MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

AURAMEX RESOURCE CORP.

The following management discussion and analysis ("MD&A) of financial position and results of operations of Auramex Resource Corp. (the "Company") is prepared as at April 4, 2018 and should be read in conjunction with the audited financial statements of the Company, and the notes thereto, for the year ended December 31, 2017. In this discussion, unless the context otherwise dictates, a reference to the business and operations of the Company includes the business and operations of the Company's wholly owned Mexican subsidiary, Exploración Auramex S. A. de C. V. ("Auramex Mexico"). Additional information relating to the Company is available on SEDAR at www.sedar.com.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable.

Forward Looking Statements

All statements in this discussion, other than statements of historical facts, that address future exploration drilling, exploration activities, anticipated metal production, internal rate of return, estimated ore grades, commencement of production estimates and projected exploration and capital expenditures (including costs and other estimates upon which such projections are based) and events or developments that the Company expects, are forward looking statements. Although the Company believes the expectations expressed in such forward looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include metal prices, exploration success, continued availability of capital and financing, as well as general economic, market or business conditions. Accordingly, readers should not place undue reliance on forward-looking statements.

Description of the Business

The Company is engaged in the business of acquiring interests in mineral properties with exploration potential and exploring those properties to determine if they may host economic deposits of minerals. If the Company determines that a property likely does not host an economic deposit, or if maintaining a property becomes uneconomic for any other reason, it abandons the property and writes off the capitalized acquisition and deferred exploration and development costs associated with the property. As existing properties are abandoned, the Company seeks out new properties for acquisition that it considers may have the potential to host the economic mineral deposit or deposits that will result in its evolution into a producing, revenue generating entity. The exploration of mineral properties and subsequent development involves a high degree of risk and few properties that are explored are ultimately developed into producing properties.

Overall Performance

As the Company does not have a producing mineral property, its major sources of cash and equity financing from the sale of its common shares and share purchase warrants and from debt financing. The cash raised in this manner is used to cover ongoing administrative expenses and to fund exploration activities on its mineral exploration properties. The amount of money available for exploration is directly related to the amount that the Company is able to raise from these sources, after administrative expenses have been paid.

The Company is continually engaged in the process of raising money and allocating the proceeds between its current administrative needs and desired exploration activities. As funds become depleted, new financing is sought and the process is repeated. The determination as to which properties to explore, what programs to undertake and how much money to spend in each instance is made on an ongoing basis by the Company’s management, in consultation with its Board of Directors and professional advisors.

As a result of the foregoing, the true measure of the Company’s performance for any given period lies in the amount of money it was able to raise, the amount of exploration it was able to undertake and the results of those exploration efforts.

Selected Annual Information

The following table sets out selected financial information, presented in Canadian dollars

December 31,

			2017		2016		2015
(a)	Revenue	**$**	**5,000**	$	Nil	$	Nil
(b)	Net loss and comprehensive loss	**$**	**(276,135)**	$	(76,075)	$	(165,204)
(c)	Loss per share: Basic and diluted	**$**	**(0.01)**	$	(0.00)	$	(0.01)
(d)	Total Assets	**$**	**2,341,792**	$	2,285,873	$	2,165,794
(e)	Long Term Financial Liabilities	**$**	**Nil**	$	Nil	$	Nil
(f)	Cash dividends per share	**$**	**Nil**	$	Nil	$	Nil

Most general and administrative expenses have been generally consistent from year to year.

Increased loss in 2017 is largely due to two items; during negotiations regarding the option on the Mexican subsidiary, the Company received more accurate information on the debt owing for property taxes in Mexico which resulted in a property expense increase of $95,341, partially offset by a currency gain of $8,900 due to the favourable exchange rate on debt, and the Company granted 1,966,000 stock options to management, directors and consultants at a deemed cost of $66,969 calculated using the Black Scholes model.

Revenue in 2017 is a payment for an option to purchase the Mexican subsidiary.

The loss for 2016 is comparatively low due to reduced activity.

In 2017, the Company received a $28,392 BC mining tax recovery related to exploration expenditures in 2016.

In 2016, the Company received a $13,950 BC mining tax recovery related to exploration expenditures in 2015.

In 2015, the Company received a $1,400 BC mining tax recovery related to exploration expenditures in 2014.

The Company raised gross proceeds of $139,500 in 2017.

The Company raised gross proceeds of $25,000 in 2016.

The Company raised gross proceeds of $40,000 in 2015.

Results of Operations

The Company is engaged in the business of acquiring and exploring mineral exploration properties in the hope of discovering economic deposits of minerals that can eventually be placed into production. The Company has yet to identify and develop an economic mineral deposit, and accordingly has no sales or other significant revenue and no profit.

At December 31, 2017 the Company held one mineral exploration and evaluation asset, the Stewart properties in British Columbia.

Stewart Properties, British Columbia

The Company's most important assets are thirteen exploration properties in three main areas of the Stewart gold camp in northwestern British Columbia. These properties derive from previous tenured areas that were reduced in total area from 40,000 to 19,000 hectares in 2014 to reduce costs during a period of extreme difficulty in obtaining investment capital. This area reduction consolidated ground around prospective targets; during 2015, two tenures were added to augment these holdings. Four additional tenures were added during 2017, again to augment these holdings.

The Stewart properties are located within three main areas, all in the Skeena Mining Division. They are the Portland Canal, Bear River valley and Bowser River properties. Three properties, two of them contiguous, lie at or near tidewater along the Portland Canal south of Stewart. Nine lie in the Bear River watershed, from tidewater at Stewart to the northern slopes of Entrance Peak, on the eastern edge of the Coast Range. Tide North lies on the Bowser River, at the toe of the Frank Mackie Glacier

Under various agreements made between 2005 and 2010, the Company acquired 100% interest in the Stewart properties, subject to certain net smelter return royalty interests (NSR's) payable to the venders. The NSR amounts vary from 1% to 2% with caps of one or two million dollars depending on the property.

All but one property (Tide North) are held for their potential to host intrusion related gold mineralization related to the Texas Creek plutonic suite. Tide North, located 41 kilometres to the north of Stewart, is underlain by Salmon River formation basinal rocks and is being explored for its potential to host volcanic exhalative Au-Ag mineralization.

Portland Canal Properties

A technical report by Dr. Paul Metcalfe, dated 10th June 2013, can be viewed on the Company's website. It describes the geology and geophysics for the general area. The single property described in the report has been refined to three tenure blocks:

Georgia River Mine

In July 2010, the Company purchased the Georgia River Gold Mine, consisting of eight crown granted claims, five reverted crown granted claims and two cell staked claims for 250,000 common shares. There are no royalties on this area.

The area contains the historic Georgia River gold mine, which contains more than 1.2 kilometres of underground workings. A 161 hectare portion of this area, representing 2% of the property held by the company comprising the Georgia River project, has been optioned to Decade Resources Ltd. (Decade) dated April 10, 2017 for a 75% interest in the property, on the following terms: $50,000 on signing (paid), $75,000 on or before the first anniversary date (paid), $150,000 on or before the second anniversary date and $200,000 on or before the third anniversary date with work requirements of $250,000 on or before the first anniversary date, $500,000 on or before the second anniversary date, $750,000 on or before the third anniversary date and $1,000,000 on or before the fourth anniversary date. The option agreement was amended regarding the $250,000 work commitment on or before the first anniversary date; the Company agreed to accept a contribution of $700,000 (Paid) Portable Assessment Credits (PAC) in lieu of the work commitment. The Company used the PAC to put forward the expiry dates of 3,500 hectares of their various properties by five years. Upon Decade earning the 75% interest, the Company will receive a net Smelter Return royalty (NSR) of 2%, half of which can be purchased for $1 million. A joint venture agreement provides for Decade to spend approximately $13 million to earn an additional 20% if the Company does not contribute. At a 5% diluted interest, the Company will receive a 1.5% NSR for its 5% interest and Decade will hold a 100% property interest.

The same Portland Canal area contains the adjacent one square kilometre Hume Creek airborne electromagnetic anomaly. Work carried out to date by Auramex personnel indicates that the Hume Creek Zone and the veins at the Georgia River Mine formed during the same metallogenic event and represent high-level mineralized zones deposited by a single, large hydrothermal system. This system has never been tested at depth. Two other, smaller geophysical anomalies were located elsewhere on this property by the same airborne survey and await testing.

Management hopes to attract an intermediate, or larger, company to joint venture with Auramex on this major target.

Gamebreaker

In October 2010, Auramex purchased the tenures northeast of Ashwood Lake, eight kilometres southeast of the Georgia River gold mine; by paying $10,000 cash, 100,000 shares, and 1% NSR capped at $2 million. Expenditures by previous owners had totalled more than $750,000 (1974 dollars). Two previous diamond drill projects had tested a gold anomaly known as the 1100 Zone, without grade encouragement.

Preliminary exploration by Auramex personnel in 2011 located the Gamebreaker showing, comprising a ten metre exposure of quartz vein with consistent gram-plus values of gold in the vein and sub-gram values in wallrock. The location of the showing is consistent with the structure being the source of the gold anomaly examined by previous owners. A further mineral tenure along this structural trend was added to the property in 2015. The Gamebreaker tenures are available for joint venture or sale. These properties are in good standing until December 31, 2022.

East Georgie River

A single airborne geophysical anomaly was located during the 2010 airborne geophysical survey to the southeast of the main tenure block. Historical work in the area indicates that the tenure block is underlain by similar lithologies and structures to those in the Hume Creek-Mine area. The East Georgie River block awaits ground-truthing.

Bear River Valley

The single, large tenured area extending up the Bear River Valley into the Strohn Creek watershed was described in a technical report by Dr. Paul Metcalfe, P.Geo. Parts of this area were covered by two airborne geophysical surveys in 2009 and 2010. The original property has since been resolved into nine tenure blocks:

Lower Bear River

The Lower Bear River block encloses ground along structural strike from the Silbak Premier Mine, across the Bear River Ridge in the Salmon River valley. Partial coverage by a 2009 airborne geophysical survey identified three areas of anomalous conductivity beneath the river valley, called the Gravel South, Gravel and Gravel North anomalies, coincident with northwest-trending structures that cross the Bear River Ridge and proximal to an Early Jurassic Texas Creek intrusion.

Confluence

The Confluence property encloses an area adjacent to the Red Cliff property of Decade, along two southeast trending structural anomalies. In September 2017, the Company granted Decade an option to acquire an 80% interest in approximately 36% of this property to Decade on the following terms; $5,000 and $300,000 PAC on signing (paid), $10,000 on or before the second anniversary date and $20,000 on or before the third anniversary date with work requirements of $30,000 on or before the second anniversary date, and $50,000 on or before the third anniversary date.

Champion

The Champion property encloses the past-producing Terminus silver mine, coincident with an area of anomalous VLF-EM response located in a historic airborne geophysical survey. All tenures in the Champion property have had PAC applied and are in good standing until December 31, 2022.

Capital (includes the mineralized areas of Grey Copper and West George Copper)

The Capital property encloses an area of structurally hosted gold mineralization beneath an unconformity, coincident with conductivity anomalies located by two airborne surveys. In August 2017, the Company granted Mountain Boy Minerals Ltd. (Mountain Boy) an option to acquire an 60% interest in the West George Copper tenure representing 24% of the Capital property, on the following terms; $700,000 PAC on signing (paid), $10,000 on or before the second anniversary date and $20,000 on or before the third anniversary date with work requirements of $30,000 on or before the second anniversary date, and $50,000 on or before the third anniversary date.

Lucky Frenchman

The Lucky Frenchman property encloses the historic Enterprise workings, which explored southeast-striking structures proximal to an Early Jurassic Texas Creek intrusion. These structures are coincident with strong airborne magnetic and electromagnetic anomalies and are only partially tested by drilling, to date without grade encouragement. 234 hectares were added contiguous to this claim block in 2017. In September 2017, the Company granted Decade an option to acquire an 60% interest in 38% of this property on the following terms; $5,000 and $300,000 PAC on signing (paid), $15,000 on or before the second anniversary date and $20,000 on or before the third anniversary date with work requirements of $50,000 on or before the second anniversary date, and $70,000 on or before the third anniversary date.

Icefield

This tenure is unexplored.

Tory

The Tory property is a single tenure located in a favourable structural setting, similar to that at the Capital property. This tenure is unexplored.

Cornice Mountain

The Cornice Mountain Breccia Zone lies southeast and along structural strike from the Lucky Frenchman. A large amount of encouraging geochemical data collected by previous workers is separated from drill-tested ground by a southeast-striking structure.

“L” fraction

This tenure is unexplored.

Bowser River Valley

Tide North

In 2009, Geotech flew VTEM-M geophysics over parts of the Tide North property. A large, 900 by 300 metre zone of anomalous conductivity was identified and three zones within the anomaly were selected for drilling. In October 2014, Pretivm completed a 501 metre diamond drill hole into the B-Zone on behalf of Auramex, in consideration of receiving a right-of-way for a power line over the Auramex tenures. The hole was successful in testing the geophysical target, intersecting minor stratabound sulphide in highly graphitic rocks. The geological target, at the base of the Salmon River Formation, was not tested, but casing remains in the hole in anticipation of doing so. Drill core is stored in a secure warehouse in North Vancouver. Five years of work assessment was applied, keeping the property in good standing to May of 2021.

Summary of Quarterly Results

The following table sets out selected financial information, presented in Canadian dollars and prepared in accordance with International Financial Reporting Standards ("IFRS") for each of the last eight quarters ended December 31, 2017:

	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Income (loss) for the period	(151,426)	(9,196)	(50,226)	(65,287)	(18,628)	(26,942)	(10,483)	(20,022)
Earnings (loss) per share Basic	(0.007)	(0.000)	(0.002)	(0.003)	(0.000)	(0.001)	(0.000)	(0.001)
Earnings (loss) per share Diluted	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Cash and cash equivalents	134,403	55,004	46,193	12,872	20,556	20,722	4,338	13,728
Working capital (deficiency)	(752,208)	(766,221)	(765,962)	(765,899)	(737,656)	(649,668)	(618,952)	(558,857)

The Company's business of exploring mineral exploration properties with available equity and debt financing is a long term endeavour that may take several years to yield any meaningful results. Fluctuations in results from quarter to quarter are caused primarily by whether the Company raised financing or incurred exploration expenditures in any given quarter, and are not indicative of any particular trend in the Company's overall performance.

Liquidity and Capital Resources

The following table summarizes the Company's cash on hand, working capital and cash flow

As at December 31,	**2017**	2016
Cash	$ 134,403	$ 20,566
Working capital (deficiency)	(752,208)	(737,656)
Year ended December 31	**2017**	2016
Cash used in operating activities	(73,566)	(45,372)
Cash provided by investing activities	49,913	15,575
Cash provided by financing activities	137,500	24,888
Change in cash	$ 113,847	$ (4,909)
As at April 4, 2018		
Cash		$ 393,514
Working capital		$ 374,375

The Company's primary source of cash is equity financing from the sale of the Company's common shares and share purchase warrants on a private placement basis. Additional cash is generated when convertible securities, such as previously issued share purchase warrants and stock options, are exercised.

The Company has two primary requirements for working capital: administrative costs and exploration expense.

During the year ended December 31, 2017, general and administrative expense totalled $279,590 (including $66,969 stock option grants) compared to $76,075 (with no stock option grants) in 2016. Management and consulting fees were $48,093 compared to $30,312 in 2016; professional fees were $30,941 compared to $24,616 in 2016. Property tax expense in Mexico was $95,341 compared to $26,801. The increase is due to more accurate information regarding the amount owing which had been underreported in 2016.

On December 22, 2017 the company completed a private placement of 1,500,000 units at a price of $0.05 per unit for total proceeds of $75,000. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share for a period of two years at a price of $0.055 per share. One director participated in the private placement. On December 22, 2017 the company also completed a flow-through private placement of 1,000,000 units at a price of $0.05 per unit for total proceeds of $50,000. Each unit consisted of one flow-through common share and one half non-flow-through share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share for a period of two years at a price of $0.055 per share. One director participated in the private placement. Finder's fee of $2,000 was paid in respect of this placement.

On March 7, 2017, the company completed a private placement of 290,000 units at a price of $0.05. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share for a period of two years at a price of $0.05 per share. One director participated in the private placement.

On March 7, 2017 the Company conducted a loan transaction whereby the Company borrowed $12,000 from a small group of lenders. In consideration for the loans, the company issued 38,000 bonus shares and 50,000 bonus warrants. The loans mature in one year and carry an interest rate of 10%. Two directors participated in the loan transaction. The loans were paid out on March 7, 2018 with interest.

On April 6, 2016, the company completed a private placement of 2,500,000 units at a price of $0.01 per unit for total proceeds of $25,000. Each unit consisted of one common share and one half flow-through share purchase warrant. Each share purchase warrant expired without exercise on July 6, 2016. Two directors participated in the private placement.

The Company's ability to obtain sufficient funding for the medium to long terms will be dependent on the availability of equity and debt financing in the future, which the Company cannot predict. The availability of such funding will be dependent on a number of factors beyond the Company's control, including commodity prices, stock market performance and any number of other economic conditions. Accordingly, the ability of the company to continue as a going concern cannot be assured.

Management

During 2017, there were several changes to the Board of Directors. New directors are Jerome LaMarre, Sorin Posescu and Lawrence Roulston. Outgoing directors were Marie Brannstrom and Norm Allyn. New President and CEO is Mr. Roulston replacing Wayne Crocker. Both Mr. Crocker and Judie Whitby will be retiring following the completion of the 2017 audit. Mr. Roulston has been successful in accessing new investors and is positioned to move the company forward on a more financially stable basis.

Transactions with Related Parties

The Company was party to the following transactions with related parties during the year ended December 31, 2017:

Wayne Crocker, a director, was the Company's President and CEO until December 13, 2017. Mr. Crocker does not have a formal consulting contract with the Company but bills for professional services at a per diem rate of $600. During 2017, Mr. Crocker billed $17,535 and $607 in reimbursable expenses. At December 31, 2017, the total amount owing to Mr. Crocker including director fees, consulting fees, reimbursable expenses and a loan was $83,232.

On Judie Whitby, the Company's Chief Financial Officer and a director, under a contract to provide accounting, office and general management services to the Company, billed a total of $30,000 in 2017, at $2,500 per month. Ms. Whitby submits expense claims for expenses incurred on the Company's behalf, such as Exchange and Securities Commission filing fees. In this regard Ms. Whitby submitted reimbursement claims in the amount of $5,322. On March 7, 2017 Ms. Whitby loaned the Company $7,000 at a 10% rate of interest, with a one year maturity. At December 31, 2017, the total amount owing to Ms. Whitby was $210,533 including the above noted loan with accrued interest and a loan of $10,000 dating back to 2011. Additionally Ms. Whitby also is a director of a private company, Whitby & Tower Moving Ltd., which provides storage services for supplies and drill core to the company. The storage costs are $100 per month. The amount owing at December 31, 2017 is $1,735.

Paul Metcalfe, the Company's VP Exploration until June 27, 2017, is a director of Palatine Geological Ltd. which provides geological services. The total amount owing to Palatine Geological Ltd. at December 31, 2017 was $231,096.

A loan of $2,500 was made by a non-management director to the Company in the loan transaction of March 7, 2017, which was paid out with 10% interest on March 7, 2018.

On February 8, 2017, the Company granted 1,200,000 stock options to directors, management and consultants. The options are exercisable at $0.05 for a period of 10 years and vest upon grant.

Wayne Crocker, CEO	200,000
Judie Whitby, CFO	200,000
Paul Metcalfe, VP Exploration (1)	200,000
Marie Brannstrom, Director (2)	200,000
Norm Allyn, Director (3)	200,000
Bill Raney, Director	50,000
David Kennedy, Consultant	150,000

[(1)]Expiry date amended to June 22, 2018 due to resignation
[(2)]Expiry date amended to May 5, 2018 due to resignation
[(3)]Expiry date amended to December 4, 2018 due to resignation

On October 4, 2017, the Company granted 250,000 stock options to directors and consultants. The options are exercisable at $0.05 for a period of 10 years and vest upon grant.

Chris McGillivray, Director [(4)]	150,000
Jerome LaMarre, Director	100,000

[(4)]Expiry date amended to December 4, 2018 due to resignation.

On December 27, 2017, the Company granted 516,000 stock options to directors, managers and consultants. The options are exercisable at $0.05 for a period of 10 years and vest upon grant.

Lawrence Roulston, President & CEO	183,000
Sorin Posescu, Director	183,000
Jerome LaMarre, Director	50,000
Bill Raney, Director	50,000
David Kennedy, Consultant	50,000

The Company considers all of the foregoing transactions and the amounts related thereto to be reasonable and representative of normal commercial transactions.

Adoption of Accounting Standards and Pronouncements under IFRS

Accounting Standards adopted during the year

The Company has applied the amendments to IFRSs included in the Annual Improvements to IFRSs 2012-2014 Cycle which were effective for annual periods beginning on or after January 1, 2016. The amendments did not have an impact on the Company's consolidated financial statements. The Company has not early adopted any amendment, standard or interpretation that has been issued by the IASB but is not yet effective.

New standards and interpretations not yet adopted

IFRS 9, Financial Instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will be effective for annual periods beginning on or after January 1, 2018. The Company does not this pronouncement to have a significant impact on the financial statements..

IFRS 16, Leases ("IFRS 16"). The new standard brings most leases on balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. The Company currently has no leases.

Financial Instruments

The fair value of the Company's receivables, reclamation deposits, accounts payable and accrued liabilities and shareholder loans approximate carrying value which is the amount recorded on the consolidated statement of financial position. The Company's other financial instrument, cash, under the fair value hierarchy is based on level one quoted prices in active markets for identical assets and liabilities.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Liquidity risk

The Company's approach to managing liquidity risk is to try to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2017, the Company has $137,682 in current assets (December 31, 2016 - $27,112) to settle current liabilities of $889,890 (December 31, 2016- $764,769).

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is primarily attributable to cash and receivables. Cash is held with highly rated financial institutions and management believes the risk of loss to be remote. The Company has no significant concentration of credit risk arising from operations. Receivables consist of input tax credits receivable from the Government of Canada. The Company does not believe it is subject to significant credit risk in relation to its remaining receivables.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of December 31, 2017, the Company had no funds invested in investment-grade short-term deposit certificates.

b) Foreign currency risk

The Company is exposed to foreign currency risk or fluctuations related to cash, receivables, and accounts payable and accrued liabilities that are denominated in US Dollars and Mexican Pesos.

Sensitivity Analysis

The Company has cash, receivables and taxes recoverable and accounts payable and accrued liabilities that are denominated in US Dollars and Mexican Pesos. A 10% fluctuation in the US Dollar and Mexican Peso against the Canadian Dollar would affect net income for the year by approximately $28,000. As at April 4, 2018, the company has no financial assets or liabilities denominated in Mexican Pesos. A 10% fluctuation in the US Dollar against the Canadian dollar would affect net income for the year by approximately $300.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Critical Accounting Estimates and Judgments

The preparation of these financial statements 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.

Critical Judgments

The preparation of these consolidated financial statements requires management to make judgments regarding the going concern of the Company as previously discussed in Note 1 of these consolidated financial statements, as well as the determination of functional currency.
The functional currency is the currency of the primary economic environment in which an entity operates, and has been determined for each entity within the Company. The functional currency for the Company and its subsidiary, Exploración Auramex S.A de C.V.,has been determined to be the Canadian dollar by conducting an analysis of the consideration factors identified in IAS 21, the Effects of Changes in Foreign Exchange Rates.

The determination of the cash generating units ("CGU's") to which exploration properties and their related costs are allocated for the purposes of assessing impairment, and the related estimation of the future events that could result in impairment are inherently subject to uncertainty. The estimated recoverable amount could be impacted by changes in these judgments in the future.

Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant.
Significant estimates made by management affecting our consolidated financial statements include:

Share-based payments

Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

Deferred tax Assets & Liabilities

The estimation of income taxes and liabilities includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets or liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves.

To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets and liabilities, and deferred income tax provisions or recoveries could be affected.

Non-monetary transactions

All non-monetary transactions are measured at the fair value of the asset surrendered or the asset received, whichever is more reliable, unless the transaction lacks commercial substance or the fair value cannot be reliably established. The commercial substance requirement is met when the future cash flows are expected to change significantly as a result of the transaction. When the fair value of a non-monetary transaction cannot be reliably measured, it is recorded at the carrying amount (after reduction, when appropriate, for impairment) of the asset given up and adjusted by the fair value of any monetary consideration received or given. When the asset received or the consideration given up is shares in an actively traded market, the market value of those shares will be considered fair value.

Carrying value and recoverability of Exploration & Evaluation Assets

The carrying amount of Company's exploration and evaluation assets does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to commence and complete development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

Additional Disclosure for Venture Issuers

The Company's business primarily involves mining exploration, and the Company has received no revenue from operations in either of its last two financial years. The following selected financial information indicates costs and expenses incurred by the Company during the years ended:

	December 31, 2017	December 31, 2016
Capitalized or expensed exploration costs		
• Mexican properties	$ 95,341	$ 26,801
• Stewart properties, B.C.	52,763	142,623
Expensed research and development costs	Nil	Nil
Deferred development costs	Nil	Nil
General and administrative expenses	279,590	48,774
Material costs not referred to in the foregoing	Nil	Nil

Disclosure of Outstanding Share Data

The Company has the following securities outstanding at April 4, 2018:

35,345,899 common shares;

3,016,000 Incentive stock options: 350,000 options at an exercise price of $0.10 per share, for the purchase of common shares, exercisable on or before December 16, 2019; 550,000 options at an exercise price of $0.05 for the purchase of common shares, exercisable on or before September 24, 2024; 400,000 at a price of $0.05 per share, for the purchase of common shares, exercisable on or before May 4, 2018; 400,000 options at an exercise price of $0.05 per share for the purchase of common shares, exercisable on or before June 22, 2018; 550,000 options at an exercise price of $0.05 for the purchase of common shares, exercisable on or before February 8, 2027; 100,000 options at an exercise price of $0.05 per share for the purchase of common shares, exercisable on or before October4, 2017; 150,000 options at an exercise price of $0.05 per share for the purchase of common shares, exercisable on or before December 4, 2018; and 516,000 options at an exercise price of $0.05 per share for the purchase of common shares, exercisable on or before December 19, 2017.

9,995,000 share purchase warrants.

Each of 290,000 share purchase warrants entitles the holder to purchase one common share until March 7, 2019; and each of 2,000,000 share purchase warrants entitles the holder to purchase one common share until December 22, 2019, at a price of $0.055 per share; and each of 7,705,000 share purchase warrants entitles the holder to purchase one common share until February 16, 2020.

Fourth Quarter Results

During the three months ended December 31, 2017, the Company had the following significant activity:

The Company granted an option to Bowering Projects Ltd. to acquire Exploración Auramex S.A. de C.V. for a cash payment of $5,000.

Lawrence Roulston replaced Wayne Crocker as President and CEO.
766,000 Stock options exercisable at $0.05 were granted with a deemed stock compensation cost of $43,214.
$125,000 of the capital raised in 2017 was raised in the fourth quarter

Other

The Company has no off-balance sheet arrangements.

On January 22, 2018, the Company finalized the sale of Exploración Auramex S.A. de C.V. and transferred ownership of the subsidiary to Bowering. As consideration for the transfer, Bowering provided an indemnification to the Company against all of the debts of the subsidiary. Further, the Company is to receive 100,000 shares in a reporting issuer when the purchaser transfers mineral titles held by Exploración to a reporting issuer.

On February 16, 2018, the Company raised $616,400 by the issuance of 7,705,000 units at a price of $0.08 per unit. Each unit is comprised of one common share and one share purchase warrant entitling the holder to purchase one additional common share at a price of $0.10 for a period of two years.

Two directors and a past officer converted $241,100 of amounts owing to them into 3,013,750 shares at $0.08 per share. All remaining outstanding payables were paid.