $13,980 for the quarter ended March 31, 2017, a decrease of $8,542. The decrease is related to the Company's marketing efforts in North America in the fourth quarter of 2017 including the costs of attendance at various mining conferences and travel costs.

LIQUIDITY AND CAPITAL RESOURCES

There is a working capital deficiency of $1,293,667 at March 31, 2018, including $766,891 in amounts due to related parties, which primarily consist of payables due to Candente Copper Corp., a company with shared administrative expenses, common directors and management.

The Company anticipates that during the next year, a substantial portion of available capital resources will be used to pay trade payables and accrued liabilities and commitments related to ongoing exploration activities in Mexico and Peru. The Company anticipates the future need to raise additional capital to further project development in Mexico and Peru as well as receive continued vendor support.

The Company does not generate cash flows from operations and accordingly, the Company will need to raise additional funds by entering into a joint venture agreement or through the issuance of securities or resource secured debt. 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 obligations in the normal course of business. These factors may cast significant doubt regarding the Company's ability to continue as a going concern. Should the Company be unable to discharge liabilities in the normal course of business, the net realizable value of the Company's assets may be materially less than amounts on the statement of financial position.

On August 12, 2016, the Company completed a non-brokered private placement ("Private Placement") raising total proceeds of CDN$500,000. The Private Placement consisted of the sale of 10,000,000 units ("Units") at a price of CDN$0.05 with each Unit comprising one common share of the Company and one half-share purchase warrant. Each full warrant is exercisable for one additional share of the Company's common stock for two years at a conversion price of CDN$0.10, subject to an acceleration provision triggered if, at any time after November 30, 2016, the Company's common shares have a closing price on the TSX Venture Exchange at or above a price of CDN$0.20 per share for a period of 10 consecutive trading days. A total of 5,000,000 warrants were issued pursuant to the Private Placement. The two-year term for exercising the warrants above has recently been extended for an additional two years to August 12, 2020.

Joanne Freeze, President, CEO and a director of the Company, and Paul H. Barry, Chairman of the Board and a director of the Company, collectively, subscribed for 915,000 Units or 9.15% of Units sold pursuant to the Private Placement, which in total value would represent less than 25% of Candente Gold's market capitalization.

COMMITMENTS AND CONTINGENCIES

Company has no material or significant commitments or contingencies.

OFF BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company continues to review potential transactions, but as of the date of this MD&A, none have been approved by the Board of Directors.

RELATED PARTY TRANSACTIONS

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

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

The Company incurred the following fees and expenses in the normal course of operations for key management personnel for the year ended March 31, 2018 and 2017. Expenses have been measured at the exchange amount that is determined on a cost recovery basis.

		Year ended March 31,		
		2018		2017
Salaries and management and exploration fees	**$**	**37,392**	$	77,681
Share-based payments		**-**		132,568
	$	**37,392**	$	210,249

Share-based payments are the fair value of options expensed to directors and key management personnel during the year ended March 31, 2018 and 2017.

Balance owing

Amounts due to related parties are unsecured, non-interest bearing and due on demand. Accounts payable at March 31, 2018 includes $183,724 (2017 - $166,974) owing to directors and officers and $583,167 (2017 - $571,423) owing to Candente Copper Corp., a shareholder of the Company. During the year ended March 31, 2018, management forgave fees owed to them in the amount of $Nil (2017 - $183,573).

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company's significant accounting policies are summarized in Note 3 of its consolidated financial statements for the year ended March 31, 2018. The preparation of consolidated financial statements in accordance with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the consolidated financial statements. The Company regularly reviews its estimates; however, actual amounts could differ from the estimates used and, accordingly, materially affect the results of operations.

(a) Critical accounting estimates

i. Valuation of share-based payments and warrants

When options and warrants are issued, the Company calculates estimated fair value using a Black-Scholes valuation model, which may not reflect actual fair value on exercise. The Company uses historical Company stock prices and estimated dividend yield rates to arrive at the inputs that are used in the valuation model to calculate the fair value of options or warrants.

(b) Critical accounting judgments

i. Going concern

Management assesses the Company's ability to continue as a going concern.

ii. Unproven mineral right interests

Mineral properties include the cost of acquiring licenses, exploration and analysis, project administration, drilling, community and social values and environmental and health and safety. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven reserves are determined to exist, the rights of tenure are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area, or alternatively by sale of the property. Management is required to exercise significant judgment in determining the timing of the determination of the technical and economic feasibility of the mineral resource. The Company considers both external and internal sources of information in assessing whether there are any indicators that unproven mineral right interests are impaired.

iii. Functional currency

The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment in which the entity operates and the Company reconsiders its functional currency and that of its subsidiaries if there is a change in events and conditions which determined the primary economic environment.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain pronouncements were issued by the International Accounting Standards Board ("IASB") or the IFRS Interpretations Committee ("IFRIC") but not yet effective as at March 31, 2018. The Company intends to adopt these standards and interpretations when they become effective. The Company does not expect these standards to have an impact on its consolidated financial statements. Pronouncements that are not applicable to the Company have been excluded from those described below.

The following standards or amendments are effective for future accounting periods:

1) IFRS 9 – Financial Instruments (effective for annual periods beginning on or after January 1, 2018);
2) IFRS 15 – Revenue from Contracts with Customers (effective for annual periods beginning on or after January 1, 2018); and
3) IFRS 16 – Lease (effective for annual periods beginning on or after January 1, 2019).

FINANCIAL RISK, FINANCIAL INSTRUMENTS 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.

c. 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.

Financial Instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short-term profit taking.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. Unrealized gains and losses on the fair value of such assets are recognized in other comprehensive income whereas impairment losses and foreign exchange gains and losses on such assets are recorded in the statement of loss.

The Company has classified its cash and trade and other receivables as loans and receivables. Trade payables and accrued liabilities are classified as other financial liabilities.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of an instrument is considered to determine whether impairment has arisen.

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 year.

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 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, March 31, 2018 and March 31, 2017 is as follows:

		As at March 31, 2018		As at March 31, 2017
Total working capital deficiency	**$**	**(1,293,667)**	$	(901,147)
Total equity		**7,166,957**		7,628,718
Total capital	**$**	**5,873,290**	$	6,727,301

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING ("ICFR")

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that accurately and fairly reflect the additions to and dispositions of the assets of the Company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and the Company's receipts and expenditures are made only in accordance with authorization of management and the Company's directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the annual or interim financial statements.

Any system of internal controls over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

An evaluation of the design effectiveness of the Company's internal controls over financial reporting was conducted as of March 31, 2018 by the Company's management. Based on this evaluation, the Company's CEO and CFO have concluded that the design, disclosure controls, procedures and the effectiveness of the Company's internal controls over financial reporting was and is effective.

There were no changes in the Company's internal control over financial reporting during the period from April 1, 2017 to March 31, 2018 that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

RISK FACTORS

The Company is subject to a number of significant risks due to the nature and the current stage of its business and the effect of worldwide economic conditions. Exploration of mineral properties involves a high degree of technical, financial and social risk. While discovery of a mineral deposit may result in substantial rewards, few exploration properties are ultimately developed into producing mines. Major expenditures may be required to establish resources and reserves by drilling, constructing mining and process facilities, developing metallurgical processes and extracting base and precious-metals from ore. It is impossible to ensure that the current exploration programs of the Company will result in profitable commercial mining operations.

Risk factors that should be taken into account in assessing the Company's activities and any investment in the Company include, but are not limited to, those listed below. Any one or more of these risk factors could have a material impact on the financial condition of the Company. This information, by its nature, is not all inclusive and risk factors that have not been listed could have a material impact on the future financial condition of the Company.

Economic conditions may prevent the Company from obtaining the capital required to continue Operations

The Company's ability to continue operations is contingent on its ability to obtain additional financing. Equity market conditions, funding environments and the price of the Company's common shares may make it dilutive and difficult to raise funds by the sale of the Company's shares. An investment in the shares of a junior resource company is considered to be a high-risk investment. The Company currently is in the process of raising capital to fund current operations and a working capital deficit, and there is no assurance that financing will be available to the Company in future periods.

History of Losses

The Company has incurred a net loss for the year ended March 31, 2018 of $354,937 and is expected to continue to generate losses while it continues to be an exploration-stage company. The Company anticipates significant expenditures for its mineral exploration programs. Since most exploration projects do not result in the discovery of commercially productive mineral reserves and are ultimately expensed in full, the Company expects to report net losses into the foreseeable future.

The long-term profitability of the Company's operations will be in part directly related to the success of its exploration programs, which are affected by numerous factors including the cost of such programs, the amount of mineral resources or reserves discovered and fluctuations in the price of any minerals produced.

Dilution

The Company does not generate any revenues from production and may not have sufficient financial resources to undertake by itself all of its planned exploration, feasibility and development programs. The Company has limited financial resources and has financed its operations primarily through the sale of securities such as common shares. The Company will need to continue its reliance on the sale of such securities for future financing, resulting in potential dilution to the Company's existing shareholders. The amount of additional funds required will depend largely on the success of the Company's exploration programs and extent of future development activities.

Further exploration programs will depend on the Company's ability to obtain additional financing which may not be available under favorable terms, if at all. If adequate financing is not available, the Company may not be able to commence or continue with its exploration and development programs or to meet minimum expenditure requirements to prevent the full or partial loss of its mineral properties. Also, failure to meet the Company's share of costs incurred under joint venture arrangements to which it is a party may result in a reduction of its interests in mineral properties. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the cost required to complete the recommended programs.

No Known Mineral Reserves

All of the Company's mineral properties are in the exploration stage and are without known mineral reserves. Although the Company may discover mineral reserves through its exploration programs, commercial production may not be warranted due to insufficient quantities. Development of any of the Company's properties will only follow upon obtaining satisfactory exploration results. However, few mineral properties that are explored are ultimately developed into producing mines.

In the event a commercially productive mineral reserve is discovered, substantial expenditures are required to develop mineral reserves for production, development of metallurgical processes for extraction and to develop the mining and processing facilities and infrastructure at the production site. The marketability of any minerals discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Depending on the price of minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

Title to Mineral Properties

The Company believes it has diligently investigated title to all of its hardrock mineral properties and, to the best of its knowledge, title to all properties are in good standing. However, these properties may be subject to prior unregistered agreements or transfers, which may affect the validity of the Company's ownership of such properties. The Company entered into an agreement on June 13, 2013 for the sole rights to recover and reprocess various tailings deposits located within the Municipality of Hidalgo. Although the original term for this agreement ended December 2015, on March 15, 2016, the Company entered into an extension with the Municipality under similar terms.

Although the Company has exercised the usual due diligence with respect to title to properties in which it has a material interest, title to such properties may be challenged or impugned in the future. The boundaries of the Company's mineral properties have not been surveyed and, therefore, the precise location and area of these mining properties may be in doubt. The Company makes a search of mining records in accordance with mining industry practices to confirm that it has acquired satisfactory title to its properties but does not obtain title insurance with respect to such properties. The possibility exists that title to one or more of its properties, particularly title to undeveloped properties, might be defective because of errors or omissions in the chain of title, including defects in conveyances and defects in locating or maintaining such claims. Should any defect in title be discovered by or disclosed to the Company, all reasonable steps would be taken to perfect title to the particular claims in question. The Company is not aware of any material defect in the title to its mineral properties.

A claim on any of the Company's mineral properties, especially if commercially productive mineral resources or reserves are located, could adversely affect the Company's long-term profitability as it may preclude entirely the economic development of a mineral property. Also, such a claim would affect the Company's current operations due to the high costs of defending against such claims and its impact on senior management's time.

Key Personnel

The Company is dependent on a relatively small number of key personnel, the loss of any of whom could have an adverse effect on the operations of the Company. The Company's success is dependent to a great degree on its ability to attract and retain qualified management personnel. The loss of such key personnel, through incapacity or otherwise, would require the Company to seek and retain other qualified personnel and could compromise the pace and success of its exploration activities. The Company does not maintain key person insurance in the event of a loss of any such key personnel. Also, management personnel of the Company are officers and/or directors of other publicly-traded companies and will only devote part of their time to the Company.

Additionally, the Company has relied on and is expected to continue relying upon consultants and others for exploration and development expertise. In the event a commercial mineral deposit is discovered on any of the Company's properties, the Company will likely require the expertise of such consultants and others for the development and operation of a producing mine.

Competition

The resource industry is intensively competitive in all of its phases, and the Company competes with many companies possessing much greater financial and technical research resources. Competition is particularly intense with respect to the acquisition of desirable undeveloped base-metal and precious-metal properties. The principal competitive factors in the acquisition of such undeveloped properties include the staff and data necessary to identify, investigate and purchase such properties, and the financial resources necessary to acquire and develop such properties. Competition could adversely affect the Company's ability to acquire suitable prospects for exploration in the future.

Industry Operating Hazards and Risks

Mineral exploration and development involves many risks, including location of commercially productive mineral resources or reserves, which may not occur even with a combination of experience, knowledge and careful evaluation. The operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to resource companies, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides social disruptions, political instability and the inability to obtain suitable or adequate machinery, equipment or labour are some of the industry operating risks involved in the development and operation of mines and the conduct of exploration programs. Other risks include injury or loss of life, severe damage to or destruction of property, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. The occurrence of any of these operating risks and hazards may have an adverse effect on the Company's financial condition and operations.

Although the Company will, when appropriate, secure liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liability and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that may have a material adverse effect upon its financial condition and operations.

Government Regulations and Political Climate

Mineral exploration on the Company's properties are affected to varying degrees by: (i) government regulations relating to such matters as environmental protection, health, safety and labour; (ii) mining law reform; (iii) tax laws (iv) restrictions on production, price controls, and tax increases; (v) maintenance of claims; (vi) tenure; and (vii) expropriation of property through nationalization, requisition or confiscation. Any mineral exploration activities conducted by the Company, including commencement of production, require permits from governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, mining, production, exports, taxes, labour standards, occupation health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in development and/or production and other schedules as a result of the need to comply with applicable laws, regulations and permits. All permits required for the conduct of exploration, development and mining operations, including the construction of mining facilities, may not be obtainable by the Company on reasonable terms which would have an adverse effect on any mining project the Company might undertake. Additionally, failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining exploration, development or operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

To the best of the Company's knowledge, the Company is and will be operating in compliance with all applicable social and legal regulations. However, amendments to current governmental laws and regulations affecting mining companies, or the more stringent application thereof, or shifts in political conditions or attitudes could adversely affect the Company's operations including the potential to curtail or cease exploration programs or to preclude entirely the economic viability of a mineral property. The extent of any future changes to governmental laws and regulations cannot be predicted or quantified, but it should be assumed that such laws and regulations will become more stringent in the future. Generally, new laws and regulations will result in increased compliance costs, including costs for obtaining permits, delays or fines resulting from loss of permits or failure to comply with the new requirements.

Social Climate

Social acceptance to operate during the various stages of a mining project is an integral part of operating such that lack thereof provides a very real risk during the exploration, exploitation and closure stages of mine development. In addition, the fact that the means and tools to manage social acceptance are not an exact science adds to the level of risk.

The Company has established Shared Value and Corporate Social Responsibility policies and programs that includes:

- Regular communication with various members of the Community regarding their concerns and needs as well as our activities and objectives.

- Sustainable Development projects and alliances with International Non–Governmental Organizations ("NGOs") that are committed to improving the lives of families in under-developed regions.

The Company considers these initiatives as a foundation for building a positive and mutually beneficial long-term relationship with the various stakeholders in the project.

Environmental Liability

Although the Company is not aware of any formal claims for damages related to any impact that its activities have had on the environment, it may become subject to such claims in the future. An environmental claim could adversely affect the Company's business due to the high costs of defending against such claims and its impact on senior management's time.

The Company conducts exploration activities in Mexico and Peru. Such activities are subject to various laws, rules and regulations governing the protection of the environment. All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed properties and a heightened degree of responsibility for companies and their officers, directors and employees.

Although the Company is committed to compliance with all environmental regulations currently applicable, environmental hazards may exist on the Company's mineral properties, which are not known to the Company at present, that have been caused by previous or existing owners or operators.

Also, environmental regulations may change in the future which could adversely affect the Company's activities including the potential to curtail or cease exploration programs or to preclude entirely the economic development of a mineral property. The extent of any future changes to environmental regulations cannot be predicted or quantified, but it should be assumed that such regulations will become more stringent in the future. Generally, new regulations will result in increased compliance costs, including costs for obtaining permits, delays or fines resulting from loss of permits or failure to comply with the new regulations.

Fluctuations in Metal Prices

Although the Company does not hold any known mineral reserves, its future revenues, if any, are expected to be in large part derived from the future mining and sale of base and precious metals or interests related thereto. The prices of these commodities have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond the Company's control including international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, global or regional consumptive patterns, speculative activities, levels of supply and demand, increased production due to other new mine developments and improved mining and production methods, availability and costs of metal substitutes, metal stock levels maintained by producers and others and inventory carrying costs. The effect of these factors on the price of base and precious metals, and therefore the economic viability of the Company's operations cannot be accurately predicted.

Depending on the price obtained for any minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

Cyber Security Risks

As the Company continues to increase its dependence on information technologies to conduct its operations, the risks associated with cyber security also increase. The Company relies on management information systems and computer control systems. Business and supply chain disruptions, plant and utility outages and information technology system and network disruptions due to cyber-attacks could seriously harm its operations and materially adversely affect its operation results, Cyber security risks include attacks on information technology and infrastructure by hackers, damage or loss of information due to viruses, the unintended disclosure of confidential information, the issue or loss of control over computer control systems, and breaches due to employee error. The Company's exposure to cyber security risks includes exposure through third parties on whose systems it places significant reliance for the conduct of its business. The Company has implemented security procedures and measures in order to protect its systems and information from being vulnerable to cyber-attacks. The Company believes these measures and procedures are appropriate. To date, it has not experienced any material impact from cyber security events. However, it may not have the resources or technical sophistication to anticipate, prevent, or recover from rapidly evolving types of cyber-attacks. Compromises to its information and control systems could have severe financial and other business implications

SHARE CAPITAL

As of July 30, 2018, the Company had 107,206,923 common shares outstanding. As of July 30, 2018, the Company had 5,000,000 warrants outstanding and 9,655,000 outstanding share options.

DISCLOSURES

Additional Information as specified by National Instrument 51-102

Additional information, including the Company's most recent Annual Information Form, is available on SEDAR at http://www.sedar.com

APPENDIX A

Summary of selected annual information for each of the three most recently completed financial years

	March 31, 2018		March 31, 2017		March 31, 2016	
Cash and cash equivalents	**$**	**36,248**	$	124,923	$	9,561
Unproven mineral rights interest	**$**	**8,456,942**	$	8,524,911	$	8,443,769
Total Assets	**$**	**8,504,409**	$	8,661,075	$	8,478,642
Share Capital	**$**	**24,193,995**	$	24,193,995	$	23,804,489
Net loss	**$**	**(434,937)**	$	(258,447)	$	(1,612,697)
Loss per share	**$**	**(0.00)**	$	(0.00)	$	(0.02)

Summary of quarterly financial results

	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Net gain (loss)	(154,747)	(206,613)	18,552	(92,129)	(431,242)	40,523	132,276	(4)
Earnings (Loss) Per Share Attributable to Shareholders, Basic and Diluted	(0.00)	(0.00)	0.00	(0.00)	(0.00)	0.00	0.00	(0.00)