



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three-month and six-month periods ended June 30, 2018 and 2017

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements.

Maya Gold & Silver Inc.

Condensed Interim Consolidated Statements of Financial Position

(in Canadian dollars) (Unaudited)

	Note	June 30, 2018	December 31, 2017
		\$	\$
ASSETS			
Current			
Cash		28,695,522	7,063,991
Accounts receivable		21,800	16,854
Sales taxes receivable		2,021,220	1,575,668
Inventories		2,117,601	2,034,615
Prepaid expenses and security deposits		160,213	29,164
		33,016,356	10,720,292
Non-current			
Restricted investment		10,000	10,000
Non-refundable deposits to suppliers		230,910	230,834
Property, plant and equipment	4	22,509,679	20,513,375
Exploration and evaluation assets	5	5,621,686	4,939,024
TOTAL ASSETS		61,388,631	36,413,525
LIABILITIES			
Current			
Accounts payable and accrued liabilities		4,129,351	5,016,389
Interest and net profit interest payable to a related party	13	85,450	498,176
Balance of purchase price payable	5b	1,384,000	1,969,497
Current portion of long-term debt	6	103,770	100,868
		5,702,571	7,584,930
Non-current			
Long-term debt	6	43,238	7,619,462
Balance of purchase price payable	5b	1,546,944	1,467,998
Asset retirement obligations		1,469,250	1,456,059
TOTAL LIABILITIES		8,762,273	18,128,449
EQUITY			
Share capital	8	92,038,306	50,985,822
Share capital to be issued	8	-	3,267,247
Share purchase warrants	8b	1,196,822	2,318,247
Share purchase options	9	1,790,107	1,256,360
Contributed surplus		7,059,794	6,861,204
Deficit		(49,473,348)	(46,067,484)
Accumulated other comprehensive income (loss)		14,677	(336,320)
TOTAL EQUITY		52,626,358	18,285,076
TOTAL LIABILITIES AND EQUITY		61,388,631	36,413,525

Contingency

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Event after the reporting date

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

On behalf of the Board,

/s/ Nouredine Mokaddem

Nouredine Mokaddem, President, CEO, Director

/s/ Bruno Dumais, CPA, CA

Bruno Dumais, Chief Financial Officer

Maya Gold & Silver Inc.
Condensed Interim Consolidated Statements of Comprehensive Loss
(in Canadian dollars) (Unaudited)

		Three months ended June		Six months ended June	
	Note	2018	2017	2018	2017
		\$	\$	\$	\$
Expenses and other items					
Management and administration	10	318,329	340,106	504,331	759,358
Investor relations and corporate development		7,030	18,095	63,927	109,983
Loss (gain) on foreign exchange		326,074	(216,040)	384,725	(342,071)
Operating loss for the period		651,433	142,161	952,983	527,270
Royalties		76,715	90,238	113,901	172,244
Net profit interest to a related party	13	57,634	156,950	85,450	250,345
Share-based payments	8	1,378,800	-	1,413,800	-
Finance expense	10	107,711	62,194	222,804	234,335
Debt prepayment fee	6	567,532	-	567,532	-
Loss before income taxes		2,839,825	451,543	3,356,470	1,184,194
Income tax expense		13,196	131,095	19,394	240,770
Net loss for the period		2,853,021	582,638	3,375,864	1,424,964
Other comprehensive loss					
Items that will subsequently be reclassified to net loss:					
Foreign currency translation of foreign subsidiaries (gain)		(141,123)	226,043	(350,997)	252,122
Comprehensive loss for the period		2,711,898	808,681	3,024,867	1,677,086
Basic and diluted loss per common share for the period		0.03	0.01	0.04	0.03
Weighted average number of shares - basic and diluted		75,393,721	51,163,964	68,527,821	51,946,039

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

Maya Gold & Silver Inc.

Condensed Interim Consolidated Statements of Changes in Equity

(in Canadian dollars) (Unaudited)

	Note	Number of issued and outstanding shares ⁽¹⁾	Share capital	Share capital to be issued	Share purchase warrants	Share purchase options	Equity component of convertible debentures	Contributed surplus	Deficit	Accumulated other comprehen- sive income (loss)	Total equity
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at December 31, 2017		56,487,445	50,985,822	3,267,247	2,318,247	1,256,360	-	6,861,204	(46,067,484)	(336,320)	18,285,076
Issuance of units	8a	11,891,289	31,664,247	(3,267,247)	-	-	-	-	-	-	28,397,000
Share issue costs		-	-	-	-	-	-	-	(30,000)	-	(30,000)
Warrants exercised	8	7,527,767	7,135,187	-	(1,114,838)	-	-	-	-	-	6,020,349
Warrants expired	8	-	-	-	(6,587)	-	-	6,587	-	-	-
Share purchase options exercised	9	1,021,875	2,253,050	-	-	(688,050)	-	-	-	-	1,565,000
Share purchase options expired	9	-	-	-	-	(104,000)	-	104,000	-	-	-
Share purchase options granted	9	-	-	-	-	1,413,800	-	-	-	-	1,413,800
Share purchase options cancelled	9	-	-	-	-	(88,003)	-	88,003	-	-	-
		76,928,376	92,038,306	-	1,196,822	1,790,107	-	7,059,794	(46,097,484)	(336,320)	55,651,225
Net loss for the period		-	-	-	-	-	-	-	(3,375,864)	-	(3,375,864)
Other comprehensive loss		-	-	-	-	-	-	-	-	350,997	350,997
Comprehensive loss for the period		-	-	-	-	-	-	-	(3,375,864)	350,997	(3,024,867))
Balance as at June 30, 2018		76,928,376	92,038,306	-	1,196,822	1,790,107	-	7,059,794	(49,473,348)	14,677	52,626,358
Balance as at December 31, 2016		199,339,616	45,714,774	-	2,967,266	1,724,575	2,013,721	4,415,483	(43,840,800)	(336,238)	12,658,781
Issuance of units	8a	11,538,460	1,159,812	-	340,188	-	-	-	-	-	1,500,000
Maturity of convertible debentures		-	-	-	-	-	(2,013,721)	2,013,721	-	-	-
Share issue costs		-	-	-	-	-	-	-	(20,277)	-	(20,277)
Share purchase options expired	9	-	-	-	-	(297,000)	-	297,000	-	-	-
		210,878,076	46,874,586	-	3,307,454	1,427,575	-	6,726,204	(43,861,077)	(336,238)	14,138,504
Net loss for the period		-	-	-	-	-	-	-	(1,424,964)	-	(1,424,964)
Other comprehensive loss		-	-	-	-	-	-	-	-	(252,122)	(252,122)
Comprehensive loss for the period		-	-	-	-	-	-	-	(1,424,964)	(252,122)	(1,677,086)
Balance as at June 30, 2017		210,878,076	46,874,586	-	3,307,454	1,427,575	-	6,726,204	(45,286,041)	(588,360)	(12,461,418)

⁽¹⁾ On February 27, 2018, the Company proceeded with the consolidation of its common shares on a 1 for 4 basis (Note 8); the number of shares presented in these consolidated statements of shareholders' equity have all been adjusted to reflect the impact of this share consolidation.

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

Maya Gold & Silver Inc.

Condensed Interim Consolidated Statements of Cash Flows

(in Canadian dollars)

		Three months ended		Six months ended	
		June 30,		June 30,	
	Note	2018	2017	2018	2017
Cash flows provided by (used in)		\$	\$	\$	\$
OPERATING ACTIVITIES					
Net loss for the period		(2,853,021)	(582,638)	(3,375,864)	(1,424,964)
Adjustments for non-cash items					
Share-based payments		1,378,800	-	1,413,800	-
Finance expense	10	119,982	72,927	235,075	187,668
Unrealized loss (gain) on foreign exchange		(554,708)	(447,903)	(88,264)	(508,870)
Changes in working capital items	12	(366,442)	(587,852)	(592,488)	127,514
		(2,275,389)	(1,545,466)	(2,407,741)	(1,618,652)
INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	4	(3,888,556)	(1,721,591)	(6,554,235)	(4,966,557)
Silver sales	5	2,036,795	2,871,507	4,127,841	6,470,653
Acquisition of exploration and evaluation assets	5	(169,074)	(16,461)	(682,662)	(25,381)
		(2,020,835)	1,133,455	(3,109,056)	1,478,715
FINANCING ACTIVITIES					
Repayment of balance of purchase price payable	6	-	-	(809,607)	-
Repayment of convertible debentures	6	-	(2,605,000)	-	(3,050,000)
Repayment of long-term debt	6	(7,904,917)	(25,299)	(7,962,831)	(49,998)
Issuance of shares and warrants (net of issue costs)		29,528,720	300,000	35,952,349	1,479,723
		21,623,803	(2,176,967)	27,179,911	(1,973,548)
Net change in cash		17,295,996	(2,588,978)	21,631,531	(2,113,485)
Cash, beginning of period		11,399,526	4,742,347	7,063,991	4,266,854
Cash, end of period		28,695,522	2,153,369	28,695,522	2,153,369

Supplemental cash flow information **12**

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

Maya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2018 (in Canadian dollars) (Unaudited)

1. GENERAL INFORMATION

Maya Gold & Silver Inc. ("Maya") was incorporated on December 19, 2007 under the Canada Business Corporations Act and is listed on the TSX Exchange under the symbol "MYA". Maya's registered office is located at Suite 2200, 1250 Rene-Levesque, Montreal, Quebec, Canada.

Maya and its subsidiaries (together the "Corporation") are at the development stage for its Zgounder project and at exploration and evaluation stage for the other projects in Morocco. Their operations include the acquisition, exploration, evaluation and development of mining properties.

The Corporation's Zgounder mine in Morocco, is in the development phase and is currently being commissioned. The Zgounder property is held by Zgounder Millenium Silver Mining S.A ("ZMSM"), which is owned 85% by the Corporation and 15% by the Office National des Hydrocarbures et des Mines ("ONHYM").

In regard to its other projects, the Corporation has not yet determined whether they contain ore resources that are economically recoverable. The recoverability of amounts shown as exploration and evaluation assets are dependent upon the existence of reserves on these properties, the ability to obtain all required permits, the ability of the Corporation to obtain necessary financing to complete the development of these projects and upon future profitable production from these projects or sufficient proceeds from their disposal thereof.

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

The condensed interim consolidated financial statements of the Company for the three-month and six-month periods ended June 30, 2018 and 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standard Board ("IASB") and with International Accounting Standard 34, *Interim Financial Reporting*. The same accounting policies and methods of computation were followed in the preparation of these condensed interim consolidated financial statements as were followed in the preparation of the consolidated financial statements for the year ended December 31, 2017 except for the new standards and interpretations effective January 1, 2018. These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2017 which have been prepared in accordance with IFRS.

The Audit Committee approved these condensed interim consolidated financial statements, effective August 10, 2018.

The preparation of these condensed interim consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

Maya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2018 (in Canadian dollars) (Unaudited)

3. ADOPTION OF NEW ACCOUNTING STANDARDS

These consolidated interim financial statements have been prepared following the same accounting policies and methods of computation as the audited annual consolidated financial statements for the year ended December 31, 2017, except for the following new accounting standards and amendments to standards and interpretations, which were effective January 1, 2018, and were applied in preparing these consolidated interim financial statements. These are summarized as follows:

IFRS 9 - Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 (2014) - Financial Instruments ("IFRS 9") to replace IAS 39 Financial Instruments: Recognition and Measurement. Effective April 1, 2014 the Company early adopted all of the requirements of IFRS 9 (2013), which was the previously issued version of IFRS 9.

The Company adopted IFRS 9 (2014) effective January 1, 2018, with no impact on the Company's consolidated financial statements.

IFRS 9 (2014) has a single, forward-looking 'expected credit loss' model for assessing impairment of financial assets (the "ECL model"), as opposed to an incurred loss model under IFRS 9 (2013). The application of the ECL model had minimal impact on the financial statements of the Company as the credit risk related to the financial assets of the Company is low and historically, customer defaults have been negligible.

IFRS 15 - Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts and IAS 18 Revenue. The objective of IFRS 15 is to establish a single, principles based model to be applied to all contracts with customers in determining how and when revenue is recognized. IFRS 15 also requires entities to provide users of financial statements with more informative and relevant disclosures.

The Company adopted IFRS 15 effective January 1, 2018, with no material impact on the Company's consolidated financial statements. In accordance with IFRS 15, the Company based its accounting policy with respect to revenue recognition as follows:

When the Company will reach commercial phase of its Zgounder project, the Company will recognize revenue when it transfers control of a product to the customer. The principal activity from which the Company generates its revenue is the sale of silver to third parties. Delivery of the silver is considered to be the only performance obligation. Revenue is measured based on the consideration specified in the contract with the customer.

Maya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2018 (in Canadian dollars) (Unaudited)

4. PROPERTY, PLANT AND EQUIPMENT

	Computers, equipment and office furniture	Exploration and evaluation equipment	Mining assets under construction	Vehicles	Total
	\$	\$	\$	\$	\$
Cost					
Balance at January 1, 2017	38,777	435,508	19,299,124	27,521	19,800,930
Additions	-	-	11,667,965	-	11,667,965
Silver sales	-	-	(11,119,263)	-	(11,119,263)
Changes in asset retirement obligations	-	-	467,372	-	467,372
Write-off	(38,777)	-	-	-	(38,777)
Foreign exchange	-	-	198,177	-	198,177
Balance at December 31, 2017	-	435,508	20,513,375	27,521	20,976,404
Additions	-	-	5,782,616	-	5,782,616
Silver sales	-	-	(4,127,841)	-	(4,127,841)
Foreign exchange	-	-	341,529	-	341,529
Balance at June 30, 2018	-	435,508	22,509,679	-	22,972,708
Accumulated depreciation					
Balance at January 1, 2017	38,777	435,508	-	27,521	501,806
Write-off	(38,777)	-	-	-	(38,777)
Balance at December 31, 2017 and June 30, 2018	-	435,508	-	27,521	463,029
Carrying amounts					
At December 31, 2017	-	-	20,513,375	-	20,513,375
At June 30, 2018	-	-	22,509,679	-	22,509,679

Since the Zgounder property is in development stage, the mining assets under construction were not amortized in the periods presented.

All properties, plant and equipment are located in Morocco.

The mining assets under construction include equipment under finance lease of 3,000,000 dirham (\$415,080).

Additions to mining assets under construction during the six-month and period ended June 30, 2018 include an amount of \$363,973 [Year ended December 31, 2017 - \$887,338] related to capitalized interest.

Maya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2018 (in Canadian dollars) (Unaudited)

5. EXPLORATION AND EVALUATION ASSETS

During the six-month period ended June 30, 2018 and the year ended December 31, 2017, changes in exploration and evaluation assets were as follows:

	June 30, 2018	December 31, 2017
	\$	\$
Rights on mining properties		
Balance at beginning of the period	4,438,257	4,438,257
Additions	-	-
Balance at end of the period	4,438,257	4,438,257
Deferred exploration and evaluation expenses		
Balance at beginning of the period	500,767	269,614
Additions:		
Geology and consulting	501,503	92,553
Administrative	181,159	138,600
Balance, at end of the period	1,183,429	500,767
Total	5,621,686	4,939,024

All exploration and evaluation assets are located in Morocco.

a) Boumadine project

In February 2013, the Corporation and the ONHYM, a Moroccan state institution, entered into an Agreement for the Boumadine polymetallic deposit (the "Convention"). Under the terms of the Convention, the Corporation acquired 85% of the Boumadine project for total cash payments of 43,000,000 dirham (\$5,155,700), comprising the following instalments:

- 6,000,000 dirham (\$719,400) paid by Global Works, Assistance and Trading S.A.R.L ("Glowat"), a related party company acting as project manager on behalf of the Corporation,
- 6,000,000 dirham (\$812,400) also paid in February 2014 by Glowat on behalf of the Corporation,
- 6,000,000 dirham (\$809,607) paid on January 9, 2018,
- 10,000,000 dirham (\$1,384,000) originally payable in February 2016 but now postponed to December 2018, and
- 15,000,000 dirham (\$2,076,000) which relates to past expenses incurred by the seller will be payable only when a future subsidiary will be created, which should not be earlier than January 2020.

The transfer of the property will occur once all the following are complete:

- a separate company owned at 85% by the Corporation and 15% by ONHYM has been established in Morocco under the terms of the Convention,
- a letter of credit amounting to 2,200,000 dirham (\$304,480) has been issued by the Corporation to the benefit of ONHYM, and
- all cash payments have been completed.

Maya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2018 (in Canadian dollars) (Unaudited)

5. EXPLORATION AND EVALUATION ASSETS (continued)

b) Balance of purchase price payable related to acquisition of Boumadine property

	June 30, 2018	December 31, 2017
	\$	\$
Balance at beginning of the period	3,437,495	3,621,637
Accretion expense	221,614	278,586
Repayments	(809,607)	
Gain on extinguishment of debt	-	(549,352)
Foreign exchange	81,442	86,624
Balance at end of the period	2,930,944	3,437,495
Current portion	1,384,000	1,969,497
Non-current portion	1,546,944	1,467,998

6. LONG-TERM DEBT

	June 30, 2018	December 31, 2017
	\$	\$
Loan	-	7,527,000
Obligation under finance lease	147,008	193,329
	147,008	7,720,329
Current portion	103,770	100,868
Non-current portion	43,238	7,619,462

On June 29, 2018, the Corporation reimbursed in full \$7,914,644 (US\$6,000,000) of the outstanding debt under the European Bank for restructuring and Development. The Corporation incurred debt prepayment fee of \$567,532 comprised of interest and penalties.

The instalments on debt for the forthcoming years are as follows:

	Obligation under finance lease
	\$
2018	58,843
2019	107,880
Total minimum payments	166,723
Amounts included in minimum payments - interest	(19,716)
	147,008

Maya Gold & Silver Inc.
Notes to Condensed Interim Consolidated Financial Statements
June 30, 2018 (in Canadian dollars) (Unaudited)

7. CONVERTIBLE DEBENTURES

	June 30, 2018	December 31, 2017
	\$	\$
Balance at beginning of the period	-	3,004,566
Accretion expense	-	45,434
Repayments	-	(3,050,000)
Balance at end of the period	-	-

During the year ended December 31, 2017, all remaining convertible debentures were repaid. Accordingly, the Corporation transferred the balance in equity component of convertible debentures in the consolidated statement of changes in equity, amounting to \$2,013,721, to contributed surplus.

8. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value.

a) Common Shares

Issuances during the six-month period ended June 30, 2018

During the six-month period ended June 30, 2018, 7,664,375 share purchase warrants and 1,021,875 share purchase options were exercised for total aggregate value of \$7,585,349.

On February 27, 2018, the Company proceeded with the consolidation of its common shares on a 1 for 4 basis. The consolidation was approved at the special meeting of the shareholders held on February 2, 2018. The consolidation resulted in each shareholder of the Company receiving one post-consolidation share for every four pre-consolidation common shares held. The number of shares, warrants and stock options and earnings per share data presented in these consolidated financial statements, have all been adjusted to reflect the impact of this share consolidation.

On April 13, 2018, the Corporation closed a non-brokered private placement of \$28,397,000 through the issuance of 8,605,152 common shares, at a price of \$3.30 per common share. In connection with the private placement, financing costs consisting of legal fees totaled \$30,000.

Issuances during the six-month period ended June 30, 2017

In March 2017, the Corporation completed a private placement of 2,884,615 units at \$0.52 per unit for a total cash consideration of \$1,500,000. Each unit was comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to subscribe to one common share of the Corporation at a price of \$0.80 until September 2018. Four directors of the Corporation purchased a total of 2,596,154 units. An amount of \$340,188 was allocated to the share purchase warrants. The fair value of the warrants was determined based on the Black-Scholes option pricing model using an expected volatility of 76%, a risk-free interest rate of 0.87%, and expected dividend yield of 0% and an expected life of 18 months. In connection with the private placement, financing costs consisting of cash payments totaled \$20,277.

Maya Gold & Silver Inc.
Notes to Condensed Interim Consolidated Financial Statements
June 30, 2018 (in Canadian dollars) (Unaudited)

8. SHARE CAPITAL (continued)

b) Share purchase warrants

The outstanding warrants as at June 30, 2018 and December 31, 2017 and the respective changes during the six-month period and year then ended are summarized as follows:

	Six months ended		Twelve months ended	
	June 30, 2018		December 31, 2017	
	Number	Weighted average exercise price (\$)	Number	Weighted average exercise price (\$)
Balance, beginning of period	14,277,210	0.96	18,396,650	0.96
Private placement	-	-	2,884,615	0.80
Exercised	(7,664,375)	0.81	(7,004,055)	0.88
Expired	(50,000)	-	-	-
Balance, end of period	6,562,835	1.11	14,277,210	0.96

At June 30, 2018, the outstanding number of warrants exercisable into common shares is as follows:

	Number of warrants			Number of warrants	Exercise price	Expiry date
	December 31, 2017	Exercised	Expired			
Private placement- September 2015	357,500	-	-	357,500	1.40	July 2018
Broker warrants – September 2015	21,450	-	-	21,450	1.40	July 2018
Issuance related to conversion of debentures	4,825,712	(1,318,750)	-	3,506,962	1.40	July 2018
Private placement – March 2016	4,920,625	(4,870,625)	(50,000)	-	-	-
Private placement – July 2016	2,575,000	(475,000)	-	2,100,000	0.68	June 2019
Issuance related to modification of terms of the loan	1,000,000	(1,000,000)	-	-	1.12	November 2019
Private placement – March 2017	576,923	-	-	576,923	0.80	Sept 2018
	14,277,210	(7,664,375)	(50,000)	6,562,835	1.11	

Maya Gold & Silver Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2018 (in Canadian dollars) (Unaudited)

9. SHARE PURCHASE OPTIONS

The outstanding options as at June 30, 2018 and December 31, 2017 and the respective changes during the six-month period and year then ended are summarized as follows:

	Six months ended		Year ended	
	June 30, 2018		December 31, 2017	
	Number	\$ ⁽¹⁾	Number	\$ ⁽¹⁾
Balance, beginning of the period	1,593,750	1.60	2,052,500	1.60
Granted	890,000	3.23	-	-
Expired	(271,875)	2.00	(408,750)	1.48
Exercised	(1,021,875)	1.53	(50,000)	1.40
Balance, end of the period	1,190,000	2.04	1,593,750	1.60

(1) Weighted average exercise price

The following table reflects the share purchase options issued and outstanding at June 30, 2018:

Issue date	Number of options	Exercise price	Remaining	Number of options exercisable
			contractual life (years)	
	Number	\$	Number	Number
May 2014	300,000	2.00	1.05	300,000
January 2018	50,000	2.00	4.50	50,000
May 2018	800,000	3.30	2.77	800,000
June 2018	40,000	3.30	5.00	40,000
	1,190,000	2.04	3.85	1,150,000
Weighted average exercise price		2.04		

The fair value of the stock options granted during the period was estimated using a Black-Scholes valuation model using the following assumptions at inception: estimated life: 5 years, actual stock price: \$1.65 and 1.47, volatility: 75%, dividend yield: 0%, risk-free rate: 2.1%.

10. ADDITIONAL INFORMATION ON THE NATURE OF COMPREHENSIVE LOSS COMPONENTS

The following is a breakdown of the nature of expenses included in management and administration expenses and finance expense for the three-month and six-month periods ended June 30:

Management and administration expenses

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Salaries and benefits	38,029	62,174	66,259	174,926
Consulting fees	21,924	136,318	51,527	299,042
Office	96,907	20,945	136,662	101,560
Professional fees	152,778	99,894	223,419	157,435
Reporting issuer costs	8,691	20,775	26,464	26,395
	318,329	340,106	504,331	759,358

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10. ADDITIONAL INFORMATION ON THE NATURE OF COMPREHENSIVE LOSS COMPONENTS (continued)

Finance expense

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Interest income	(12,271)	(10,725)	(12,271)	(10,725)
Interest expense	113,199	67,530	221,614	239,671
Accretion expense	6,783	5,389	13,461	5,389
	107,711	62,194	222,804	234,335

11. FINANCIAL INSTRUMENTS

The following table classifies financial assets and liabilities that are recognized on the condensed interim consolidated statement of financial position at fair value in a hierarchy that is based on significance of the inputs used in making the measurements. The levels in the hierarchy are:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

Financial assets and liabilities measured at fair value in the condensed interim consolidated statement of financial position consists in the balance of purchase price payable amounting to \$2,930,944 and categorized as level 3 according to the significance of the inputs in making the measurements.

During the three-month and six-month periods ended June 30, 2018, there were no transfers between Level 1, Level 2 and Level 3 (2017 – None).

Current financial instruments that are not measured at fair value on the condensed interim consolidated statement of financial position are represented by cash, advance to related parties, restricted investment, accounts payable and accrued liabilities (except salaries and employee benefits) and interest and net profit interest payable to a related party. Their carrying values are considered to be a reasonable approximation of their fair value because of their short-term maturity and /or contractual terms of these instruments.

The fair values of the balance of purchase price payable for the acquisition of the Boumadine property, Convertible debentures, obligation under finance lease and the loan are not materially different from their carrying values as there was no material change in the assumptions used for fair value determination at inception. Therefore, its principal amount approximates its fair value.

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12. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended June 30,		Sixmonths ended June 30,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Changes in working capital items				
Accounts receivable	16,273	-	(4,946)	-
Sales taxes receivable	39,417	(96,573)	(138,358)	(263,735)
Inventories	9,019	(68,122)	(409,116)	188,705
Prepaid expenses and security deposits	1,309	37,029	(62,248)	113,291
Advances to related parties	-	-	-	75,962
Accounts payable and accrued liabilities	5,834	(91,205)	412,726	(118,932)
Net profit interest payable to a related party	(440,542)	-	(412,726)	-
Non-refundable deposits to suppliers	2,248	(368,981)	22,102	132,223
	(366,442)	(587,852)	(592,488)	127,514
Non-cash transactions				
Finance expense recorded in property, plant and equipment	183,524	345,331	363,973	353,557
Variation of unpaid additions of property, plant and equipment	(642,144)	349,104	(771,695)	451,831
Interest paid				
Interest paid, included in operating activities	-	-	-	46,667

13. RELATED PARTY TRANSACTIONS

During the six-month periods ended June 30, 2018 and 2017 the following related party transactions occurred in the normal course of operations:

- A firm, of which a director of the Corporation is a partner, charged professional fees amounting to \$64,357 recorded as professional fees. (2017 - \$37,711) and \$nil as share issuance costs (2017 - \$4,677);
- Glowat, a private company owned by a party related to an officer and director of the Corporation charged a net profit interest expense of \$85,450 (2017 - \$250,345).
- An officer of the Corporation charged consulting fees of \$16,500 (2017 - \$31,250);
- A director and former officer charged consulting fees through a company which he is owner of \$nil (2017 - \$215,835).

During the six-month period ended June 30, 2018, the Corporation paid \$498,176 (2017 - \$300,000) to Glowat in settlement of amounts owing. As at June 30, 2018, the Corporation had a liability to Glowat amounting to \$85,450 (2017 - \$498,176).

As at June 30, 2018, the balance due to related parties amounted to \$40,230 (included salaries, consulting fees and director fees) (2017 - \$103,374). This amount is subject to the same conditions as those of non-related parties.

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13. RELATED PARTY TRANSACTIONS (continued)

Remuneration of key management personnel of the Corporation

Key management included members of the Board of Directors and executive officers of the Corporation consisting of the Chief Executive Officer, President and Chief Financial Officer. During the three-month and six-month periods ended June 30, 2018 and 2017, the remuneration awarded to key management personnel (including the amounts above) is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
		\$		\$
Salaries and benefits and bonuses	85,280	80,858	173,280	207,712
Management consulting and professional fees	11,000	131,272	27,500	310,434
Directors fees	-	9,666	4,500	24,708
	96,280	221,796	205,280	542,854

14. CONTINGENCY

On July 2014, Société d'Exploration Géologique des Métaux ("SEGM") filed a lawsuit against the wholly-owned subsidiary of the Corporation in Morocco, alleging that SEGM, beneficiary of a 2.5% net smelter return royalty on the Amizmiz property, suffered damage resulting from the Corporation not having started production at its Amizmiz property. The Corporation is of the position that it has complied with all of its obligations and has made all requested work on the property. At this stage, the results of the work programs concluded do not justify the start of production on the Amizmiz property. The Corporation contested this lawsuit, which it considered unfounded. The Corporation also has filed a counterclaim against SEGM, alleging that the acquisition of this property was made on the basis of a technical report delivered by SEGM that was misleading as to the advancement of the work programs on the property. The Corporation claims reimbursement for all expenses incurred on the Amizmiz property.

In 2016 the court rejected the SEGM claim and ask to both parties to find an agreement. Later in 2016, SEGM appeals and the case is currently under review by the Cessation Court for final decision.

15. EVENT AFTER THE REPORTING DATE

In July 2018, the Corporation completed the issuance of 815,674 common shares following the exercise of 815,674 warrants for net proceeds of \$ 993,744; during the same month, 3,273,238 warrants expired.