Candelaria Mining Corp.

Consolidated Financial Statements
For the years ended April 30, 2019 and 2018
(amounts expressed in thousands of Canadian dollars, except where indicated)

Grant Thornton LLP
Suite 1600,333 Seymour Street
Vancouver, BC
V6B 0A4

T +1 604 687 2711
F +1 604 685 6569
www.GrantThornton.ca

Independent Auditor's Report

To the Shareholders of Candelaria Mining Corp.

Opinion

We have audited the consolidated financial statements of Candelaria Mining Corp (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2019, and April 30, 2018 and the consolidated statements of comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at April 30, 2019 and April 30, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a comprehensive loss of $22,935,000 and negative cash flows from operations of $2,032,000 for the year ended April 30, 2019. As at April 30, 2019, the Company had an accumulated deficit of $40,125,000. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the consolidated financial statements and Auditor's report thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events

or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Robert J. Riecken.

Grant Thornton LLP

Vancouver, Canada
August 27, 2019

Chartered Professional Accountants

Candelaria Mining Corp.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts expressed in thousands of Canadian dollars, except where indicated)

	Note	April 30, 2019	April 30, 2018
Assets			
Current assets			
Cash and cash equivalents	5	$ 277	$ 2,109
Other receivables and prepaid expenses	4,5	52	2,498
		329	4,607
Other receivables – non-current	4,5	2,844	-
Equipment	6	7	42
Exploration and evaluation assets	7	11,516	31,649
Total assets		$ 14,696	$ 36,298
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	$ 876	$ 376
Caballo Blanco Acquisition Payable	5,7	1,813	1,734
Total liabilities		$ 2,689	$ 2.110
Shareholders' equity			
Share capital		44,645	44,645
Reserves		4,715	2,955
Deficit		(40,125)	(16,274)
		9,235	31,326
Non-controlling interest ("NCI")		2,772	2,862
		12,007	34,188
Total liabilities and shareholders' equity		$ 14,696	$ 36,298

Nature of operations and going concern (note 1)

Approved by the Board of Directors

"Ramon Perez" Director "Javier Reyes" Director

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

Candelaria Mining Corp.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Amounts expressed in thousands of Canadian dollars, except where indicated)

	Notes	Year ended April 30, 2019	2018
General and administration expenses			
Amortization		$ (35)	$ (45)
Exploration expense	14	(712)	(1,821)
Consulting and professional fees		(737)	(947)
Salary and wages		(365)	(435)
General and administration		(339)	(598)
Investor relations and development		-	(66)
Regulatory and filing fees		(49)	(55)
Travel		(37)	(75)
Share-based compensation	9	(754)	(936)
		(3,028)	(4,978)
Other (expenses) income, net			
Finance cost	13	-	(3,892)
Gain on settlement of convertible debenture		-	1,352
Foreign exchange loss		(44)	(179)
Impairment on exploration and evaluation assets	7	(20,869)	-
Other		-	7
Net loss		(23,941)	(7,690)
Other comprehensive loss (“OCI”)			
Items that may be reclassified to profit or loss			
Gain (loss) on translation of foreign operations		1,006	(1,100)
Total comprehensive loss		(22,935)	(8,790)
Net loss attributable to:			
Owners of the Company		(23,851)	(7,355)
NCI		(90)	(335)
Total net loss		(23,941)	(7,690)
Owners of the Company		1,006	(1,100)
NCI		-	-
Total other comprehensive loss		1,006	(1,100)
Owners of the Company		(22,845)	(8,455)
NCI		(90)	(335)
Total comprehensive loss		(22,935)	(8,790)
Loss per share – basic and diluted		$ (0.21)	$ (0.08)
Weighted average shares outstanding (000’s) – basic and diluted		113,170	105,775
Total shares issued and outstanding (000’s)		113,822	111,897

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

Candelaria Mining Corp.

CONSOLIDATED STATEMENTS OF CHANGE IN SHAREHOLDERS' EQUITY

(amount expressed in thousands of Canadian dollars, except where indicated)

	Notes	Shares ('000) Note 2	Share capital	Reserves	RSU Reserves	Translation reserves	Equity portion - convertible debenture	Share consideration to be issued	Deficit	Total equity for owners	NCI	Total equity
Balance as at April 30, 2018		**111,897**	**$ 44,645**	**$ 3,424**	**$ 738**	**$ (1,207)**	**$ -**	**$ -**	**$ (16,274)**	**$ 31,326**	**$ 2,862**	**$ 34,188**
Cumulative translation		-	-		-	1,006	-	-	-	1,006	-	1,006
Stock based compensation	9	1,925	-	183	571	-	-	-	-	754	-	754
Net loss for the year		-	-	-	-	-	-	-	(23,851)	(23,851)	(90)	(23,941)
As at April 30, 2019		**113,822**	**$ 44,645**	**$ 3,607**	**$ 1,309**	**$ (201)**	**$ -**	**$ -**	**$ (40,125)**	**$ 9,235**	**$ 2,772**	**$ 12,007**

	Notes	Shares ('000) Note 2	Share capital	Reserves	RSU Reserves	Translation Reserves	Equity Portion - Convertible Debenture	Share consideration to be issued	Deficit	Total equity for owners	NCI	Total equity
Balance as at April 30, 2017		**86,874**	**$ 22,068**	**$ 3,252**	**$ -**	**$ (107)**	**$ 50**	**$ 4,233**	**$ (8,919)**	**$ 20,577**	**$ 3,197**	**$ 23,774**
Share issuance – private placement, net		10,120	9,584	-	-	-	-	-	-	9,584	-	9,584
Share issuance - warrants exercised		1,016	178	-	-	-	-	-	-	178	-	178
Share issuance – convertible debenture		9,072	8,512	-	-	-	(50)	-	-	8,462	-	8,462
Share issuance – option exercised		148	70	(26)	-	-	-	-	-	44	-	44
Cumulative translation		-	-	-	-	(1,100)	-	-	-	(1,100)	-	(1,100)
Stock based compensation		-	-	198	738	-	-	-	-	936	-	936
Apolo acquisition - NCI		4,667	4,233	-	-	-	-	(4,233)	-	-	-	-
Net loss for the year		-	-	-	-	-	-	-	(7,355)	(7,355)	(335)	(7,690)
As at April 30, 2018		**111,897**	**$ 44,645**	**$ 3,424**	**$ 738**	**$ (1,207)**	**$ -**	**$ -**	**$ (16,274)**	**$ 31,326**	**$ 2,862**	**$ 34,188**

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

Candelaria Mining Corp.
CONSOLIDATED STATEMENTS of CASH FLOWS
(Amount expressed in thousands of Canadian dollars, except where indicated)

		Year ended April 30,	
	Note	**2019**	**2018**
Cash used from operating activities			
Net loss for the year		$ (23,941)	$ (7,690)
Items not affecting cash			
Amortization		35	45
Finance cost – accreted interest	13	-	3,795
Unrealized foreign exchange loss (gain)		73	(93)
Impairment on exploration and evaluation assets	7	20,869	-
Gain on fair value of convertible debenture		-	(1,352)
Share-based compensation charges	9	754	936
		(2,210)	(4,359)
Change in non-cash operating working capital			
Increase in accounts receivable and prepaid expense		(236)	(323)
(Decrease) increase in accounts payable and accruals		414	(420)
		(2,032)	(5,102)
Cash flows from (used in) financing activities			
Proceeds from private placement, net	8(n)	131	9,584
Proceeds from option exercised		-	44
Proceeds from warrants exercised		-	178
Repayment – promissory note		-	(3,413)
		131	6,393
Increase (decrease) in cash and cash equivalents		(1,901)	1,291
Foreign exchange impact on cash and cash equivalents		69	(122)
Cash and cash equivalents – beginning of year		2,109	940
Cash and cash equivalents – end of year		277	2,109
Cash		$ 238	$ 2,075
Short term investment		39	34
Cash and cash equivalents – end of year		$ 277	$ 2,109

Supplemental cash flow information (note 15)

1 Nature of operations and going concern

Candelaria Mining Corp. (the "Company") is a British Columbia public company listed on the TSX Venture Exchange ("TSXV") under the trading symbol "CAND.V". The Company also trades under the symbol "CDELF" on OTC Pink. The Company was incorporated under the Business Corporations Act of British Columbia on January 23, 2012. The Company's registered and records office is located at Suite 1200, 750 West Pender Street, Vancouver, BC, Canada, V6C 2T8. The address of the Company's head office is 1201 - 1166 Alberni Street, Vancouver, BC V6E 3Z3.

On December 5, 2018, the Company announced that it has agreed to issue 7,075,472 of the Company's common shares to the shareholder of Minera Apolo S.A. de C.V. ("Minera Apolo") to acquire the remaining 40% of the shares of Minera Apolo. The Company has entered into an agreement and is in the process of submitting the transaction for regulatory approval.

On February 27, 2015, the Company, entered into an agreement to acquire a 60% interest in Minera Apolo, S.A. de C.V. ("Apolo"). Apolo is a privately owned exploration company with certain mining concessions located in the State of Zacatecas, Mexico (the "Property"). The Company finalized the agreement for the acquisition of Apolo on March 17, 2016 (Note 7(a)).

On May 11, 2016, the Company signed an agreement to acquire the Caballo Blanco Gold Project ("Caballo Blanco") in Veracruz from Molimentales Del Noroeste, SA de CV, a subsidiary of Alio Gold Inc. ("Alio"), formerly Timmins Gold Corp. (Note 7(b)).

Going concern

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future which is at least, but not limited to, twelve months from the end of the reporting year. Management is aware in making its assessment of material uncertainties relating to events or conditions that may cause significant doubt upon the Company's ability to continue as a going concern, as explained in the following paragraph.

The Company has not yet generated income or cashflows from operations. As at April 30, 2019, the Company had cash and cash equivalents of $277, a working capital deficit of $2,360, and an accumulated deficit of $40,125 (April 30, 2018 - $16,274). For the year ended April 30, 2019, the Company incurred a net and comprehensive loss of $23,941 (April 30, 2018 - $7,690) and negative cashflows from operations of $2,032 (April 30, 2018 - $5,102). The Company will require additional financing, through various means including, but not limited to equity financings to continue the exploration program and to meet its future obligations and administrative expenses. There is no assurance that the Company will be successful in raising the additional required funds.

The above noted conditions indicate the existence of material uncertainties that creates significant doubt about the Company's ability to continue as a going concern. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, to the reported expenses and to the financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

2 Basis of presentation

Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The financial statements are presented in Canadian dollars.

The financial statements were authorized for issue on August 27, 2019 by the directors of the Company.

Use of estimates and judgements

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Such estimates primarily relate to share-based transaction valuations, fair values of financial instruments and the recoverability of deferred income tax assets and exploration and evaluation assets. Actual results could differ from those estimates. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in Note 1 relating to going concern.

Acquisition of mineral property interests

The Company treats the acquisition of a mineral property interest as either a business combination or asset purchase. The determination of treatment is based upon an assessment of factors at the time of acquisition.

A business combination is a transaction in which control over one or more businesses is obtained. A business is defined as an integrated set of activities and assets that is capable of creating outputs which provide a positive economic return to stakeholders. If the integrated set of activities and assets is in the exploration or development stage and therefore does not have outputs, the Company considers other factors to determine if the assets are a business. These include, but are not limited to, whether the set of activities and assets:

(a) has planned principal activities;

(b) has identified mineral reserves and processes needed to generate the inputs required for output production;

(c) is pursuing a plan to produce outputs; and

(d) will be able to sell the produced outputs.

Not all of the above factors need to be present for a particular integrated set of activities and assets in the development stage to qualify as a business. Business acquisitions are accounted for using the acquisition method, in which the acquired assets and liabilities are recorded at fair value at the date of acquisition. Direct costs associated with a business combination are expensed as incurred.

Acquisitions in which a business is not acquired are treated as an asset purchase. Under an asset purchase, the fair value of the consideration provided is allocated to the individual fair value of assets and liabilities assumed on the basis of their relative fair values at the time of acquisition. The costs of acquisition for an asset acquisition are deferred and capitalized in the period they are incurred. In the event the acquisition is not completed, these costs would be immediately expensed.

The Apolo and Caballo Blanco acquisitions (Note 7) were treated as an asset purchase since, at time of acquisition, it was not a business.

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment to determine whether it is likely that future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. The determination of a compliant resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e., measured, indicated or inferred).

Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of such expenditures is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

Deferred taxes

The Company recognizes a deferred tax asset to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. To the extent that future cash flows and taxable profit differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods.

Share-based payments

The Company grants share-based awards as an element of compensation that includes stock options and restricted share units.

Share-based payments for stock options are determined using the Black-Scholes option pricing model based on estimated fair values at the date of grant and is expensed to profit or loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

Share-based payments for restricted share units are determined using the market price at the date of grant and is expensed to profit or loss over each award's vesting period.

Derivative assets and liabilities

Management is required to determine assumptions used in financial fair value models to estimate derivatives liabilities raised from share purchase warrants, and gold forward contracts where contractually applicable. The assumptions may be adjusted at each reporting period and the actual value of the derivative liability may differ from the amount currently provided.

Functional Currency

The Company is involved in the exploration and development of gold with continued operations that are heavily reliant on international economics such as the price and demand of gold and other commodities. The parent company's resources, and competitive forces are measured in CAD and have determined the functional currency of all its entities to be CAD. For all of the foreign subsidiaries, which are located in Mexico, the functional currency is denominated in Mexican Pesos.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. All amounts are expressed in Canadian dollars, unless otherwise stated. Intercompany transactions and balances between the Company and its subsidiaries are eliminated. The principal subsidiaries of the Company and their geographic location as at April 30, 2019 were as follows:

	Jurisdiction	Ownership %
Candelaria Mining Corp.	Canada	N/A – parent company
Group Minero Candelaria SAPI de CV	Mexico	100%
Maquila de Minerales SA de CV	Mexico	100%
Minera Apolo SA de CV	Mexico	60%
Minera Catanava SA de CV (100% wholly owned by Minera Apolo)	Mexico	60%
Minera Caballo Blanco SA de CV	Mexico	100%

3 Summary of significant accounting policies

Basis of consolidation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The policies set out below were consistently applied to all periods presented. These consolidated financial statements were approved and authorized for issue by the Board of Directors. These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash within ninety days of purchase.

Exploration and Evaluation Expenditure

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes; but is not limited to

- Exploratory drilling and sampling
- Surveying transportation and infrastructure requirement
- Gathering exploration data through geophysical studies

The Company capitalizes significant direct costs of acquiring resource property interests. Option payments are considered acquisition costs if the Company has the intention of exercising the underlying option.

Once the legal right to explore has been acquired, exploration and evaluation expenditures is charged to profit or loss as incurred, unless management concludes that a future economic benefit is more likely than not to be realized. These costs include materials used, surveying costs, drilling costs, drilling costs and payments made to contractors.

Exploration costs incurred prior to the determination of economically recoverable reserves are expensed as "exploration costs' in the consolidated statement of loss and comprehensive loss

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing historical characteristic of many properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge title to all of its properties is in good standing.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of the estimated recoverable amount, are written off to the consolidated statement of loss and comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined and a development decision made, the property is considered to be a mine under development. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

Plant and Equipment

Plant and equipment are recorded at cost and carried net of accumulated depreciation and accumulated impairment losses. Costs of additions and improvements are capitalized. An item of plant and equipment is derecognized upon disposal, or impaired when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss on disposal of the asset, determined as the difference between the proceeds and the carrying amount of the asset is recognized in profit or loss.

For transportation, computer and other equipment, the straight-line method is also applied over the estimated useful lives of the assets:

	Years
Mining equipment	3-4
Vehicles	3-4
Office equipment	3-4
Computer equipment	2-3
Computer software	2-3

Foreign currencies

The functional currency of the reporting entity and each of its foreign operations must be assessed independently giving consideration to the primary economic environment in which each reporting entity operates. Management has determined that the functional currencies of its Mexican subsidiary is the Mexican Peso as this is the currency of the primary economic environment in which the Company operates. The Company and its other subsidiaries have the Canadian dollar as their functional currency.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities in foreign currencies are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are included in the consolidated statement of operations.

Compound financial instruments (convertible debenture)

Compound financial instruments issued by the Company comprise convertible notes that can be converted to common shares at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is certain that a reimbursement will be received and the amount receivable can measured reliably.

Financial instruments

Financial assets are classified and measured at: fair value to profit and loss (“FVTPL”), fair value to other comprehensive income (“FVOCI”) and amortized cost. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. Measurement and classification of financial assets is dependent on the Company’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset i.e. whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuation based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates;

Level 3: valuation based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The carrying value of cash and cash equivalents, other receivables and accounts payable and accrued liabilities approximate their fair values because of their short-term nature.

Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met: the financial asset is held with the objective to collect contractual cash flows; and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest (“SPPI”). This is referred to as the SPPI test.

Financial assets at amortized cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Interest received is recognized as part of finance income. Gains and losses are recognized when the asset is derecognized, modified or impaired. The Company’s financial assets at amortized cost include:

- cash;
- other receivables; and

Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value i.e. fail the SPPI test. Derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss. An embedded derivative will often make a financial asset fail the SPPI test thereby requiring the instrument to be measured at FVTPL in its entirety.

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the Company has transferred substantially all the risks and rewards of ownership. On derecognition, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

IFRS 9

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments, such as the Company's pre-paid forward gold purchase liability. Gains or losses on financial liabilities at FVTPL are recognized in profit or loss.

Financial liabilities at amortized cost

After initial recognition, interest-bearing loans and accounts payable and accrued liabilities, and related party balances are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income. Gains and losses are recognized when the financial liability is derecognized.

The Company's financial liabilities at amortized cost include:

- accounts payable and accrued liabilities;

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income or loss. The modification accounting also requires that gain or loss to be recognized in the statement of profit or loss.

Financial liabilities are derecognized when the obligation specified in the underlying contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss, unless the financial liability is settled with the Company's shares, in which case it is recognized in profit or loss or equity.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

IFRS 9

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements at May 1, 2018.

The Company recognizes loss allowances for ECLs on financial assets measured at amortized cost. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- The financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed for indicators of impairment at the end of each reporting period. If there are indicators of impairment, an evaluation is undertaken to determine whether the carrying amounts are in excess of their recoverable amounts. An asset's recoverable amount is determined as the higher of its fair value less costs to sell and its value-in-use. Such reviews are undertaken on an asset-by-asset basis, except where assets do not generate cash flows independent of other assets, in which case the assets are grouped together into the smallest group of assets that generate independent cash inflows and then a review is undertaken at the cash-generating unit level.

If the carrying amount of an individual asset or cash-generating unit exceeds its recoverable amount, an impairment loss is recorded in profit or loss to reflect the asset at the lower amount. In assessing the value-in-use, the relevant future cash flows expected to arise from the continuing use of such assets and from their disposal are discounted to their present value using a pre-tax discount rate which reflects the current market's assessments of the time value of money and asset-specific risks for which the cash flow estimates have not been adjusted. Fair value less costs to sell is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties.

A reversal of a previously recognized impairment loss is recorded in profit or loss when events or circumstances indicate that the estimates used to determine the recoverable amount have changed since the prior impairment loss was recognized. The carrying amount is increased to the recoverable amount but not beyond the carrying amount net of amortization which would have arisen if the prior impairment loss had not been recognized. After such a reversal, the amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in Statement of Loss and Comprehensive Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Contingently issuable or returnable shares are excluded from the determination of the weighted average number of shares outstanding.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at

the date the goods or services are received. The corresponding amount is recorded to the stock option reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Restricted share units ("RSU")

RSU's issued to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the RSU reserve. The fair value of RSU is determined using the trading price on the date of issuance of the RSU. The number of RSU's expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Share Issuance Costs

Share issue costs, which includes commissions, professional fees and regulatory fees, are charged directly to share capital.

Valuation of Equity Units Issued in a Private Placement

Shares and warrants issued as private placement units are measured using the residual value method whereby value is first allocated to the common shares component based on its fair value with the residual value being attributed to the warrant unit.

The fair value of finder's warrants are calculated based on the Black-Scholes valuation model.

Non-controlling interest ("NCI")

Non-controlling interests exist in less than wholly-owned subsidiaries of the Company and represent the outside interest's share of the carrying values of the subsidiaries. Non-controlling interests are recorded at their proportionate share of the fair value of identifiable net assets acquired as at the date of acquisition and are presented immediately after the equity section of the consolidated balance sheet. When the subsidiary company issues its own shares to outside interests and does not result in a loss of control, a dilution gain or loss arises as a result of the difference between the Company's share of the proceeds and the carrying value of the underlying equity, an equity transaction, is included in equity.

New Accounting Standards Adopted During the Year

Under IFRS 9, there is a change in the classification and measurement requirements relating to financial assets. Previously, in accordance with IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"), there were four categories of financial assets: loans and receivables, fair value through profit or loss, held to maturity and available for sale. IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: fair value through profit and loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") and amortized cost. Investments in equity instruments are required to be measured by default at FVTPL (but there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income). Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The Company adopted IFRS 15 using the modified retrospective approach, which means the cumulative impact of adoption will be recognized as at May 1, 2019 and comparatives will not be restated. There is no impact from adoption of IFRS 15. IFRS 9 allows for an exemption from restating prior periods in respect of the standard's classification and measurement requirements. The Company has chosen to apply this exemption upon initial adoption. However, it was determined that the adoption of IFRS 9 has no impact on the comparative year's consolidated financial statements. There was no impact on hedging as the Company does not apply hedge accounting. The Company completed a detailed assessment of its financial assets and liabilities as at May 1, 2018. The adoption of IFRS 9 had no quantitative impact on the Company's financial instruments; however, it has an impact on the classification and disclosure of the Company's financial instruments compared to the old standard IAS 39 as follows:

	Original classification under IAS 39	New classification under IFRS 9
Financial assets		
Cash and cash equivalents	Loans and receivable	Amortized cost
Financial liabilities		
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Caballo Blanco Acquisition Payable	Amortized cost	Amortized cost

(Amounts expressed in thousands of Canadian dollars, except where indicated)

Recent accounting pronouncements issued but not yet effective

IFRS 16, Leases ("IFRS 16) and revised IAS 17 ("IAS 17)

The IASB issued IFRS 16 and revised IAS 17 in January 2016. IFRS 16 specifies how to recognize, measure, present and disclose leases. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the term of the lease is twelve months or less or the underlying asset has a low value. Lessor accounting however remains unchanged from IAS 17 and the distinction between operating and finance leases is retained. IAS 17, as revised, now prescribes the accounting policies and disclosures applicable to leases, both for lessees and lessors.

The Company will be adopting IFRS 16 on May 1, 2019 using the modified retrospective approach. Under this approach, the cumulative effect of initially applying IFRS 16 is recognized as an adjustment to equity at the date of initial application. Comparative figures are not restated to reflect the adoption of IFRS 16. Additionally, the Company will be adopting the exemption for leases with a lease term of 12 months or less and for leases that are low value. While the assessment of the impact is still being determined, and the Company is not currently in a position to reliably quantify the full impact of IFRS 16 on its consolidated financial statements, the Company expects the adoption of this standard to increase asset by recording a right-of-use asset upon adoption. There will also be an increase to liabilities as a corresponding liability will also be recorded in the consolidated financial statements. The Company also expects an impact from the reclassification of lease expense from operating expense and general and administration expense to depreciation expense and interest expense. There will be impact on the consolidated statement of cash flows as cash flows from operating activities will increase as payments will be reclassified to cash flows from investing activities.

4 Other receivables and prepaid expenses

	April 30, 2019	April 30, 2018
Other receivable	$ 24	$ 59
IVA receivables*	2,844	2,411
Prepaid expenses	28	28
	$ 2,896	$ 2,498
Non current portion	$ 2,844	$ -
Current portion	$ 52	$ 2,498

*IVA receivables is value added tax receivables in Mexico which generally applies to all imports, supplies of goods, and the provision of services by a taxable person unless specifically exempted by a particular law. The tax is imposed by the federal government of Mexico and ordinarily applies on each level of the commercialization chain.

5 Financial instruments

Fair values of financial instruments

The fair values of financial instruments are summarized as follows:

(Amounts expressed in thousands of Canadian dollars, except where indicated)

	April 30, 2019		April 30, 2018	
	Carrying value $	Fair value $	Carrying value $	Fair value $
Financial assets				
Amortized cost				
Cash and cash equivalents	277	277	2,109	2,109
Other receivables(1)	24	24	59	59
Financial liabilities				
Amortized cost				
Accounts payable & accrued liabilities	876	876	376	376
Caballo Blanco acquisition payable	1,813	1,813	1,734	1,734

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents. The Company's cash and cash equivalents are held through large Canadian financial institutions.

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 as described in Note 11. The accounts payable is due within the current operating period.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Company is exposed from time to time to interest rate risk as a result of holding fixed income cash equivalents and investments, of varying maturities. A 1% change in market interest rates would result in no significant change in value of cash and cash equivalents or fixed income securities. The risk that the Company will realize a loss as a result of a decline in the fair value of these assets is limited as they are generally held to maturity.

Foreign Exchange Risk

The Company operates in Canada and Mexico. As a result, the Company is exposed to foreign exchange risk arising from transactions denominated in foreign currencies.

The operating results and the financial position of the Company are reported in Canadian dollars. Fluctuations of the operating currencies in relation to the Canadian dollar will have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities.

The Company's financial assets and liabilities as at April 30, 2019 are denominated in United States Dollars, Canadian Dollars, and Mexican Pesos, and are set out in the following table:

(Amounts expressed in thousands of Canadian dollars, except where indicated)

	Canadian Dollars	US Dollars	Mexico Pesos	Total
Financial assets				
Cash and cash equivalents	$ 10	$ 255	$ 12	$ 277
Other receivables	1	-	23	24
	11	255	35	301
Financial liabilities				
Accounts payables and accrued liabilities	(711)	(61)	(104)	(876)
Caballo Blanco Acquisition Payable	-	(1,813)	-	(1,813)
Net financial (liabilities)	$ (700)	$ (1,619)	$ (69)	$ (2,388)

The Company's financial assets and liabilities as at April 30, 2018 are denominated in United States Dollars, Canadian Dollars, and Mexican Pesos, and are set out in the following table:

	Canadian Dollars	US Dollars	Mexico Pesos	Total
Financial assets				
Cash and cash equivalents	$ 50	$ 1,949	$ 110	$ 2,109
Other receivables	1	-	58	59
	51	1,949	168	2,168
Financial liabilities				
Accounts payables and accrued liabilities	(297)	(3)	(100)	(400)
Caballo Blanco Acquisition Payable	-	(1,734)	-	(1,734)
Net financial (liabilities)	$ (246)	$ 212	$ 68	$ 34

The Company's reported results will be affected by changes in the US dollar to Canadian dollar and Canadian dollar to Mexican Pesos exchange rate. As of April 30, 2019, a 10% appreciation of the Canadian dollar relative to the US dollar would have decreased net financial assets by approximately $162 (April 30, 2018 - $21). A 10% depreciation of the US Dollar relative to the Canadian dollar would have had the equal but opposite effect. A 10% appreciation of the Mexican Pesos relative to the Canadian dollar would have decreased net financial asset by approximately $7 (April 30, 2018 - $7) and a 10% depreciation of the Mexican Pesos would have had an equal but opposite effect. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risk.

The table below summarizes the maturity profile of the Company's non-derivative financial liabilities.

April 30, 2019	Current – within 1 year	Non- current – 1 to 3 years
Accounts payables and accrued liabilities	$ 876	$ -
Caballo Blanco Acquisition Payable	1,813	-
	$ 2,689	$ -

(Amounts expressed in thousands of Canadian dollars, except where indicated)

6 Equipment

	Opening, April 30, 2018	Purchases	Ending, April 30, 2018, April 30, 2019
Vehicles	$ 47	$ -	$ 47
Office	26	-	26
Computer	43	-	43
Total	**$ 116**	**$ -**	**$ 116**

	Accumulated Amortization – April 30, 2017	Amortization	Accumulated Amortization - April 30, 2018	Amortization	Accumulated Amortization - April 30, 2019
Vehicles	$ 6	$ 18	$ 24	$ 16	$ 40
Office	7	10	17	9	26
Computer	16	17	33	10	43
Total	**$ 29**	**$ 45**	**$ 74**	**$ 35**	**$ 109**

	Net book value – April 30, 2019	Net book value – April 30, 2018
Vehicles	$ 7	$ 23
Office	-	9
Computer	-	10
Total	**$ 7**	**$ 42**

7 Exploration and evaluation assets

		Apolo Property, Zacatecas, Mexico	Caballo Blanco Project	Total
April 30, 2017		**$ 11,370**	**$ 21,259**	**$ 32,629**
Cumulative translation adjustment – foreign exchange		(590)	(390)	(980)
April 30, 2018		**$ 10,780**	**$ 20,869**	**$ 31,649**
Cumulative translation adjustment – foreign exchange		736	-	736
Impairment		**-**	**(20,869)**	**(20,869)**
April 30, 2019		**$ 11,516**	**$ -**	**$ 11,516**

(Amounts expressed in thousands of Canadian dollars, except where indicated)

a) **Apolo Project**

The Company has accounted for the acquisition as an asset purchase and the purchase price allocation is summarized as follows:

Cash payment – US$500 (a)(i)(ii)	$	656
Share issuance (a)(iii)		4,533
Loan forgiven (a)(vi)		850
Transaction cost (a)(vi)		430
Total consideration	$	6,469

Allocated to:

Cash acquired	$	232
Other receivables and prepaid		429
Equipment		37
Exploration and evaluation assets		11,370
Accounts payable		(625)
Loan (repaid as at April 30, 2017)		(659)
NCI		(4,315)
Total consideration	$	6,469

On February 27, 2015, the Company, entered an agreement (the "Agreement") with the shareholders of Apolo to acquire 60% of Apolo's issued and outstanding common shares.

Apolo is a privately owned exploration company with certain mining concessions located in the State of Zacatecas, Mexico (the "Apolo Property"). Pursuant to the terms and conditions of the Agreement, the Company will earn the 60% interest by:

i) Paying an aggregate of US$250 to the shareholders of Apolo on the agreement approval date, March 22, 2016 (paid as at April 30, 2017); and
ii) a further US$250 ($331) to the shareholders of Apolo (paid as at April 30, 2017);
iii) Issuing a total of 6.7 million common shares (first installment 2.0 million common shares issued as at March 17, 2016) of the Company in installments over an 18 months period beginning on the March 22, 2016. The remaining 4.7 million common shares ($4,233) was issued on May 2, 2017; and
iv) Funding exploration expenditures of a minimum of US$3,500 (criteria is met as at April 30, 2017) by advancing funds to Apolo on or before March 22, 2018 (the "Funding Commitment"); and
v) Lending or arranging for a third party to loan, to Apolo, a minimum of US$1,000 on or before March 22, 2017 from the closing date (the "Loan"). The Company shall not issue dividends until the financing and the Loan are fully paid. This criteria is met from the issuance of the $1,625 convertible debenture.
vi) As part of the transaction, the Company issued 2,469,333 shares to holders of Apolo notes with a fair value of $370, and 400,000 shares with a fair value of $60 on March 17, 2016. As a result a total of $430 transaction costs are included as the total consideration above. The $850 advanced in the prior year was forgiven.

Subject to the terms and conditions set forth in the Agreement, the Company will pay an additional US$100 (the value of these payments has not been recognized in the statement of financial position as at April 30, 2019 due to the level of uncertainty surrounding the conditions required for the payments) to the Apolo shareholders annually if all of the following conditions are satisfied:

(Amounts expressed in thousands of Canadian dollars, except where indicated)

- Apolo reaches a production of 250 tons per day on the Apolo Property;
- any portion of the Funding Commitment remains outstanding and payable on due date;
- any portion of the Loan remains outstanding and payable;
- the price of gold is over US$1,100 per ounce; and
- the price of silver is over US$17 per ounce.

The Company will grant a 1.5% net smelter royalty ("NSR") on the Apolo Property to the shareholders of Apolo. The Company will have a right of first refusal on the NSR and on the remaining 40% interest in Apolo held by the Apolo shareholders.

On December 5, 2018, the Company announced that it has agreed to issue 7,075,472 of the Company's common shares to the shareholder of Minera Apolo S.A. de C.V. ("Minera Apolo") to acquire the remaining 40% of the shares of Minera Apolo. The Company has entered into an agreement and is in the process of submitting the transaction for regulatory approval.

b) **Mineral interest in Caballo**

The Company has accounted for the acquisition as an asset purchase and the purchase price allocation is summarized as follows:

Cash payment – US$10 million (b)(i)(ii)(iii)	$	13,254
Promissory note issuance – US$2.5 million (b)(iv)		2,901
Transaction cost		16
Total consideration	$	16,171

Allocated to:

Exploration and evaluation asset	$	21,259
Payment obligation assumed – US$5.0 million (b)(v)		(5,088)
Total consideration	$	16,171

On May 11, 2016, the Company signed an agreement to acquire the Caballo Blanco Gold Project ("Caballo Blanco") in Veracruz, Mexico from Molimentales Del Noroeste, SA de CV, a subsidiary of Alio. Pursuant to the terms of the agreement, Candelaria will pay Molimentales a total of US$12.5 million in cash and assume US$5 million in liabilities in exchange for the project and all related rights and assets.

Pursuant to the terms of the agreement, the Company will acquire the Caballo Blanco project in exchange for cash payments to be paid over a period of twelve months as follows:

i) US$1,250 payable on signing of the agreement as a non-refundable deposit (paid as at April 30, 2017). Of the US$1,250, US$250 was paid directly from Credipresto, where a director of the Company is the president however is not in a position to control. (part of the $1,625 convertible debenture issuance).
ii) US$2,250 payable no later than 15 business days from the date of the agreement as an additional non-refundable deposit (paid as at April 30, 2017).
iii) US$6,500 payment upon closing, which is to occur on or before June 24, 2016 (US$5,750 paid as at April 30, 2017). US$750 ($1,007 as at April 30, 2019) accrued as at April 30, 2019. This amount would be paid out to Alio when one of the concessions, which is currently under legal dispute, reaches legal settlement.
iv) Issuance of a US$2,500 ($3,250) non-interest bearing secured promissory note due on the earlier occurrence of the Company receiving permits or July 20, 2017. The US$2,500 ($3,412) was repaid as at April 30, 2018.

(Amounts expressed in thousands of Canadian dollars, except where indicated)

The Company has discounted this promissory note using a discount rate of 12% over the expected life of the promissory note:

Promissory note US$2,500	$	3,250
Impact from discount rate of 12% (over 1 years)		(349)
Fair value at issuance		2,901
Accretion expense – year ended April 30, 2017		276
Foreign exchange impact – year ended April 30, 2017		162
Promissory note US$2,500 – as at April 30, 2017	**$**	**3,339**
Accretion expense – year ended April 30, 2018		73
Repayment		(3,412)
Promissory note US$2,500 – as at April 30, 2018	**$**	**-**

v) The Company agreed to assume a US$5.0 million payment obligation owing to Goldgroup Mining Inc ("Goldgroup"). On August 18, 2016, the Company has settled a US$5 million contingent payment to Goldgroup in exchange for US$3.1 million in payments. Pursuant to the settlement, the Company has paid US$2.5 million. This was paid directly from Credipresto; as a result, the Company issued a corresponding US$2.5 million convertible debenture. The remaining balance is US$600 ($807), to be paid upon SEMARNAT approval). As a result of the settlement, a gain of $1,637 was recorded.

The Company has discounted this assumed liability using a discount rate of 12% over the 2 years of expected life of the liability:

Caballo Blanco – other assumed liability US$5,000	$	6,383
Impact from discount rate of 12% (over 2 years)		(1,295)
Fair value at issuance		5,088
Accretion expense		54
Caballo Blanco – other assumed liability US$5,000 – as at August 18, 2016	**$**	**5,142**
Convertible debenture issued – US$2,500	**$**	**(3,195)**
Caballo Blanco – newly issued assumed liability US$600	$	(766)
Impact from discount rate of 12% (over 2 years)		171
Fair value - Caballo Blanco – newly issued assumed liability US$600		**(595)**
Gain on settlement	**$**	**1,352**

(Amounts expressed in thousands of Canadian dollars, except where indicated)

Opening - Caballo Blanco – newly issued assumed liability US$600	$	766
Impact from discount rate of 12% (over 2 years)		(156)
Fair value at issuance		610
Accretion expense – year ended April 30, 2017		55
Foreign exchange impact – year ended April 30, 2017		47
Caballo Blanco – newly issued assumed liability US$600 – as at April 30, 2017	**$**	**712**
Accretion expense – period ended April 30, 2018		40
Foreign exchange impact – period ended April 30, 2018		19
Caballo Blanco – newly issued assumed liability US$600 – as at April 30, 2018	**$**	**771**
Foreign exchange impact – year ended April 30, 2019		35
Caballo Blanco – newly issued assumed liability US$600 – as at April 30, 2019	**$**	**806**

vi) Total Caballo Blanco acquisition payable as at April 30, 2019 was $1,813 (April 30, 2018 - $1,734) which consists of the fair value of the US$600 ($806 (April 30, 2018 - $771), see (v)) assumed liability and the US$750 ($985)(April 30, 2018 - $963), see (iii)) cash payment outstanding.

i) In accordance with the Company's accounting policy, non-current assets, including Caballo Blanco, are reviewed at each reporting date to determine whether there are any indicators of impairment. An impairment is recognized when the carrying amount exceeds the recoverable amount. Since acquiring the asset in July 2016, the Company has engaged with government authorities, community members and stakeholders, and undertaken additional exploration work including drilling and sampling programs. Candelaria has also closed a strategic investment with Agnico Eagle Mines Limited for C$9.7 million for 9.9% ownership in the Company. [The Company has completed a review and update of the Environmental Impact Assessment and is in the process of evaluating the proper moment to submit it to SEMARNAT, the Mexican Environmental Authority, once the stakeholder engagement process has determined that the social environment is appropriate]. The Company has also developed an exploration program aimed at expanding the current resource which it will undertake pending funding. However, approval of the Environmental Impact Assessment and timing thereof remains uncertain. The Company determined that due to the uncertainty surrounding the timing of permitting, the value of the project cannot be reasonably estimated. As a result, the Company recognized an impairment loss of $20,869 for the year ended April 30, 2019.

8 Share Capital

a) The Company's authorized share capital consists of an unlimited number of common shares without par value.

Share issuance – year ended April 30, 2018

b) On May 2, 2017, the Company issued 4,666,666 common shares related to the Apolo transaction (see note 7(b)(iii)).

c) On July 6, 2017, the Company issued 16,666 common shares for warrants exercised (exercise price $0.75) for total proceeds of $12.

d) On July 31, 2017, pursuant to a private placement, a total of 10,120,000 common shares were sold to Agnico Eagle Mines Limited ("Agnico Eagle") at a price of $0.965 per share for gross proceeds of $9,765. The Company incurred $181 of direct share issuance cost resulting net proceeds of $9,584. s

e) On September 14, 2017, the Company converted the US$2,500 convertible debenture into 6,989,247 common shares and 3,494,523 share purchase warrants.

f) On November 8, 2017, 148,000 stock options were exercised at a price of $0.30 per common share.

g) On December 21, 2017, the Convertible note holder converted the remaining $625 to 2,083,333 common shares.

h) On December 22, 2017, the Company got approval from the TSX Venture Exchange to extend the exercise period for 1 year of certain warrants.

i) On April 9, 2018, 1,000,000 share purchase warrants were exercised at a price of $0.165 per common share.

Share issuance – year ended April 30, 2019

j) On May 9, 2018, 825,001 common shares were issued related to RSUs vested (note 9).

k) On August 9, 2018, 250,000 common shares were issued related to RSUs vested (note 9).

l) On March 29, 2019, 299,999 common shares were issued related to RSUs vested (note 9).

m) On December 5, 2018, the Company announced that it has agreed to issue 7,075,472 of the Company's common shares to the shareholder of Minera Apolo S.A. de C.V. ("Minera Apolo") to acquire the remaining 40% of the shares of Minera Apolo. The Company is currently in progress to close the transaction.

n) On December 21, 2018, the Company announced that it intends to conduct an offering, on a non-brokered private placement basis, of up to 10,500,000 units of the Company (the "**Units**") at a subscription price of $0.40 per Unit for aggregate gross proceeds of up to $4,200. Each Unit will consist of one common share of the Company and one-half of one common share purchase warrant. Each warrant will entitle the holder to purchase one common share at a price of $0.60 for a period of three (3) years following the closing of the private placement. The Company received $131 as an advance from an investor. As at April 30, 2019 the financing is still in progress.

(Amounts expressed in thousands of Canadian dollars, except where indicated)

Warrants

o) On November 27, 2018, the Company obtained approval from the TSX Venture Exchange to amend the exercise price of an aggregate of 12,632,398 outstanding common share purchase warrants (the "Warrants") issued pursuant to two private placements that were completed in 2016.

Warrants outstanding ('000)	Exercise price (CAD$)	Original Expiry	Extended Expiry
2,888	0.60	14-Dec-2017	14-Dec-2020
2,154	0.60	6-Jan-2018	6-Jan-2021
3,317	0.60	18-Feb-2018	18-Feb-2021
3,145	0.75	18-Feb-2018	18-Feb-2021
349	0.60	18-Feb-2018	18-Feb-2021
777	0.60	13-March-2018	13-March-2021

p) Share purchase warrants (on a post-consolidation basis)

	Warrants outstanding ('000)	Weighted average exercise price (CAD$)
Ending – April 30, 2017	**10,652**	**$0.70**
Exercised	(1,016)	$0.75
Grant	3,494	$0.75
Expired	(500)	$0.75
Ending – April 30, 2018	**12,630**	**$0.64**
Ending – April 30, 2019	**12,630**	**$0.64**

As at April 30, 2019, the Company has the following share purchase warrant outstanding:

Warrants outstanding ('000)	Exercise price (CAD$)	Date of Grant	Date of Expiry
2,888	$ 0.60	14-Jun-2016	14-Dec-2020
2,154	0.60	6-Jul-2016	6-Jan-2021
3,317	0.60	18-Aug-2016	18-Feb-2021
3,145	0.75	14-Sep-2017	18-Feb-2021
349	0.60	14-Sep-2017	18-Feb-2021
777	0.60	13-Sep-2016	13-March-2021
12,630	**$ 0.64**		

(Amounts expressed in thousands of Canadian dollars, except where indicated)

As at April 30, 2018, the Company has the following share purchase warrants outstanding:

Warrants outstanding (‘000)	Exercise price (CAD$)		Date of Grant	Date of Expiry
2,888	$	0.60	14-Jun-2016	14-Dec-2018
2,154		0.60	6-Jul-2016	6-Jan-2019
3,317		0.60	18-Aug-2016	18-Feb-2019
3,145		0.75	14-Sep-2017	18-Feb-2019
349		0.60	14-Sep-2017	18-Feb-2019
777		0.60	13-Sep-2016	13-March-2019
12,630	**$**	**0.64**		

9 Share based compensation

The Company has a share purchase option plan which provides for equity participation in the Company by its directors, officers, employees, consultants and consultant companies through the acquisition of common shares pursuant to the grant of options to purchase shares. The option plan is administered by the Board of Directors. Options may be granted on such terms as the Board may determine within the limitations of the option plan and subject to the rules and policies of applicable regulatory authorities. The maximum aggregate number of shares reserved for issuance for options granted under the option plan is approximately 11.35 million common shares. The exercise price for options granted may not be less than the market price of the shares on the day immediately preceding the date of the grant of the option.

On March 27, 2018, the Company granted stock options and restricted share units to certain officers and directors of the Company.

Options to purchase up to 750,000 common shares were granted to an officer of the Company, pursuant to the Company’s stock option plan, exercisable at a price of $0.68 per common share. The stock options have a term of 5 years and vest in stages with 1/3 vesting immediately on the date of grant and the remainder to vest 1/3 every on June 27, 2018 and September 27, 2018. The fair value of the share options was estimated at $381 on the date of grant using the Black-Scholes option pricing model, with the following assumptions: expected option life of 5 years, expected stock price volatility 124%, forfeiture rate of 0%, dividend payment during life of option was nil, risk free interest rate 2.03%.

Stock based compensation expense related to this option grant for year ended April 30, 2019 is $183 (2018 - $198).

In addition, 1,925,000 restricted share units (“RSUs”) were awarded to officers and directors pursuant to the Company’s restricted share unit plan. The RSUs have various vesting terms ranging from immediate vesting, vesting in stages with 1/3 vesting immediately on the date of grant and the remainder to vest 1/3 every three months from the date of grant, and vesting in stages with 1/3 vesting immediately on the date of grant and the remainder to vest 1/3 every six months from the date of grant.

The share based expense related to the RSU grant for the year ended April 30, 2019 was $571 (2018 - $738).

	April 30, 2019		April 30, 2018	
	Number of shares (000's)	Weighted average exercise price	Number of shares (000's)	Weighted average exercise price
Outstanding – beginning of year	6,591	$ 0.67	5,989	$ 0.66
Grant	-	-	750	0.68
Exercised	-	-	(148)	(0.30)
Outstanding – end of period	6,591	$ 0.67	6,591	$ 0.67

The weighted average fair value of the options granted during the period ended April 30, 2019 was $nil (April 30, 2018 - $nil) per option.

The following table discloses the number of options and vested options outstanding as at April 30, 2019:

Number of options ('000s)	Number of options vested ('000s)	Weighted average remaining contractual life (years)	Exercise price	Expiry Date
1,017	1,017	2.39	$0.15	22-Mar-2021
83	83	2.41	$0.15	31-Mar-2021
1,134	1,134	2.67	$0.45	4-Jul-2021
3,383	3,383	2.74	$0.90	27-Jul-2021
100	100	3.00	$0.90	31-Oct-2021
124	124	3.06	$0.90	23-Nov-2021
750	750	3.91	$0.68	27-Mar-2023
6,591	**6,591**	**3.81**	**$0.67**	

The following table discloses the number of options and vested options outstanding as at April 30, 2018:

Number of options ('000s)	Number of options vested ('000s)	Weighted average remaining contractual life (years)	Exercise price	Expiry Date
1,017	1,017	3.39	$0.15	22-Mar-2021
83	83	3.41	$0.15	31-Mar-2021
1,134	1,134	3.67	$0.45	4-Jul-2021
3,383	3,383	3.74	$0.90	27-Jul-2021
100	100	4.00	$0.90	31-Oct-2021
124	124	4.06	$0.90	23-Nov-2021
750	250	4.91	$0.68	27-Mar-2023
6,591	**6,091**	**3.81**	**$0.67**	

(Amounts expressed in thousands of Canadian dollars, except where indicated)

The weighted average exercise price of vested options as at April 30, 2019 was $0.67 (April 30, 2018 - $0.67).

10 Related party transactions

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. Transactions with related parties for goods and services are made on normal commercial terms and are considered to be at arm's length.

The Company incurred the following expenses with related parties during the year ended April 30, 2019, are as follows:

	Year ended April 30,	
	2019	**2018**
Professional fees	$ 482	$ 505
General and administration	-	33
Stock based compensation	754	936

Professional fees were paid and accrued to firms of which one of the partners has been the Chief Financial Officer, Chief Executive Officer or President of the Company during 2019 and 2018. Management fees were paid and accrued to firms of which one of the partners has been the Chief Executive Officer, President of the Company or a Director/Executive. General and administration (rent, corporate service management) were paid and accrued to a firm of which one of the partners has been the President of the Company during the period. These expenses were measured at the exchange amounts agreed upon by the parties.

As at April 30, 2019, the Company had amounts payable of $142 (April 30, 2018 - $nil) to these parties. These amounts are unsecured and non-interest bearing, due on demand and included in accounts payable and accrued liabilities.

11 Capital management

The capital of the Company consists of items included in shareholder's equity. The Company's objectives for capital management are to safeguard its ability to support the Company's normal operating requirement on an ongoing basis, continue the development and exploration of its mineral properties and support any expansionary plans.

The capital of the Company consists of items included in shareholders' equity, net of cash and cash equivalents as follows:

	April 30, 2019	**April 30, 2018**
Total equity for owners	$ 9,235	$ 31,326
Less: cash and cash equivalents	(277)	(2,109)
	$ 8,958	$ 29,217

The Company manages its capital structure and makes adjustments in light of changes in its economic environment and the risk characteristics of the Company's assets. To effectively manage the entity's capital requirements, the Company has in place a planning, budgeting and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. As at April 30, 2019, the Company expects its capital resources will support its normal operating requirements, planned development and exploration of its mineral properties for the next future year. There are no externally imposed capital requirements to which the Company has not complied.

(Amounts expressed in thousands of Canadian dollars, except where indicated)

12 Segment disclosures

The Company operates in one operating segment (mineral exploration) in two countries. Details of the investments in exploration and evaluation assets are disclosed in Note 7 and 14. The Company's assets by country are:

April 30, 2019	Canada		Mexico		Total	
Cash and cash equivalents	$	264	$	13	$	277
Accounts receivable and prepaid expenses		19		33		52
		283		46		329
Other receivables – non current		-		2,844		2,844
Equipment		-		7		7
Exploration and evaluation assets		-		11,516		11,516
Total assets	$	283	$	14,413	$	14,696
Segment loss for the year ended	$	(1,689)	$	(22,252)	$	(23,941)

April 30, 2018	Canada		Mexico		Total	
Cash and cash equivalents	$	1,999	$	110	$	2,109
Accounts receivable and prepaid expenses		52		2,446		2,498
		2,051		2,556		4,607
Equipment		-		42		42
Exploration and evaluation assets		-		31,649		31,649
Total assets	$	2,051	$	34,247	$	36,298
Segment loss for the year ended	$	(5,269)	$	(2,421)	$	(7,690)

13 Finance cost

	Year ended April 30,			
	2019		2018	
Accretion expense – convertible debenture	$	-	$	627
Accretion expense – promissory note		-		73
Accretion expense – Caballo Blanco payable		-		39
Accretion expense – fair value differential amortization		-		3,054
Interest expense – convertible debenture		-		95
Other		-		4
	$	-	$	3,892

(Amounts expressed in thousands of Canadian dollars, except where indicated)

14 Exploration expenses

During the year ended April 30, 2019, the Company incurred an exploration expense on general project investigation and evaluation expense on various projects:

	Caballo Blanco	Apolo	Total
Salary, consulting and administration	$ 344	$ 120	$ 464
Consumables	-	4	4
Travel	26	2	28
Equipment maintenance and rental	6	27	33
Concession payments	135	48	183
Year ended April 30, 2019	**$ 511**	**$ 201**	**$ 712**
Project to date – April 30, 2019	**$ 2,283**	**$ 1,712**	**$ 3,995**

During the period ended April 30, 2018, the Company incurred an exploration expense on general project investigation and evaluation expense on various projects:

	Caballo Blanco	Apolo	Total
Salary, consulting and administration	$ 1,126	$ 142	$ 1,268
Consumables	28	11	39
Travel	14	4	18
Lab and analysis	96	31	127
Equipment maintenance and rental	2	7	9
Concession payments	165	195	360
Year ended April 30, 2018	$ 1,431	$ 390	$ 1,821
Project to date – April 30, 2018	$ 1,907	$ 1,511	$ 3,418

15 Supplemental cash flow information

	Year ended April 30,	
	2019	2018
Convertible debenture reclassed to share capital (derivative)	$ -	$ 8,462
Convertible debenture – equity portion	-	(50)

(Amounts expressed in thousands of Canadian dollars, except where indicated)

16 Tax provision

	Year ended April 30,	
	2019	**2018**
Net loss	$ 23,941	$ 7,690
Canadian basic statutory tax rate	27.0%	26.0%
Expected income tax recovery	(6,465)	(2,026)
Impact of tax rate changes and other	(264)	(126)
Non-deductible item	1,563	1,053
Other	201	(155)
Foreign exchange	(115)	83
Change in deferred tax assets not recognized	5,080	1,170
Income tax recovery	$ -	$ -
	As at April,	
	2019	**2018**
Deferred income tax assets		
Evaluation and exploration asset	$ 4,696	$ -
Share issuance cost and other	101	136
Non-capital losses	3,104	2,689
	7,901	2,825
Deferred tax assets not recognized	(7,901)	(2,825)
Deferred income tax assets	$ -	$ -

The Company has non-capital losses of approximately $4,767 (2018 - $4,006) to reduce future income tax in Canada which expire between year 2031 and year 2037.

In Mexico, the Company has losses of approximately $6,000 (2018 - $5,400) to reduce future income tax in Mexico which expire between 2026 and 2027.