SILVER VIPER MINERALS CORP.

FORM 51-102F1 - MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018

The following discussion and analysis should be read in conjunction with the condensed consolidated interim financial statements of Silver Viper Minerals Corp. (the "Company") for the periods ending June 30, 2018 and 2017, and related notes thereto, which have been prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All amounts are stated in Canadian dollars unless otherwise noted.

Further information regarding the Company and its operations are filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) in Canada and can be obtained from www.sedar.com

Date

This management discussion and analysis is dated August 27, 2018 and is in respect of the three and six months ended June 30, 2018.

Management's Responsibility for Financial Reporting

The accompanying condensed consolidated interim financial statements for the six months ended June 30, 2018 have been prepared by management using accounting policies consistent with International Financial Reporting Standards ("IFRS"). Other information contained in this document has also been prepared by management and is consistent with the data contained in the condensed consolidated interim financial statements.

The certifying officers of the Company, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that the condensed consolidated interim financial statements and management discussion and analysis ("MD&A") (together the "filings") do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and the condensed consolidated interim financial statements together with the other financial information included in these filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented in these filings.

The Board of Directors approves the condensed consolidated interim financial statements together with the other financial information included in the filing and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all corporate filings prior to filing.

Certain statements in this report may constitute forward-looking statements that are subject to risks and uncertainties. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they were made.

In particular, forward looking comments regarding both the Company's plans and operations included in the "Company Overview" with respect to management's planned exploration and other activities, and in "Liquidity", and "Results of Operation" regarding management's estimated ability to fund its projected costs of exploration work and general corporate costs of operations, and its ability to raise additional funding through placement of the Company's common shares, are plans and estimates of management only and actual results and outcomes could be materially different.

Company Overview

The Company was incorporated under the *Business Corporations Act* (British Columbia) on April 26, 2016, with the name Silver Viper Minerals Corp. The Company completed an Initial Public Offering ("IPO") on September 27, 2017 and the Company's common shares were listed for trading on the TSX Venture Exchange ("TSXV").

The Company is engaged in the acquisition and exploration of mineral properties, as outlined below.

Clemente Gold-Silver Project, Sonora, Mexico

The Clemente Gold-Silver Project (the "Clemente Project") is situated in northwestern Sonora, Mexico and comprises a single mining concession entitled "Clemente Reduccion" total area of 6214 hectares. It was originally staked in 2010 as part of a larger, 2-claim package by Riverside Resources Inc. ("Riverside"). Reconnaissance work completed by Riverside identified prospective targets and in 2015, an application was filed to reduce the size of the property to its current configuration.

The project hosts three broad target areas, *El Mundo, Nuevo Mundo* and *Santa Elena*. Each target hosts silver-gold-base metal mineralization in structurally controlled veins exposed by small-scale historical mining. Prior to Silver Viper's involvement, no drill testing had been recorded at the Clemente Project. The Company has completed 9 diamond drillholes for a cumulative total of 1,061.54 metres.

On September 30, 2016, the Company entered into an option agreement with Riverside for the 100% owned "Clemente Reduccion" concession. On December 2, 2016, the Company entered into an amendment agreement to the option agreement. By the terms of the option agreement, as amended, in order to earn 100% ownership, the Company must make payments to Riverside in cash totalling $750,000 and issue a total of 2,000,000 shares in staged, annual tranches over a 5 year period.

The Company must also incur exploration expenditures totalling $4,000,000 over the same 5 year period. An additional requirement in the agreement is that the Company complete a minimum of 2,500m of diamond drilling on the property before the second anniversary.

Upon completion of the agreement terms, the Company will be deemed to have earned legal and beneficial title and interest to the Clemente Project and Riverside will transfer ownership to the Company's Mexican subsidiary. Riverside will retain a 2.0% NSR royalty, 100% of which may be purchased by the Company before the fifth anniversary for $4,000,000, or alternatively, after the 5th anniversary, but before the 8th anniversary, 50% of the NSR royalty for $3,000,000.

The property is situated within the "Sonora-Mojave megashear", a region of large structurally controlled gold deposits including Cerro Colorado, San Francisco, El Chanate and Tajitos. Clemente is characterized by a basement complex of Proterozoic plutonic and metamorphic rocks overlain by Proterozoic and Cambrian metasediments. The property is structurally complex and previous workers interpret two phases of Laramide age thrust faulting, one phase of Laramide age folding and one of Tertiary age extensional faulting. Silver-gold-base metal mineralization is structually controlled and is observed in fault hosted sulphide and hematite-dominant veins and breccias.

Exploration prior to the Company's involvement, as reported by Riverside included collection of 442 rock chip samples, 96 stream sediment samples, a small ground magnetic survey and an ASTER remote sensing exercise. Results of the work identified three mineralized zones warranting immediate follow up; *El Mundo, Nuevo Mundo* and *Santa Elena*.

During the reporting period the Company completed the first half of its Phase I diamond drilling program, a programmed 2,000m of HQ diameter core. In total 9 holes were completed for a total of 1061.54m. In addition, the Silver Viper field crews undertook reconnaisance style soil sampling and rock chip sampling/prospecting activities in areas along trend, and adjacent to known mineralized areas.

Two key prospect areas were tested during 2017, El Mundo was tested with four holes, for a cumulative 421.09 metres. Nuevo Mundo was with five holes for a total 640.45 metres.

El Mundo historical workings exploited a north striking, steeply west dipping vein/fault thought to cut the nose of a major anticline. Riverside's sampling of horizontal rock pillars in the old workings returned three best values of 512g/t silver and 0.69 g/t gold, 924g/t silver and 2.345g/t gold and 2108g/t silver and 5.44g/t gold across true widths of 0.5m, 1.0m and 0.55m respectively. Company confirmation samples confirmed the general tenor of these results though drilling during 2017 did not repeat grades or thicknesses sampled in the workings. A best result of 1.2m grading 30g/t silver, 0.08g/t gold and combined 0.23% lead zinc was returned from 33.8m downhole in hole CL-17-004.

Nuevo Mundo hosts silver-gold-base metal mineralization in vein/faults exposed by a series of small open cuts and underground workings. The area hosts scattered workings over an area measuring 575m x 1400m. Mineralization at Nuevo Mundo appears to be hosted in structures dipping 25-40 degrees at varied orientations. Confimation sampling returned values ranging from near-below detection up to a best value of 696g/t silver and 0.773g/t gold over a width of 0.5m from an oxidised vein exposed in old workings.

Drilling intersected thin mineralized/anomalous structures comparable to those mapped at surface. The best result from this area was from hole Cl-17-006; 0.7 metres grading 827 g/t silver, 0.23 g/t gold, 1.64% lead and 1.45% zinc from 31.5m downhole. Holes 007 and 008 encounterd historical mine workings at the projected target depth and were abandoned.

Santa Elena prospect is in the southeastern portion of the property and is characterized by small, historical workings and pits excavated along a strike length of approximately 500m. The area hosts silver-gold-base metal mineralization in low angle veins within interpreted thrust faults. A simple average of nine Riverside samples returns 781g/t silver and 0.309g/t gold. Company confirmation sampling also reflect this general tenor of mineralization. Silver Viper continued limited mapping and reconnaissance work over this prospect area during the reporting peroiod, but no drilling was undertaken.

The Company decided that they would not be meeting their second anniversary cash or work commitment and has therefore written down the Clemente Project to $Nil, as of June 30, 2018. The Company recognized an impairment loss of $261,500 during the six month period ended June 30, 2018 (2017 - $Nil).

La Virginia Gold Silver Project, Sonora, Mexico

La Virginia is a Silver-Gold Exploration Property located in the basin and range province of eastern Sonora, Mexico and is composed of two groups of mineral concessions. The Company considers the two claim groups to be complementary and is working to acquire both in order to produce a single, silver-gold exploration property in a highly prospective mineral trend. The combined property will include drill-tested mineralized structures as well as extensive additional grass roots potential along trend and as parallel zones.

The Property is characterized by laterally extensive epithermal-style, gold-silver mineralization in quartz stockworks, veins and hydrothermal breccias, hosted in andesites and felsic dykes. Mineralization is controlled by structures related to the north-northwest regional trend which controls the local basin and range topography. Anomalous geochemical results have been returned from these structures along the length of the property. Historical mining activities in the core claims, evidenced by several underground workings, are developed on zones of increased silica alteration and veining. The largest historical workings, "La Virginia" and "Con Virginia" are still accessible and host mineralization ranging between one metre to greater than 20 metres in thickness.

On June 25th, 2018 the Company entered into definitive agreements for the acquisition of three mineral concessions, collectively known as the "Rubi-Esperanza claims", eastern Sonora state, Mexico. This definitive agreements replace a previously announced non-binding Letter of Intent as reported on December, 13 2017. The claims are owned by two groups of claim owners who negotiated as a collective believing the value of the combined claims to be more than the individual concessions. Payments and royalties detailed below will be split evenly between the parties and for this reason, two agreements were drafted, one for each party detailing payments 50% of the value listed below.

La Virginia Gold Silver Project, Sonora, Mexico (cont'd…)

The definitive agreements allow The Company to earn a 100% undivided interest in the Rubi-Esperanza claim group by making cash payments totalling US$4.5 million over a four year period to the claim owners. By the terms of the agreement, Silver Viper is to make the first payment of US$190,000 on the first anniversary of signing, US$500,000 on the second, US$1,000,000 on the third, and US$2,800,000 on the fourth anniversary of signing. Claim owners will retain a 2% NSR royalty which may be purchased by Silver Viper for US$2million within 5 years of the effective date, or for US$3.0 million after the fifth anniversary.

In addition to Rubi-Esperanza claims, the Company reported on February 5, 2018, that it had entered into a non-binding Letter of Intent (LOI) to earn an undivided 100% interest in three additional mineral claims held by Pan American Silver Corp totalling 35,598 hectares. The claims described surround the Rubi-Esperanza group and are known to host similar styles of mineralization both along extensions of known trends and in potential parallel zones. In addition to acquiring the claims, the agreement also provides the Company access to the vendor's La Virginia drilling and geochemical databases, including data from 52,635.45m of diamond drilling in 188 diamond drill holes across the Rubi-Esperanza claim group. The Vendor will retain a 2% NSR royalty over the entirety of the newly combined La Virginia Property. Silver Viper is working toward completion of a definitive agreement and is undertaking reconnaissance work on the greater La Virginia package.

Completion of a Definitive Agreement with Pan American Silver Corp. will provide the Company with a combined property hosting a considerable drilling history in addition to strike extensions of known mineralized structures and potential parallel mineral occurrences as well as the upside of a 40km long regional exploration property.

Dale Brittliffe P.Geo. is the Qualified Person as defined in National Instrument 43-101, and takes responsibility for the technical disclosure in this report with respect to the Clemente and La Virginia properties.

Overall Performance

During the period from the date of inception on April 26, 2016, to December 31, 2016, the Company's activities included the acquisition of the Clemente Project and activities related to its Initial Public Offering ("IPO").

During the period from January 1, 2017 to December 31, 2017, the Company's activities included continued activities related to its IPO, including but not limited to preparation of filing documents and meeting and corresponding with professionals and regulatory authorities.

On April 25, 2017, the Company filed its final prospectus relating to its IPO issuing a minimum of 24,000,000 common shares and a maximum of 40,000,000 common shares (46,000,000 with the over-allotment option) at a price of $0.25 per share (the "Offering"). The Company would pay the Agent a commission equal to 6% of the gross funds raised from the Offering and a corporate finance fee of $100,000 upon closing the Offering. The Company would reimburse the Agent for its legal fees and expenses incurred in connection with the Offering.

On July 21, 2017, the Company filed an amended and restated final prospectus, amending the Offering to a minimum of 12,000,000 common shares and a maximum of 40,000,000 common shares (46,000,000 with the overallotment option) at a price of $0.25 per share. The Corporate finance fee was reduced to $75,000. All other terms of the offering remain unchanged.

On August 23, 2016, the Company signed a letter of intent ("LOI") with Riverside Resources Inc. ("Riverside") which has been superseded by a definitive agreement (the "Agreement") on September 30, 2016 and further amended on December 2, 2016 ("Execution date"), with respect to Riverside's Clemente project (the "Clemente Project") in Sonora, Mexico. The Company has the right to earn a 100% undivided interest in the Property. The Company spent $571,314 in exploration expenditures on the Clemente Project during the year ended December 31, 2017 and $50,000 towards its commitments with Riverside under the Agreement. The Company decided that they would not be meeting their second anniversary cash or work commitment and has therefore written down the Clemente Project to $Nil on their June 30, 2018 interim consolidated financial statements.

On September 27, 2017, the Company completed its IPO issuing 12,262,500 common shares of the Company at $0.25 per share for gross proceeds of $3,065,625 and received approval of its application to list its common shares on the TSX Venture Exchange. The Company paid $215,437 in share issuance costs.

Overall Performance (cont'd…)

On June 25, 2018 the Company entered into option agreements (the "Option Agreements") to acquire the Rubi- Esperanza group of mineral concessions in Sonora, Mexico. The Option Agreements grant the Company the right to acquire 100% ownership of three prospective claims.

Exploration and Evaluation Assets

Rubi-Esperanza Claims, La Virginia

On June 25, 2018 the Company entered into option agreements (the "Option Agreements") to acquire the Rubi- Esperanza group of mineral concessions in Sonora, Mexico. The Option Agreements grant the Company the right to acquire 100% ownership of three prospective claims. The Company will make the following cash payments over the next four anniversaries of the date of the Option Agreements starting on June 25, 2019 as follows:

a) US$190,000 on the first anniversary

b) US$500,000 on the second anniversary

c) US$1,000,000 on the third anniversary

d) US$2,800,000 on the fourth anniversary

Claim owners will retain a 2% net smelter return royalty, which may be purchased by the Company for US$2,000,000 within five years of the effective date of the option agreement, or for US$3,000,000 after the fifth anniversary. The option agreement does not specify a work commitment.

Exploration expenditures for the six months ended June 30, 2018 and June 30, 2017:

The Company spent a total of $264,420 on exploration expenditures for the six month period ended June 30, 2018 and $52,920 for the six month period ended June 30, 2017. The Company's expenditures on La Virginia were incurred for due diligence procedures, which was acquired on June 25, 2018. During the six month period ended June 30, 2018, exploration expenses were spent as follows:

	Clemente	La Virginia	Other	Total
Drilling	$ -	$ -	$ -	$ -
General exploration	59,623	82,447	-	142,070
Geological	26,310	94,540	1,500	122,350
Total	$ 85,933	$ 176,987	$ 1,500	$ 264,420

Results of Operations.

Three Months Ended June 30, 2018 and 2017

During the three month period ended June 30, 2018, the Company incurred exploration expenses amounting to $145,195 (2017 - $29,299). Costs spent on La Virginia of $111,979 were for general exploration and geological due to the due diligence procedures on La Virginia as the Company entered into an option agreement on June 25, 2018. The Company incurred expenditures on Clemente of $31,716 for general exploration and geological.

General operating costs totalled $87,774 for the three months ended June 30, 2018 (2017 - $38,679). These costs included filing fees of $549 (2017 - $1,071), foreign exchange gain of $19,568 (2017 – loss $2,601), investor relations of $23,851 (2017 - $185), management fees of $33,447 (2017 - $Nil), office and administration fees of $44,314 (2017 - $11,290), and professional fees of $5,181 (2017 – $23,532). The Company completed its IPO on September 27, 2017, which in general meant an increase in operating costs due to public company listing requirements as well as increased operational requirements.

Results of Operations (cont'd…)

Three Months Ended June 30, 2018 and 2017 (cont'd…)

The Company wrote-off its Clemente Project during the three months ended June 30, 2018 and as a result recognised an impairment loss of $261,500 (2017 - $Nil). The Company has decided that it will not be meeting its second anniversary cash or work commitment and has therefore written down the Clemente Project to $Nil. The Company will return the Clemente Project to Riverside.

The Company recognized interest income of $16,500 for the three months ended June 30, 2018 (2017 - $3,989) due to the Company's cash balance and prime rate during the period.

In summary, the loss in the three month period ended June 30, 2018 amounted to $477,969 (2017 - $63,989) or $0.01 (2017 - $0.00) per share.

Six Months Ended June 30, 2018 and 2017

During the six month period ended June 30, 2018, the Company incurred exploration expenses amounting to $264,420 (2017 - $52,920). Costs spent on La Virginia of $176,987 were for general exploration and geological due to the due diligence on La Virginia as the Company acquired La Virginia on June 25, 2018. The Company incurred expenditures on Clemente of $85,933 for general exploration and geological.

General operating costs totalled $846,405 for the six months ended June 30, 2018 (2017 - $98,873). These costs primarily included filing fees of $3,652 (2017 - $43,611), foreign exchange gain of $5,637 (2017 - loss of $3,812), investor relations of $63,243 (2017 - $185), management fees of $81,947 (2017 - $Nil), office and administration fees of $131,611 (2017 - $18,885), professional fees of $34,777 (2017 – $32,380), and share-based compensation of $536,812 (2017 - $Nil). The Company completed its IPO on September 27, 2017, which in general meant an increase in operating costs due to public company listing requirements as well as increased operational requirements. The Company granted stock options during the six months ended June 30, 2018, which resulted in share-based compensation expense, this was the first quarter that the Company issued stock options.

The Company wrote-off its Clemente Project during the six months ended June 30, 2018 and as a result recognised an impairment loss of $261,500 (2017 - $Nil). The Company decided that it would not be meeting its second anniversary cash or work commitment and has therefore written down the Clemente Project to $Nil. The Company will return the Clemente Project to Riverside.

The Company recognized interest income of $24,199 for the six months ended June 30, 2018 (2017 - $6,181) due to the Company's cash balance and prime rate during the period.

In summary, the loss in the six month period ended June 30, 2018 amounted to $1,348,126 (2017 - $145,612) or $0.03 (2017 - $0.00) per share.

Selected Quarterly Financial Information:

	Revenues	**Loss for the period**	**Loss per share**
Quarter ended June 30, 2018	Nil	($477,969)	($0.01)
Quarter ended March 31, 2018	Nil	($870,157)	($0.02)
Quarter ended December 31, 2017	Nil	($720,121)	($0.02)
Quarter ended September 30, 2017	Nil	($127,152)	($0.00)
Quarter ended June 30, 2017	Nil	($63,989)	($0.00)
Quarter ended March 31, 2017	Nil	($81,622)	($0.00)
Quarter ended December 31, 2016	Nil	($11,025)	($0.00)

Selected Quarterly Financial Information (cont'd…)

An overall trend of the Company for the last six quarters was increased expenditures quarter over quarter, this was due to the Company completing its IPO and having listing fees and other costs associated with the process. The Company spent increased exploration expenditures on the last two quarters of fiscal 2017 on its Clemente Property due to fulfilling its work commitment.

The Company granted stock options during the three month period ended March 31, 2018, which resulted in share-based compensation expense of $536,812. This was the first and only quarter that Company recognised share-based compensation expense. During the three month period ended June 30, 2018 the Company wrote-off its Clemente Project and recognised an impairment loss of 261,500.

From the date of inception on April 26, 2016 to December 31, 2016, the Company was not a reporting issuer and did not prepare quarterly interim financial statements. As a result, the Company is unable to provide a summary of the quarterly results from the date of inception on April 26, 2016 to December 31, 2016.

Proposed Transactions

In addition to the Rubi-Esperanza claims, the Company reported on February 5th, 2018 that it had entered into a non-binding LOI to earn an undivided 100% interest in three additional mineral claims held by Pan American Silver Corp., At this time a final agreement has not been reached and there is no impact on the Company's financial statements.

No other new proposed transactions noted.

Outstanding Share Data

The Company had 42,710,301 common shares issued and outstanding at the date of this report.

Liquidity

The Company is in the exploration stage and commodity prices are not reflected in operating financial results. However, fluctuations in commodity prices may influence financial markets and may indirectly affect the Company.

The operating loss for the period $1,348,126 after adjustments for non-cash items and changes in other working capital balances, provided a net decrease in cash amounting to $762,650.

The Company did not have any financing or investing activities for the six months ended June 30, 2018.

As a consequence, the Company's cash position decreased from the opening level of $4,305,574 at the beginning of the period to $3,542,924.

Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto.

Capital Resources

The Company defines its capital as shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company may invest its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns on unused capital. The Company does not pay dividends. The Company is not subject to any externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the six month period ended June 30, 2018.

The Company raises capital to fund its corporate and exploration costs and other obligations through the sale of its common shares or units consisting of common shares and warrants in order to operate its business and safeguard its ability to continue as a going concern. Although the Company's management has been successful in raising funds in the past through issuance of share capital, it is uncertain whether it will continue this financing due to uncertain economic conditions.

Related Party Transactions

Key management personnel are individuals responsible for planning, directing and controlling the activities of the Company and include all directors and officers.

Compensation paid or payable to key management personnel for services rendered are as follows:

		For the six months ended June 30, 2018		For the six months ended June 30, 2017
Management fees (Steve Cope - 1105179 BC Ltd.; Stephen Brohman - 1047230 BC Ltd.)	$	50,000	$	-
Share-based compensation (Steve Cope and Carla Hartzenberg)		140,000		-
Total	$	190,000	$	-

Other related party transactions are as follows:

		For the six months ended June 30, 2018		For the six months ended June 30, 2017
Administration fees *	$	161,988	$	-
Geological consulting fees (Velia Ledezma - 683192 BC Ltd.)		21,000		-
Share-based compensation (Directors, Melissa Martensen and Velia Ledezma)		161,000		-
Total	$	343,988	$	-

*Administration fees paid to Belcarra Group Management Ltd. a management service company company controlled by a director of the Company that provides office space, a CFO, a corporate secretary, investor relations, accounting and administration staff to the Company on a shared cost basis.

As of June 30, 2018, the Company had $Nil in accounts payable (December 31, 2017 - $25,914) due to a company controlled by a director.

Off Balance Sheet Arrangements

The Company has no material off balance sheet arrangements in place.

Changes in Accounting Policies Including Initial Adoption

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. There was no material impact to the Corporation's financial statements as a result of transitioning to IFRS 9 effective January 1, 2018.

The details of the new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

Changes in Accounting Policies Including Initial Adoption (Cont'd…)

a) Classification and measurement of financial assets and liabilities

The adoption of IFRS 9 has not had a significant effect on the Corporation's accounting policies related to financial assets. However, it eliminated the previous IAS 39 categories for financial assets held to maturity, loans and receivables and available for sale.

A financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification of financial assets depends on the purpose for which the financial assets were acquired. The Corporation's financial assets, which consist primarily of cash, and receivables, are classified at amortized cost. Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is substantially unchanged.

b) Impairment of financial assets

An 'expected credit loss' (ECL) model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Corporation's financial assets are measured at amortized cost and subject to the ECL model. The adoption of the ECL impairment model had a negligible impact on the carrying amounts of the Company's financial assets on the transition date and at June 30, 2018, at which time the Company believes that their short term and long term financial assets are collectible.

The following standards have not yet been adopted and are being evaluated to determine their impact on the Company's financial statements:

IFRS 16 Leases

On January 13, 2016 the IASB issued IFRS 16 – Leases the new leases standard. The standard is effective for periods beginning on or after January 1, 2019.

The new IFRS standard will have an insignificant effect on the consolidated financial statements.

Financial Instruments and Risk Management:

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are described below.

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices included in 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 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

a) Fair value of financial instruments

Cash is carried at fair value using a level 1 fair value measurement. The carrying value of accounts payable and accrued liabilities approximates its fair values due to the short-term maturity of the financial instruments.

b) Concentrations of business risk

The Company maintains a majority of its cash with a major Canadian financial institution. Deposits held with this institution may exceed the amount of insurance provided on such deposits.

c) Credit risk

The Company is exposed to credit risk only with respect to uncertainties as to timing and amount of collectability of receivables. The Company believes its credit risk arises from value-added tax (VAT) and goods and services tax (GST), which are recoverable from the governing body in Mexico and Canada, respectively. As the Company's exploration operations are conducted in Mexico, the Company's operations are also subject to the economic risks associated with those countries.

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 manages liquidity risk through the management of its capital structure.

e) Interest rate risk

The Company limits its exposure to interest rate risk by holding cash deposits at major Canadian financial institutions and accordingly is not subject to significant interest rate risk.

f) Price risk

Mineral prices, in particular gold and silver, are volatile, and have fluctuated sharply in recent periods. The prices are subject to market supply and demand, political and economic factors, and commodity speculation, all of which can interact with one another to cause significant price movement from day to day and hour to hour. These price movements can affect the Company's ability to operate and to raise financing through the sale of its common shares.

g) Foreign exchange risk

A portion of the Company's operational transactions are originally denominated in Mexican Pesos. Accordingly, the results of the Company's operations and comprehensive loss as stated in Canadian dollars will be impacted by exchange rate fluctuations. The Company does not hedge its exposures to movements in the exchange rates at this time.

The Company's exposure to foreign currency risk is on its cash, long term taxes receivable, and accounts payable and accrued liabilities. At June 30, 2018, a hypothetical change of 10% in the foreign exchange rate between the Canadian dollar and Mexican Peso would an effect of $8,485 on profit and loss.

Critical Accounting Estimates:

The preparation of these financial statements in accordance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

a) The recoverability of receivables. The Company considers collectability and historical collection rates in estimating the recoverable amount of receivables. If the recoverable amount of receivables is estimated to be less than the carrying amount, the carrying amount of receivables is reduced to the recoverable amount and an impairment loss is recognized in profit or loss for the period.

b) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The carrying model is utilized and the carrying value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

c) The inputs used in calculating the fair value for share-based payments expense included in profit or loss and share-based share issuance costs included in shareholders' equity. The share-based payments expense is estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate

d) The valuation of shares issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

Events after the reporting period

None.

Additional Information

Additional information relating to the Company may be accessed on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.