

GOLDPLAY EXPLORATION LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2019
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

NOTICE TO READER

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The condensed interim consolidated financial statements of the Company for the quarter ended September 30, 2019 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements by an entity's auditor.

GOLDPLAY EXPLORATION LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by management)
(Expressed in Canadian Dollars)

	September 30, 2019	December 31, 2018
ASSETS		
Current		
Cash (Note 4)	\$ 240,890	\$ 1,284,128
Receivables (Note 5)	9,900	18,696
Prepaid	<u>43,807</u>	<u>70,412</u>
	294,597	1,373,236
Equipment (Note 6)	11,948	15,569
Deferred acquisition costs (Note 7)	-	320,000
Exploration and evaluation assets (Note 8)	940,872	559,900
Value added tax (Note 5)	<u>463,841</u>	<u>362,249</u>
	<u>\$ 1,711,258</u>	<u>\$ 2,630,954</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities (Note 10 and 11)	<u>\$ 447,021</u>	<u>\$ 350,223</u>
Shareholders' equity		
Share capital (Note 12)	10,510,377	8,953,345
Share compensation reserve (Note 12)	1,221,958	1,011,772
Deficit	<u>(10,468,098)</u>	<u>(7,684,386)</u>
	<u>1,264,237</u>	<u>2,280,731</u>
	<u>\$ 1,711,258</u>	<u>\$ 2,630,954</u>

Nature of operations and going concern (Note 1)

Subsequent events (Note 17)

On behalf of the Board:

"Marcio Fonseca" Director _____
"Michael Thomson" Director

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

GOLDPLAY EXPLORATION LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited – Prepared by management)

(Expressed in Canadian Dollars)

	Three Months Ended Sept. 30, 2019	Three Months Ended Sept. 30, 2018	Six Months Ended Sept. 30, 2019	Six Months Ended Sept. 30, 2018
EXPENSES				
Amortization (Note 6)	\$ 1,207	\$ 1,710	\$ 3,621	\$ 3,779
Consulting (Note 11)	95,043	67,222	297,579	217,250
Exploration expenditures (Note 9)	666,898	576,670	1,414,531	1,365,121
Foreign exchange (gain) loss	17,204	22,211	54,272	68,562
Investor relations	125,701	108,045	441,620	309,492
Office	44,625	56,767	151,426	162,798
Professional fees (Note 11)	30,975	65,038	130,026	282,601
Property investigation	210	51,249	210	110,437
Regulatory and transfer agent	10,535	3,063	39,398	63,442
Share-based compensation (Note 11 and 12)	169,596	9,135	188,924	524,754
Travel	30,621	34,863	64,125	103,520
	(1,192,625)	(995,973)	(2,785,732)	(3,211,756)
Recovery on exploration and evaluation assets (Note 8)	-	-	-	65,000
Other income	-	9,241	2,020	12,058
Listing expense (Note 3)	-	-	-	(1,289,202)
Loss and comprehensive loss for the period	\$ (1,192,625)	\$ (986,732)	\$ (2,783,712)	\$ (4,423,900)
Loss per common share				
-Basic and diluted	\$ (0.02)	\$ (0.03)	\$ (0.06)	\$ (0.15)
Weighted average number of common shares outstanding				
-Basic and diluted	52,714,139	35,084,558	45,249,011	29,801,215

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

GOLDPLAY EXPLORATION LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by management)
(Expressed in Canadian Dollars)

	Nine Months Ended Sept. 30, 2019	Nine Months Ended Sept. 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (2,783,712)	\$ (4,423,900)
Items not affecting cash:		
Amortization	3,621	3,779
Listing expense	-	1,289,202
Share-based compensation	188,924	524,755
Changes in non-cash working capital items:		
(Increase) decrease in receivables	8,796	13,807
(Increase) decrease in prepaids	26,605	(136,894)
Increase in value added tax	(92,487)	(247,330)
Increase (decrease) in accounts payable and accrued liabilities	327,568	(53,550)
Net cash used in operating activities	<u>(2,320,685)</u>	<u>(3,030,131)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash acquired from reverse acquisition (Note 3)	-	809,621
Exploration and evaluation assets	(60,972)	(75,000)
Property plant and equipment	-	(12,193)
Recovery on exploration and evaluation assets	-	35,000
Net cash provided by investing activities	<u>(60,972)</u>	<u>757,428</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of shares	1,376,250	3,180,972
Share issue costs	(37,831)	(146,651)
Proceeds from loan payable	-	50,000
Repayment of loan payable	-	(50,000)
Net cash provided by financing activities	<u>1,338,419</u>	<u>3,034,321</u>
Change in cash during the period	(1,043,238)	761,618
Cash, beginning of period	<u>1,284,128</u>	<u>125,421</u>
Cash, end of period	\$ 240,890	\$ 887,039

Supplemental disclosure with respect to cash flows (Note 13)

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

GOLPLAY EXPLORATION LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian Dollars)

	Share Capital		Subscriptions received in advance	Share compensation reserve	Deficit	Total
	Number of shares	Amount				
Balance, December 31, 2017	15,833,333	\$ 2,277,153	\$ 50,000	\$ 143,870	\$ (1,944,085)	\$ 526,938
Shares issued for:						
Private placement	10,501,239	3,150,372	(50,000)	-	-	3,100,372
Share issue costs	-	(153,167)	-	6,516	-	(146,651)
Exercise of options	403,000	80,600	-	-	-	80,600
Shares issued for non-cash:						
Reclassification of reserves on exercise of options	-	46,264	-	(46,264)	-	-
Property acquisition	1,250,000	312,500	-	-	-	312,500
Shares to Soleil shareholders for RTO	6,200,000	1,860,000	-	-	-	1,860,000
Warrants to Soleil shareholders	-	-	-	75,455	-	75,455
Options to Soleil shareholders	-	-	-	104,904	-	104,904
Share-based compensation	-	-	-	524,755	-	524,755
Loss for the period	-	-	-	-	(4,423,900)	(4,423,900)
Balance, September 30, 2018	34,187,572	7,573,722	-	799,491	(6,367,985)	2,014,973
Shares issued for cash:						
Private placement	6,818,000	1,500,000	-	-	-	1,500,000
Share issue costs	-	(92,357)	-	-	-	(98,873)
Shares issued for non-cash:						
Finder's fees – warrants issued	-	(28,020)	-	28,020	-	-
Share-based compensation	-	-	-	184,261	-	184,261
Loss for the period	-	-	-	-	(1,316,401)	(1,316,401)
Balance, December 31, 2018	41,005,572	8,953,345	-	1,011,772	(7,684,386)	2,280,731
Shares issued for cash:						
Private placement	11,010,000	1,376,250	-	-	-	1,376,250
Share issue costs	-	(37,831)	-	-	-	(37,831)
Shares issued for non-cash:						
Finder's fees – warrants issued	-	(21,262)	-	21,262	-	-
Debt settlement	1,424,376	239,875	-	-	-	239,875
Share-based compensation	-	-	-	188,924	-	188,924
Loss for the period	-	-	-	-	(2,783,712)	(2,783,712)
Balance, September 30, 2019	53,439,948	10,510,377	-	1,221,958	(10,468,098)	1,264,237

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

GOLDPLAY EXPLORATION LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Goldplay Exploration Ltd. (the “Company”) (formerly Soleil Capital Corp. (“Soleil”) was incorporated on October 19, 2016 under the laws of British Columbia. The Company’s head office address is Suite 900 – 999 West Hastings Street, Vancouver, BC, V6C 2W2. The Company’s registered and records office is Suite 1100 – 736 Granville Street, Vancouver, B.C. V6Z 1G3. The Company trades on the TSX Venture Exchange (TSX-V).

On March 1, 2018, Soleil acquired all the issued and outstanding common shares of Goldplay Exploration Ltd. (“Goldplay”) by an Amalgamation Agreement (the “Transaction”) by issuing 15,833,333 common shares of Soleil. Because of the Transaction, Goldplay obtained a majority interest of the issued and outstanding shares of Soleil which constituted a reverse acquisition of Soleil by Goldplay, (the “Reverse Acquisition”) for accounting purposes with Goldplay being identified as the accounting acquirer, and accordingly, the Company is considered a continuation of Goldplay. The net assets of Soleil at the date of the reverse acquisition are deemed to have been acquired by Goldplay (Note 3). These condensed interim consolidated financial statements include the results of operations of Soleil from March 1, 2018. The comparative figures are those of Goldplay prior to the reverse acquisition, except for adjusting retroactively the capital of Goldplay to reflect the capital of the Company.

As at September 30, 2019, the Company has working capital of \$ (152,424) (December 31, 2018 – \$1,023,013) and an accumulated deficit of \$10,468,098 (December 31, 2018 - \$7,684,386). The Company expects to incur further losses in the development of its operations. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

The Company is in the process of acquiring and exploring exploration and evaluation assets and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Board of Directors of the Company approved the condensed consolidated interim financial statements on November 19, 2019.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. The condensed interim consolidated financial statements do not include all note disclosures required by IFRS for annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2018, which have been prepared in accordance with IFRS as issued by the IASB. In the opinion of management, all adjustments considered necessary for fair presentation of the Company’s financial position, results of operations and cash flows have been included. Operating results for the nine-month period ended September 30, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019.

GOLDPLAY EXPLORATION LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as held-for-trading, which are stated at their fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting. These condensed consolidated interim financial statements are prepared in Canadian dollars.

These consolidated financial statements of the Company include the balances of its subsidiaries, Goldplay de Mexico SA DE CV, Minera Matatan SA CV and Minera San Marcial SA de CV, which are wholly owned subsidiaries incorporated in Mexico.

The Company consolidates its subsidiaries on the basis that it controls the subsidiaries through its ability to govern its financial and operating policies. All intercompany transactions and balances are eliminated on consolidation.

New standards and interpretations

Certain new standards, interpretations, amendments and improvements to existing standards were issued by IASB or IFRIC that are mandatory for future accounting periods. The following have been adopted by the Company:

- IFRS 16 *Leases*: New standard to establish principles for recognition, measurement, presentation, and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The adoption of this new standards did not have a significant impact on the Company's condensed consolidated interim financial statements

3. REVERSE ACQUISITION

As described in Note 1, on March 1, 2018, Soleil and Goldplay completed a Transaction which constituted a reverse acquisition.

Because of the Transaction, the shareholders of Goldplay obtained control of the combined entity by obtaining control of the voting power of the combined entity and the resulting power to govern the financial and operating policies of the combined entities. The Transaction constitutes a reverse acquisition

of Soleil by Goldplay and has been accounted for as a reverse acquisition transaction in accordance with the guidance provided in IFRS 2, *Share-based Payments* and IFRS 3, *Business Combinations*. As Soleil did not qualify as a business according to the definition in IFRS 3, this reverse acquisition does not constitute a business combination; rather it is treated as an issuance of shares by Goldplay for the net assets of Soleil and Soleil's listing status, and Goldplay as the continuing entity. Accordingly, no goodwill or intangible assets were recorded with respect to the transaction as it does not constitute a business.

For accounting purposes, Goldplay was treated as the accounting parent company (legal subsidiary) and the Company has been treated as the accounting subsidiary (legal parent) in these condensed interim consolidated financial statements. As Goldplay was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these condensed interim consolidated financial statements at their historical carrying value. Soleil's results of operations have been included from March 1, 2018.

GOLDPLAY EXPLORATION LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
(Expressed in Canadian Dollars)

3. REVERSE ACQUISITION (cont'd...)

Net assets of Soleil acquired:		\$
Cash		809,621
Trade payable and accrued liabilities		(58,464)
Net assets acquired		751,157
Consideration provided in reserve acquisition of Soleil:		\$
Fair value of 6,200,000 common shares at \$0.30 per share ⁽¹⁾		1,860,000
Transaction costs – non-cash ⁽²⁾		180,359
Total consideration paid		2,040,359
Net assets acquired		(751,157)
Listing expense		1,289,202

⁽¹⁾ The Transaction was measured at the fair value of the shares that Goldplay would have had to issue to shareholders of Soleil, to give shareholders of Soleil the same percentage equity interest in the combined entity that results from the reverse acquisition had it taken the legal form of Goldplay acquiring Soleil.

⁽²⁾ Non-cash transaction costs include the following:

- The fair value of the 500,000 agents' warrants (Note 12) assumed from Soleil of \$75,455;
- The fair value of the 619,998 stock options (Note 12) assumed from Soleil of \$104,904.

The fair values of the agents' warrant and options assumed from Soleil were estimated, using the Black-Scholes option pricing model with the following weighted average inputs:

	2018
Risk-free interest rate	1.84%
Expected life of warrants	2.23 years
Annualized volatility	100%
Dividend rate	0%

The listing expense charged to profit or loss reflects the difference between the fair value of the consideration paid by Goldplay, and the fair value of the net assets acquired from in accordance with IFRS 2 *Share-based payment*.

4. CASH

The Company's cash consists of the following:

	September 30, 2019	December 31, 2018
Cash held with banks in Canadian dollars	\$ 149,705	\$ 1,264,866
Cash held with banks in foreign currencies	91,185	19,262
Total	\$ 240,890	\$ 1,284,128

GOLDPLAY EXPLORATION LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(Expressed in Canadian Dollars)

5. RECEIVABLES

The Company's receivable primarily arise from refundable sales tax receivables from government taxation authorities in Canada and Mexico.

	September 30, 2019	December 31, 2018
HST receivable	\$ 9,900	\$ 15,769
Other receivables	-	2,927
Current receivable	\$ 9,900	\$ 18,696
VAT receivable	463,841	362,249
Total receivable	\$ 473,741	\$ 380,945

6. PROPERTY, PLANT AND EQUIPMENT

	Computer Equipment
Cost:	
Balance at December 31, 2018	\$ 22,957
Additions	-
Balance at September 30, 2019	\$ 22,957
Accumulated Depreciation:	
Balance at December 31, 2018	\$ 7,388
Depreciation	3,621
Balance at September 30, 2019	\$ 11,009
Net Book Value:	
Balance at December 31, 2018	\$ 15,569
Balance at September 30, 2019	\$ 11,948

7. DEFERRED ACQUISITION COSTS

The Company entered into an advisory service agreement with a company owned by a former officer of Goldplay relating to the acquisition of three Nevada exploration projects. The Company issued common shares valued at \$480,000 of which \$160,000 was allocated to acquisition cost of the Golconda property during the year ended December 31, 2018. The balance of \$320,000 was allocated to the Boldt and Stone Cabin properties as the acquisitions was completed during the period ended September 30, 2019 (Note 8). The officer was appointed after the closing of the transaction.

GOLDPLAY EXPLORATION LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS

The Company's capitalized acquisition expenditures on its exploration and evaluation assets are as follows:

	El Habal Mexico	San Marcial Mexico	Golconda USA	Stone Cabin USA	Boldt USA	Total
Balance, December 31, 2017	\$ 35,000	\$ -	\$ 172,400	\$ -	\$ -	\$ 207,400
Acquisition costs						
Shares issued	-	312,500	-	-	-	312,500
Cash	-	75,000	-	-	-	75,000
Total acquisition	-	387,500	-	-	-	387,500
Recovery during the period	(35,000)	-	-	-	-	(35,000)
Balance, December 31, 2018	\$ -	\$ 387,500	\$ 172,400	\$ -	\$ -	\$ 559,900
Acquisition costs						
Shares issued	-	-	-	160,000	160,000	320,000
Land administration	-	-	9,885	8,394	15,277	33,556
Cash	-	-	-	13,739	13,677	27,416
Balance, September 30, 2019	\$ -	\$ 387,500	\$ 182,285	\$ 182,133	\$ 188,954	\$ 940,872

GOLDPLAY EXPLORATION LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS (cont'd...)**San Marcial Property, Mexico**

The Company entered into an option agreement to acquire a 100% interest in the San Marcial property located in the Rosario Mining District, Sinaloa, Mexico. The option will be exercisable upon the Company paying an aggregate of \$2,575,000 in cash, issuing an aggregate of 3,500,000 common shares of the Company, incurring an aggregate of \$3,000,000 in exploration expenditures on San Marcial in tranches over a three-year period, granting to the vendor a net smelter returns royalty ("NSR") and the grant of equity participation rights over a one-year period, according to the following:

	Cash	Shares	Exploration Expenditures
Due within 5 business days of receipt of TSXV approval which was April 20, 2018	\$75,000(paid)	1,250,000 (issued)	-
April 20, 2019	-	-	\$500,000 (incurred)
April 20, 2020	-	750,000	\$1,000,000 (incurred)
April 20, 2021	\$2,500,000	1,500,000	\$1,500,000
Total	\$2,575,000	3,500,000	\$3,000,000

The Company must also on or before the third anniversary of the Approval Date complete an updated resource estimate report conforming to the standards of NI 43-101. The updated resource estimate will form the basis for the NSR royalty to be granted and the purchase price related to the buy-back rights.

The NSR granted will be between 0.05% and 1.5% based on a NI 43-101 report.

The Company granted the vendor the right to purchase common shares in any future equity financing that the Company may complete during the one-year period following the Approval Date. This grant of participation rights will provide the vendor the right to purchase that number of common shares being offered by the Company in such financing as is equal to the vendor's then percentage interest in the issued share capital of the Company, for the consideration and on the same terms and conditions as offered to the other potential subscribers under such financing.

El Habal Property, Mexico

The Company acquired all 100% of the rights, title and interest in the El Habal Property by issuing 474,423 common shares of the Company valued at \$35,000. The property is subject to an NSR between 1.0% and 1.5%.

During fiscal 2018 the Company entered into an option agreement and royalty agreement for total sale proceeds of up to US\$2,000,000 + CAN\$100,000. Pursuant to these agreements in fiscal 2018, the Company received \$100,000 for the option to purchase a 1% NSR on the property and for a 1% royalty on four concessions adjacent to the property resulting in a recovery of \$65,000. Under the terms of the option agreement, the option agreement can be exercised to purchase up to a total 1% NSR royalty on the property by paying the Company US\$1,000,000 per 0.5% NSR, for a total option exercise price of US\$2,000,000 for a 1% NSR.

Golconda Summit Property, Nevada USA

The Company entered into a property option agreement to acquire a 100% interest in and to the Golconda Summit ("Golconda") property. The property is subject to a 1% NSR which may be repurchased for a cash payment of US\$1,000,000. To exercise the option the Company is required to;

GOLDPLAY EXPLORATION LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Make cash payments, of US\$335,000 as follows:

- pay US\$10,000 (paid) on the execution of the Agreement;
- pay US\$15,000 on or before August 11, 2019; (paid)
- pay US\$15,000 on or before August 11, 2020;
- pay US\$20,000 on or before August 11, 2021;
- pay US\$25,000 on or August 11, 2022;
- pay US\$50,000 on or before each August 11, 2023, August 11, 2024, August 11, 2025 and August 11, 2026.

The Company may accelerate the exercise of the Option at any time during the term of the option by paying a lump sum cash payment equal to US\$1,000,000 less any annual option payments paid by the Company prior to the date thereof.

Stone Cabin Property, Nevada USA

The Company entered into a property option agreement to acquire a 100% interest in and to the Stone Cabin property. The property is subject to a 1% NSR which may be repurchased for a cash payment of US\$1,000,000. To exercise the option the Company is required to:

Make cash payments, of US\$335,000 as follows:

- pay US\$10,000 on the execution of the agreement; (paid)
- pay US\$15,000 on or before January 12, 2021;
- pay US\$15,000 on or before January 12, 2022;
- pay US\$20,000 on or before January 12, 2023;
- pay US\$25,000 on or January 12, 2024;
- pay US\$50,000 on or before each January 12, 2025, January 12, 2026, January 12, 2027, January 12, 2028 and January 12, 2029.

The Company may accelerate the exercise of the Option at any time during the term of the option by paying a lump sum cash payment equal to US\$1,000,000 less any annual option payments paid by the Company prior to the date thereof.

Boldt Property, Nevada USA

The Company entered into a property option agreement to acquire a 100% interest in and to the Boldt property. The property is subject to a 1% NSR which may be repurchased for a cash payment of US\$1,000,000. To exercise the option the Company is required to:

Make cash payments, of US\$335,000 as follows:

- pay US\$10,000 on the execution of the agreement; (paid)
- pay US\$15,000 on or before January 12, 2021;
- pay US\$15,000 on or before January 12, 2022;
- pay US\$20,000 on or before January 12, 2023;
- pay US\$25,000 on or January 12, 2024;
- pay US\$50,000 on or before each January 12, 2025, January 12, 2026, January 12, 2027, January 12, 2028 and January 12, 2029.

The Company may accelerate the exercise of the Option at any time during the term of the option by paying a lump sum cash payment equal to US\$1,000,000 less any annual option payments paid by the Company prior to the date thereof.

GOLDPLAY EXPLORATION LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

SEPTEMBER 30, 2019

(Expressed in Canadian Dollars)

9. EXPLORATION EXPENDITURES

Exploration expenditures for the nine months ended September 30, 2019 are comprised of the following:

	El Habal	San Marcial	Boldt	Stone Cabin	Total
Assay	\$ -	\$ 10,113	\$ -	\$ -	\$ 10,113
Concession taxes	38,484	28,145	-	-	66,629
Consulting	15,544	69,321	2,763	2,179	89,807
Field	9,550	758,054	2,262	1,037	770,903
Geological	4,325	301,753	-	-	306,078
Geochemistry	2,917	71,024	-	-	73,941
Geophysical	5,881	53,937	-	-	59,818
Report preparation	-	37,242	-	-	37,242
Total	\$ 76,701	\$ 1,329,589	\$ 5,025	\$ 3,216	\$ 1,414,531

Exploration expenditures for the nine months ended September 30, 2018 are comprised of the following:

	El Habal	San Marcial	Golconda	Total
Assay	\$ 17,007	\$ 11,055	\$ -	\$ 28,062
Concession taxes	63,234	14,291	8,955	86,480
Consulting	22,125	97,055	1,528	120,708
Drilling	282,448	-	-	282,448
Environmental	5,577	2,044	-	7,621
Geophysical	157,668	1,450	-	159,118
Geological	160,580	79,389	-	239,969
Geochemistry	81,446	47,604	-	129,050
Office and field	180,645	98,365	1,500	280,510
Topography	3,980	27,175	-	31,155
Total	\$ 974,710	\$ 378,428	\$ 11,983	\$ 1,365,121

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	30-Sep 2019	December 31, 2018
Trade payables	\$ 427,771	\$ 317,223
Accrued liabilities	19,250	33,000
	\$ 447,021	\$ 350,223

GOLDPLAY EXPLORATION LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Key management personnel compensation for the period ended September 30 were:

	2019	2018
Short-term benefits paid or accrued:		
Consulting fees	\$ 238,050	\$ 157,500
Share-based compensation	42,500	510,094
Professional fees	-	84,868
Total remuneration	\$ 280,550	\$ 752,462

Included in accounts payable and accrued liabilities as at September 30, 2019 \$113,983 (December 31, 2018 – \$100,023) owed to a director and companies controlled by a director or officer.

During fiscal 2018 the CEO loaned the Company \$50,000. The loan was unsecured and bore a 10% per annum interest rate. The loan plus interest of \$562 was repaid during fiscal 2018.

During the period ended September 30, 2019, the Company issued 480,000 common shares valued at \$60,000 as debt settlement with officers and a director of the Company.

12. SHARE CAPITAL AND RESERVES

Authorized – Unlimited common shares without par value

2019 Transactions

During the period ended September 30, 2019 the Company completed a private placement of 11,010,000 common shares at a price of \$0.125 per common share for gross proceeds of \$1,376,250. The Company paid cash finders fees of \$28,500 and issued 228,000 agent warrants valued at \$21,262. Each agent warrant is exercisable for a period of three years at an exercise price of \$0.15 per agent warrant. Additional share issue costs of \$9,331 were incurred in connection with this financing, and was recorded as an offset to share capital, as share issue costs.

During the period ended September 30, 2019, the Company issued 600,000 common shares valued at \$75,000 as debt settlement including \$60,000 to related parties (Note 11).

During the period ended September 30, 2019, the Company issued 824,376 common shares valued at \$164,875 to a contractor engaged under a share for service drilling contract.

2018 Transactions

During the year ended December 31, 2018 the Company completed a subscription receipt financing of 7,501,239 subscription receipts at \$0.30 per subscription receipts, for gross proceeds of \$2,250,372 of which \$50,000 were subscriptions received in advance. The Company also paid a cash finder's fee of \$30,446 and issued 41,066 compensation warrants, valued at \$6,516. Additionally, professional fees of \$116,205 were incurred in connection with this financing, and was recorded as an offset to share capital, as share issue costs. Concurrent with the closing of the Transaction the subscription receipts were converted to the Company shares.

During the year ended December 31, 2018 the Company completed a private placement of 3,000,000 common shares at \$0.30 per common share for gross proceeds of \$900,000.

GOLDPLAY EXPLORATION LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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12. SHARE CAPITAL AND RESERVES (cont'd...)

During the year ended December 31, 2018 the Company had 401,000 stock options exercised for proceeds of \$80,600

During the year ended December 31, 2018 the Company completed a private placement of 6,818,000 units at a price of \$0.22 per unit for gross proceeds of \$1,500,000. Each unit consists of one common share and one-half of one common share purchase warrant (“warrant”) and each whole warrant is exercisable into one common share, of the Company, for a period of two years at an exercise price of \$0.25 per warrant. The Company paid cash finders fees of \$55,766 and issued 225,608 agent warrants valued at \$21,504. Each agent warrant is exercisable for a period of two years at an exercise price of \$0.25 per agent warrant. Additionally, professional fees of \$13,995 were incurred in connection with this financing, and was recorded as an offset to share capital, as share issue costs.

Escrow Shares

At September 30, 2019, there were 540,000 (December 31, 2018 – 900,000) shares held in escrow with the Company’s registrar and transfer agent. On March 26, 2018, 120,000 shares were released from escrow and equal tranches of 180,000 common shares beginning on September 5, 2018 and every six months thereafter.

In connection with the reverse acquisition (Note 3), 7,450,447 shares were subject to an escrow agreement. As at September 30, 2019 3,352,701 common shares remain held in escrow. The common shares are subject to timed releases as follows:

- 10% released upon the date of listing on the TSX-V (listed on March 26, 2018)
- 15% released every six months thereafter until all escrow shares have been released (thirty-six months following the date of listing on the TSX-V).

Stock Options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time-to-time, at its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed a rolling 10% of the Company’s issued and outstanding common shares at the time the options are granted. Vesting of stock options is at the discretion of the Board of Directors. Stock options are exercisable for a maximum of 10 years, and the exercise price of the stock options is set in accordance with the policies of the TSX-V.

As at September 30, 2019, the Company had stock options outstanding enabling the holder to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date	Weighted Average Life Remaining
1,580,178	\$0.30	March 1, 2023	3.42
150,000	\$0.30	March 14, 2023	3.45
450,000	\$0.30	May 7, 2023	3.60
1,450,000	\$0.22	December 19, 2023	4.22
250,000	\$0.20	January 10, 2024	4.26
710,000	\$0.21	August 6, 2024	4.85
217,000	\$0.20 (Note 3)	January 29, 2027	7.34
<u>4,807,178</u>			<u>4.11</u>

GOLDPLAY EXPLORATION LTD.

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12. SHARE CAPITAL AND RESERVES (cont'd...)

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
As at December 31, 2018	3,847,178	\$ 0.26
Granted	<u>960,000</u>	<u>0.21</u>
As at September 30, 2019	4,807,178	\$ 0.25
Number of options currently exercisable	4,582,178	\$ 0.25

During the period ended September 30, 2019, the Company recognized share-based payments expense of \$188,924 (2018 - \$515,619), in connection with the vesting of stock options granted.

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of stock options modified and granted during the period ended September 30, 2019, and 2018:

	2019	2018
Risk-free interest rate	1.39%	2.02%
Expected life of options	5.00	5.00
Annualized volatility	100%	100%
Dividend rate	0%	0%

Warrants

The following common shares purchase warrants entitle the holder thereof to purchase one common share for each warrant. Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
As at December 31, 2018	5,287,179	\$ 0.24
Issued	228,000	0.20
Expired	<u>(500,000)</u>	0.15
As at September 30, 2019	5,015,179	\$ 0.24

The weighted average remaining contractual life of warrants outstanding at September 30, 2019 was 1.46 (December 31, 2018 – 1.96) years.

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12. SHARE CAPITAL AND RESERVES (cont'd...)

Warrants outstanding are as follows:

Number of Shares	Exercise Price	Expiry Date
433,758	\$ 0.18	March 1, 2020
41,066	\$ 0.30	March 1, 2020
2,786,917	\$ 0.25	November 30, 2020
622,083	\$ 0.25	December 7, 2020
225,608	\$ 0.25	December 7, 2020
228,000	\$ 0.15	June 24, 2022
677,747	\$ 0.22	March 15, 2022
5,015,179		

The weighted average Black-Scholes inputs are as follows;

	June 30, 2019	Sept, 30, 2018
Expected life of warrants	3.00	1.00
Annualized volatility	100%	100%
Dividend rate	-	-
Discount rate	1.42%	1.76%

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the period ended September 30, 2019;

- issued 600,000 common shares in settlement of debt in the amount of \$75,000.
- issued 824,376 common shares valued at \$164,875 to a contractor engaged under a share for service drilling contract.
- issued 228,000 agent warrants with a fair value of \$21,262 recorded as share issuance costs.
- allocated deferred costs of \$320,000 to exploration and evaluation assets.

Significant non-cash transactions during the period ended September 30, 2018;

- allocation of subscriptions received in advance of \$50,000.
- upon completion of the Transaction, the Company issued 6,200,000 common shares with a fair value of \$1,860,000 (Note 3).
- issued 41,066 agent warrants with a fair value of \$6,516 recorded as shares issuance costs.
- deferred financing costs in accounts payable of \$10,890.
- reclassification of reserves in share capital of \$56,009.
- issued 1,250,000 common shares valued at \$312,500 for acquisition of exploration and evaluation assets.

GOLDPLAY EXPLORATION LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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14. SEGMENTED INFORMATION

The business of the Company is the acquisition and exploration of mineral properties which is considered one business segment.

Geographic information is as follows:

	September 30, 2019	December 31, 2018
Exploration and evaluation assets		
Mexico	\$ 387,500	\$ 387,500
USA	553,372	172,400
Total	\$ 940,872	\$ 559,900

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

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

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data

The fair value of cash is measured at Level 1 of the fair value hierarchy. The carrying value of receivables and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

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

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote and has deposited cash in high credit quality financial institutions.

Liquidity risk

As of September 30, 2019, the Company had cash balance of \$240,890 to settle current liabilities of \$447,021. The Company is not exposed to liquidity risk.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

exchange rates, and commodity and equity prices.

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 demand investments issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to assets and liabilities that are denominated in foreign currency. Amounts exposed to foreign currency risk include cash of MX\$1,352,828 as of September 30, 2019 (December 31, 2018 - MX\$227,331). A 10% change in foreign exchange rates will affect profit or loss by approximately \$9,300.

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 profit or loss 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 profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

16. CAPITAL MANAGEMENT

The Company defines capital that it manages as shareholders' equity, consisting of issued common shares, stock options and warrants.

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition and exploration of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions. There were no changes to the Company's approach to capital management during the year.

17. SUBSEQUENT EVENTS

On November 7, 2019 the Company completed a brokered private placement of 15,000,000 common shares at a price of \$0.20 per common share for gross proceeds of \$3,000,000. The Company paid cash finders fees of \$171,600 and issued 891,000 agent warrants. Each agent warrant is exercisable for a period of three years at an exercise price of \$0.25 per agent warrant.