GUNPOINT EXPLORATION LTD.
Suite 1201 – 1166 Alberni Street
Vancouver, British Columbia V6E 3Z3
Canada

NOTICE

RE: CONDENSED CONSOLIDATED INTERIM FINANCIALS STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017.

The first quarter financial statements for the three months ended March 31, 2018 and 2017 have not been reviewed by the auditors of Gunpoint Exploration Ltd.

GUNPOINT EXPLORATION LTD.
"Sam Wong"
SAM WONG
Chief Financial Officer

Gunpoint Exploration Ltd.

Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2018 and 2017 (unaudited)

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

Gunpoint Exploration Ltd.

Condensed Consolidated Interim Statements of Financial Position

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

	Note	As at March 31, 2018	As at December 31, 2017
Assets			
Current assets			
Cash	4	$ 1,299.2	$ 1,279.6
Accounts receivable and prepaid expenses		8.7	11.0
		1,307.9	1,290.6
Long-term investment	4,5	802.4	1,029.6
Investment in mineral properties	6	5,246.7	5,245.3
Reclamation deposits		176.8	172.2
Total assets		$ 7,533.8	$ 7,737.7
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	4	$ 224.0	$ 216.8
Promissory note	7	700.0	-
Convertible debenture	7	-	700.0
		924.0	916.8
Due to related party	4,10	1,046.9	1,036.2
Deferred income tax liabilities		78.7	78.7
Decommissioning obligation		186.6	181.6
Total liabilities		2,236.2	2,213.3
Shareholders' equity			
Share capital	8	9,637.4	9,637.4
Reserves		43,170.6	43,144.6
Deficit		(47,510.4)	(47,257.6)
Total shareholders' equity		5,297.6	5,524.4
Total liabilities and shareholders' equity		$ 7,533.8	$ 7,737.7

Nature of operations and going concern (note 1)
Subsequent events (note 12)

Approved by the Board of Directors

___________"P. Randy Reifel"_____________ Director _________"Gerald L. Sneddon"_________ Director

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

Gunpoint Exploration Ltd.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

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

	Note	Three Months Ended	
		March 31, 2018	March 31, 2017
General and administration expenses			
Exploration		$ (0.3)	$ (1.4)
General and administrative		(10.1)	(9.7)
Professional fees		(6.4)	(17.9)
Share-based compensation	9	-	24.8
		(16.8)	(4.2)
Other income (expenses), net			
Finance (cost) income		(8.8)	(8.8)
Foreign exchange gain (loss)		24.2	(12.5)
Unrealized loss on investment	2,5	(227.2)	-
Other Income		1.8	10.4
Net loss		(226.8)	(15.1)
Other comprehensive income ("OCI")			
Item that may be reclassified subsequently to net earnings:			
Unrealized gain on available for sale investments	5	-	502.6
Total comprehensive gain (loss)		$ (226.8)	$ 487.5
Loss per share			
Basic and diluted		(0.01)	(0.00)
Weighted average shares outstanding			
Basic and diluted		43,501,600	43,501,600
Total shares issued and outstanding		43,501,600	43,501,600

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

Gunpoint Exploration Ltd.

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity

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

	Notes	Shares	Share capital	Additional paid-in capital	Warrant reserves	Share-based payments reserves	Convertible debentures reserves	Investment revaluation reserves	Deficit	Total equity
Balance at December 31, 2017		43,501,600	$ 9,637.4	$ 41,509.9	$ 43.0	$ 1,552.6	$ 65.1	$ (26.0)	$ (47,257.6)	$ 5,524.4
Net loss for the period		-	-	-	-	-	-	-	(226.8)	(226.8)
Reclass of investment revaluation reserves to deficit	2	-	-	-	-	-	-	26.0	(26.0)	-
Balance at March 31, 2018		43,501,600	$ 9,637.4	$ 41,509.9	$ 43.0	$ 1,552.6	$ 65.1	$ -	$ (47,510.4)	$ 5,297.6
Balance at December 31, 2016		43,501,600	$ 9,637.4	$ 41,509.9	$ 43.0	$ 1,576.2	$ 65.1	$ 420.3	$ (47,291.7)	$ 5,960.2
Net loss for the period		-	-	-	-	-	-	-	(15.1)	(15.1)
Unrealized gain on available for sale investments		-	-	-	-	-	-	502.6	-	502.6
Share-based compensation charges		-	-	-	-	(24.8)	-	-	-	(24.8)
Balance at March 31, 2017		43,501,600	$ 9,637.4	$ 41,509.9	$ 43.0	$ 1,551.4	$ 65.1	$ 922.9	$ (47,306.8)	$ 6,422.9

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

Gunpoint Exploration Ltd.

Condensed Consolidated Interim Statement of Cash Flows

(unaudited - amounts express in thousands of Canadian dollars, except where indicated)

	Notes	Three Months Ended	
		March 31, 2018	**March 31, 2017**
Cash used from operating activities			
Net loss for the period		$ (226.8)	$ (15.1)
Items not affecting cash			
Unrealized losses (gain) from investment	2,5	227.2	-
Unrealized foreign exchange (gain) loss		(24.2)	12.5
Share-based compensation charges	9	-	(24.8)
		(23.8)	(27.4)
Change in non-cash operating working capital			
Decrease in accounts receivable and prepaid expense		2.2	0.8
Increase in accounts payable and accruals		7.2	6.8
		(14.4)	(19.8)
Cash flows (used) from investing activities			
Mineral property expenditure		(1.4)	(1.7)
Proceeds from sale of mineral property expenditures	6	-	1,343.0
		(1.4)	1,341.3
Cash flow from financing activities			
Due to related party		-	-
		-	-
Increase (decrease) in cash		(15.8)	1,321.5
Foreign exchange impact on cash		35.4	(7.2)
Cash – beginning of period		1,279.6	158.3
Cash – end of period		$ 1,299.2	$ 1,472.6

Supplemental cash flow information			
Long term investment received on option agreement	6 (a)	-	620

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

1 Nature of operations and going concern

Gunpoint Exploration Ltd. (the "Company") was incorporated under the laws of British Columbia on October 27, 1989. The Company is focused on the acquisition and exploration of precious metals located in the United States, Mexico and Guatemala.

The Company is domiciled in Vancouver, Canada and its common shares are listed on the TSX Venture Exchange under the trading symbol "GUN.V". The Company is controlled by Chesapeake Gold Corp. ("Chesapeake"). The Company's registered office is at Suite 1201 – 1166 Alberni Street, Vancouver BC, V6E 3Z3, Canada.

These consolidated financial statements have been prepared on the basis that the Company is a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company had a consolidated net loss of $226.8 for the period ended March 31, 2018 (2017 - $15.1) and an accumulated deficit of $47,510.4 as at March 31, 2018 (December 31, 2017 - $47,257.6). The Company's working capital as at March 31, 2018 is $383.9 (December 31, 2017 - $373.8). To date, the Company has not generated operating revenue from its mineral properties. The ability of the Company to continue as a going concern is dependent upon obtaining additional equity and/or debt financing to complete the exploration of its mineral property interests and to commence profitable operations. The Company's mineral properties have been placed under care and maintenance until the Company can obtain additional financing and the Company is making efforts to reduce operating expenditures to minimize cash outflows. These conditions indicate the existence of material uncertainties that may cast substantial doubt about the Company's ability to continue as a going concern.

The Company's current plans include holding mineral property expenditures at care and maintenance levels until the Company can obtain additional financing from joint venture partners or investors to advance certain properties into development.

These consolidated financial statements do not include any adjustments to the recoverability and reclassification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern and these adjustments could be material.

2 Basis of presentation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB have been condensed or omitted and these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2017.

The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of its unaudited interim condensed consolidated financial statements. In addition, the preparation of the financial data requires that the Company's management make assumptions and estimates of the effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical judgments and estimates applied in the preparation of the Company's unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended December 31, 2017. In addition, the accounting policies applied in these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2017.

The Company's interim results are not necessarily indicative of its results for a full year.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on May 30, 2018.

New Accounting Standards Issued But Not Yet Effective

IFRS 16 – Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee The IASB issued IFRS 16, Leases, in January 2016, which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted, but only in conjunction with IFRS 15.

The Company has not yet completed the process of assessing the impact of IFRS 16 will have on its consolidated financial statements, or whether to early adopt this new requirement.

New Accounting Standards Adopted during the period

IFRS 9 – Financial Instruments ("IFRS 9")

In July 2014, the IASB issued the final version of IFRS 9 which replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The amended standard was adopted on January 1, 2018 and the impact to the Company's financial statements will be to classify its investments to fair value through profit or loss. The Company adopted IFRS 9 retrospectively without restatement of comparative amounts resulting in a reclassification of $26.0 from accumulated other comprehensive income to deficit on January 1, 2018. Future changes in the fair value of these investments will be recorded directly in profit or loss. No other differences of any significance have been noted in relation to the adoption of IFRS 9.

IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")

In May 2014, IASB issued IFRS 15 to replace IAS 18 – Revenue, which establishes a new single five-step control-based revenue recognition model for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The amended standard was adopted on January 1, 2018 and did not have an impact on the financial statements.

3 Management of capital

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its resource properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

In the management of capital, the Company includes the components of shareholders' equity as well as cash and investments.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debts, acquire or dispose of assets or adjust the amount of cash, and investments.

In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments, such as Canadian Government treasury bills, banker's acceptances or Guaranteed Investments Certificates, with initial maturity terms less than one year from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

(unaudited - amounts expressed in thousands of Canadian dollars, except where indicated)

4 Financial instruments

Fair values of financial instruments

The fair values of financial instruments are summarized as follows:

	March 31, 2018		December 31, 2017	
	Carrying value $	**Fair value** $	**Carrying value** $	**Fair value** $
Financial assets				
Fair value through profit and loss ("FVTPL")				
Cash	1,299.2	1,299.2	1,279.6	1,279.6
Available-for-sale				
Long-term investment	802.4	802.4	1,029.6	1,029.6
Financial liabilities				
Other financial liabilities				
Accounts payable & accrued liabilities	224.0	224.0	216.8	216.8
Promissory note	700.0	700.0	-	-
Due to related party	1,046.9	1,046.9	1,036.2	1,036.2

Fair value measurements

The following table sets forth the Company's assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Level 1	**Level 2**	**Level 3**	**Total March 31, 2018**
Cash	$ 1,299.2	$ -	$ -	$ 1,299.2
Long-term investment	802.4	-	-	802.4

	Level 1	**Level 2**	**Level 3**	**Total December 31, 2017**
Cash	$ 1,279.6	$ -	$ -	$ 1,279.6
Long-term investment	1,029.6	-	-	1,029.6

The Company's policy for determining when a transfer occurs between levels in the fair value hierarchy is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. There were no transfers between the levels during the period ended March 31, 2018.

(unaudited - amounts expressed in thousands of Canadian dollars, except where indicated)

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 marketable securities. The Company's cash 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 3. The accounts payable and income taxes payable are due within the current operating period.

Market Risk

The Company's financial instruments include investments which are publicly traded and therefore subject to the risks related to the fluctuation in market prices of publicly traded securities. The Company closely monitors market values to determine the most appropriate course of action.

Interest Rate Risk

Interest rate risk is the risk that the fair value of 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

Currency risk is the risk of a loss due to the fluctuation of foreign exchange rates and the effects of those fluctuations on the Company's foreign currency denominated monetary assets and liabilities. The Company currently operates in the United States, Mexico and Guatemala. Certain costs and expenses are incurred in US dollars, Mexican pesos and Guatemala quetzal. The Company attempts to mitigate currency risk through the preparation of short and long term expenditure budgets in the foreign currencies and planning for the conversion of Canadian dollars into foreign currencies whenever exchange rates are favourable.

5 Investments

	December 31, 2017 Fair value	Acquired	Reclassification to long term investment	Unrealized gain/(loss)	Foreign exchange and other	March 31, 2018 Fair value
Long-term investment	$ 1,029.6	$ -	$ -	$ (227.2)	$ -	$ 802.4
	December 31, 2016 Fair value	**Acquired**	**Reclassification to long term investment**	**Unrealized gain/(loss)**	**Foreign exchange and other**	**December 31, 2017 Fair value**
Long-term investment	$ 810.0	$ 665.9	$ -	$ (446.3)	$ -	$ 1,029.6

Long-term investments are designated as available-for-sale and valued at fair value. Unrealized gains and losses are classified as part of the calculation of net loss. During the three months ended March 31, 2018, the unrealized loss recorded in available-for-sale financial assets is $227.2 (March 31, 2017 – $502.6 gain).

(unaudited - amounts expressed in thousands of Canadian dollars, except where indicated)

6 Mineral properties

	Talapoosa	Escorpion	Total
December 31, 2016	$ 6,641.6	$ 558.6	$ 7,200.2
Option agreement (a)	(1,963.0)	-	(1,963.0)
Travel	-	6.3	6.3
Other	-	1.8	1.8
December 31, 2017	$ 4,678.6	$ 566.7	$ 5,245.3
Travel	-	1.0	1.0
Other	-	0.4	0.4
March 31, 2018	$ 4,678.6	$ 568.1	$ 5,246.7

a) Talapoosa

The Company owns a 100% interest in the Talapoosa property which consists of 535 unpatented lode mining claims, including 509 claims owned by the Company and 26 claims subject to a lease agreement with a third party (the "Unpatented Leased Land"). These claims are administered by the Bureau of Land Management ("BLM") and the annual maintenance fees for these claims payable to the BLM are approximately US$75.0 and the annual lease payment for the Unpatented Lease land is US$35.0. In addition, there are certain payments required for the land owned subject to leases with private land owners (the "Fee Leased Land"). The current annual payments for Fee Leased Land are approximately US$42.4.

On March 31, 2015, the Company closed a transaction with Timberline Resources Corporation ("Timberline"), granting Timberline an option (the "Option") to acquire from Gunpoint's subsidiary, American Gold Capital US Inc. ("American Gold"), a 100% interest in the Talapoosa gold project located in Nevada. In consideration for the Option, Timberline paid US$300.0 and issued 2.0 million shares of common stock of Timberline to American Gold.

Timberline can exercise the Option by making a US$10.0 million cash payment to American Gold by September 12, 2017. For a period of five years after Timberline exercises the Option, Timberline would be required to pay American Gold an additional US$10.0 million (payable in cash and Timberline common shares) if the daily price of gold averages US$1,600 per ounce or greater for a period of ninety consecutive trading days. Timberline plans to complete a feasibility study on Talapoosa during the option period. American Gold retains a 1% net smelter royalty on Talapoosa which Timberline can purchase for US$3.0 million.

On October 20, 2016, the Option Agreement was amended. The Company agreed to extend the Option ("Extended Option") 18 months from September 12, 2017 to March 31, 2019. In consideration for the Extended Option, Timberline will pay an additional US$1.0 million and issue an additional 3.5 million common shares to the Company. In addition, Timberline's repurchase option for the Company's 1% net smelter return royalty ("NSR") on Talapoosa has been eliminated.

The amended terms of the Option Agreement are as follows:

- Payment of US$1.0 million and one million common shares of Timberline by March 31, 2017 (Received).
- Payment of US$2.0 million and one million common shares of Timberline by March 31, 2018.
- A final payment of US$8.0 million and 1.5 million common shares of Timberline by March 31, 2019.
- Timberline commits to undertakes cumulative project expenditures of a minimum of US$7.5 million by December 31, 2018.
- Elimination of Timberline's US$3.0 million purchase option of the 1% NSR retained by the Company upon Timberline's acquisition of Talapoosa.
- The Contingent payment based on escalating gold prices has been amended such that if gold prices average greater than or equal to US$1,600 over any 90-day period ("Trigger Event") within a 5-year period commencing on the option exercise closing date, Timberline will pay the Company an additional US$10.0 million of which a minimum of US$5.0 million will be payable within six months of the Trigger Event, and the remaining US$5.0 million payable within twelve months of the Trigger Event, with both payments payable in cash or, at Timberline's discretion, up to 50% in shares.

As at March 31, 2018, Gunpoint has received US$1.3 million and 3.0 million common shares of Timberline. Timberline did not make the option payment due March 31, 2018 to Gunpoint. Accordingly, Timberline's option to acquire the Talapoosa gold project terminated and 100% ownership of Talapoosa reverted back to the Company.

As at March 31, 2018, the market value of Gunpoint's 3.0 million Timberline shares was $690.0 (December 31, 2017 - $885.0).

b) La Cecilia (Sonora State, Mexico)

In 2010, the Company acquired La Cecilia from Chesapeake Gold Corp. La Cecilia is located in Sonora State Mexico and comprises three mineral concessions totalling 794 hectares. On January 31, 2017, the Company entered into an agreement ("Option Agreement") with Riverside Resources Inc. (TSX-V: RRI) whereby Riverside has been granted an option to acquire a 100% interest in Gunpoint's La Cecilia-Margarita gold project ("La Cecilia") located in Sonora State, Mexico.

Pursuant to Option Agreement and subject to TSX Venture Exchange approval, Riverside has the right to acquire a 100% interest in La Cecilia by making $250,000 in cash payments and issuing 1.0 million Riverside common shares to the Company per following schedule:
- A payment of $10.0 upon execution of the Option Agreement (Received);
- A $15.0 cash payment and issuance of 100,000 common shares of Riverside concurrent with the execution of registerable agreement in Mexico which occurred on April 24, 2017 ("the Effective Date") (Received)
- A $25.0 cash payment and issuance of 200,000 common shares of Riverside on or before the first anniversary of the Effective Date (Received);
- A $75.0 cash payment and issuance of 300,000 common shares of Riverside on or before the second anniversary of the Effective Date; and
- A $125.0 cash payment and issuance of 400,000 common shares of Riverside on or before the third anniversary of Effective Date.

Riverside will be responsible for the property taxes and holding costs to maintain La Cecilia in good standing during the term of the agreement. As at March 31, 2018 the La Cecilia property is recorded at $nil (2017 - $nil) value due to a previous impairment. The consideration received from Riverside will be recognised as income.

Subsequent to March 31, 2018, the Company received from Riverside on April 24, 2018, the $25.0 cash payment and 200,000 common shares pursuant to the La Cecilia agreement.

c) La Gitana (Oaxaca State, Mexico)

The La Gitana gold project ("La Gitana") is a large low sulphidation epithermal system hosting precious metals mineralization that is both structurally and lithologically controlled. During 2005 and 2006, the Company completed 40 diamond drill holes comprising 8,462 meters on La Gitana. The drill program primarily tested Cerro di Oro, a 1.5 kilometer long, NW-trending, structurally-controlled, epithermal system where gold-silver mineralization is found as high-grade shoots in a set of N-W trending, sub-vertical structures, and as low grade disseminations within broad zones of quartz stockworks and breccias.

A NI 43-101 compliant technical report on La Gitana concluded that the exploration program undertaken by the Company on the Cerro di Oro zone of the La Gitana project (including detailed surface mapping and sampling, ground geophysics and diamond drilling) provided sufficient information to confirm the existence of well-defined gold-silver mineralization extending 500 meters in length, 50 to 150 meters wide and 50 to 300 meters deep. Step out drilling also discovered additional gold-silver mineralization along strike for over 300 meters to the southeast.

La Gitana was acquired by Gunpoint in November 2010, together with Talapoosa and La Cecilia.

d) El Escorpion

On June 14, 2013, the Company purchased a 100% equity interest in Hunt Exploration S.A., a Guatemalan company, from Chesapeake by issuing and granting the following:
- 0.5 million common shares and 0.5 million warrants exercisable at $1.50 per share for a term of five years
- A 1.5% NSR royalty in the event Chesapeake purchases the existing 1.0% net smelter return ("NSR") royalty

(unaudited - amounts expressed in thousands of Canadian dollars, except where indicated)

- 1.0 million common shares in the event a NI 43-101 measured and indicated resource estimate of 1.0 million gold equivalent ounces is achieved on the Escorpion property.

On January 28, 2011, Hunt Exploration S.A. entered into an agreement with a private owner whereby Hunt would earn a 100% interest in the Escorpion project by making cash payments totalling US$351.0 over five years. The payment schedule was amended on March 23, 2015 per the table below. In August 2015, the Ministry of Energy and Mines granted title to the concession.

	US$
Upon signing the agreement (paid)	16.0
On January 28, 2012 (paid)	25.0
On January 28, 2013 (paid)	30.0
On January 28, 2014 (paid)	35.0
On March 23, 2015 (paid)	25.0
On July 28, 2015 (paid)	20.0
On January 28, 2016 (payment schedule amended on May 20, 2016)	200.0
	351.0

On May 20, 2016, the Company amended the final USD $200.0 payment schedule as per below:

	US$	
Signing the amendment (paid)	$	60.0
On May 31, 2016 (paid)		70.0
On September 1, 2016 (paid)		35.0
On December 15, 2016 (deferred by agreement)		20.0
	$	200.0

El Escorpion is subject to a 1.0% NSR royalty, which can be purchased for US$585.0 at any time.

On August 19, 2015, the Ministry of Energy and Mines granted title for the El Escorpion concession. In late 2016, the Constitutional Court of Guatemala temporarily suspended permits for several mineral concessions in the country including Escorpion. The Constitutional Court is seeking a review of the stakeholder engagement process. Gunpoint has initiated a follow up consultation with the local community to support the cancellation of the suspension. The property vendor has agreed to an extension of the final payment of $20.0 to purchase Escorpion until the exploration suspension is lifted.

During the period ended March 31, 2018, the Company has spent $1.4 (2017 - $1.7) in exploration, property payments and administrative expenses related to El Escorpion.

7 Convertible debenture

On March 15, 2012, the Gunpoint issued a $750.0 convertible debenture ("First Debenture"). The First Debenture carries interest at the rate of 5% per annum, payable on the earlier of conversion or maturity. The First Debenture was unsecured. Each First Debenture is convertible at the holder's option any time prior to or on maturity into fully paid units ("First Units") of Gunpoint at a conversion price of $0.80 per First Unit. Each First Unit consisted of one fully paid common share in the capital of the Gunpoint and one-half of one share purchase warrant ("First Warrant"). Each whole First Warrant was exercisable until March 14, 2014 to purchase an additional common share at $1.00. On March 14, 2014, Gunpoint and the holders of the First Debenture extended the term of the First Debenture by 12 months to March 16, 2015. The First Debenture is currently due on demand.

(unaudited - amounts expressed in thousands of Canadian dollars, except where indicated)

As at December 31, 2017, the Company still has one convertible debenture in the principal amount of $700.0, (plus related accrued interest) outstanding and this amount is indebted to the President of the Company.

On January 1, 2018, the Company and the debenture holder mutually agreed that the conversion option has expired. The debenture will be treated as an unsecured promissory note ("Promissory Note") and due on demand. The interest rate will remain at a rate of 5% per annum.

Interest accrued for the period ended March 31, 2018 was $8.8 (March 31, 2017 - $8.8). As at March 31, 2018, the total accrued interest related to the remaining outstanding Promissory Note was $211.5 (December 31, 2017 - $202.7) and was included in account payables and accrued liabilities.

8 Share Capital

The Company's authorized share capital consists of an unlimited number of common shares without par value and 50,000,000 preferred shares without par value.

Warrants

The following is a table that discloses the number of warrants as at March 31, 2018 and December 31, 2017:

	March 31, 2018		December 31, 2017	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding - beginning of period	500,000	$ 1.5	500,000	$ 1.5
Outstanding - end of period	500,000	$ 1.5	500,000	$ 1.5

The following is a table discloses the number of warrants as at March 31, 2018 and December 31, 2017:

Number of warrants outstanding	Exercise price	Expiry Date
500,000	$ 1.50	14-Jun-18

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 10% of the issued and outstanding common shares as at the date of grant. Such options will be exercisable for a period of up to 10 years from the grant of grant with vesting terms to be determined at the time of grant by the Board of Directors.

(unaudited - amounts expressed in thousands of Canadian dollars, except where indicated)

	March 31, 2018		December 31, 2017	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding – beginning of period	905,000	$ 0.25	1,425,000	$ 0.25
Expired/cancelled	-	-	(520,000)	0.25
Outstanding – end of period	905,000	$ 0.25	905,000	$ 0.25

a) On January 1, 2017, 520,000 of options (exercisable at $0.25 per share) were cancelled.

b) Subsequent to the period ended March 31, 2018, pursuant to its incentive stock option plan, the Company on May 2, 2018 granted 1,500,000 stock options to directors, officers, employees and consultants of the Company, at an exercise price of $0.25 per share. The Options are exercisable for a term of five years from the date of the grant.

The following is a table discloses the number of options and vested options outstanding as at March 31, 2018 and December 31, 2017:

Number of options	Number of options vested	Price per share	Expiry Date
905,000	905,000	$ 0.25	23-Apr-19

10 Related party transactions

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, Chesapeake, 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.

For the three months ended March 31, 2018, there was $4.3 (March 31, 2017 - $6.3) paid to management. As at March 31, 2018, the total accrued amount was $nil (March 31, 2017 - $nil).

As at March 31, 2018, the Company still has a promissory note in the principal amount of $700.0, (plus related accrued interest) outstanding and this amount was indebted to the President of the Company. This promissory note was originally a convertible debenture (see note 7) in prior year, but the conversion feature has expired as at January 1, 2018.

As of March 31, 2018, an amount of $1,046.9 was due to Chesapeake, the parent of the Company (December 31, 2017 - $1,036.2). The amounts due to Chesapeake were provided to fund to working capital and are unsecured, non-interest bearing and due on or after January 1, 2019.

11 Segment disclosures

The Company operates in one operating segment in three countries. Details of the investments in mineral properties are disclosed in Note 6. The Company's assets by country are:

(unaudited - amounts expressed in thousands of Canadian dollars, except where indicated)

March 31, 2018	Canada	Mexico	USA	Other	Total
Cash	$ 1,249.4	$ 3.4	$ 43.9	$ 2.5	$ 1,299.2
Accounts receivable and prepaid expense	8.7	-	-	-	8.7
	1,258.1	3.4	43.9	2.5	1,307.9
Long term investment	112.4	-	690.0	-	802.4
Investment in mineral properties	-	-	4,678.6	568.1	5,246.7
Reclamation deposits	-	-	176.8	-	176.8
Total assets	$ 1,370.5	$ 3.4	$ 5,589.3	$ 570.6	$ 7,533.8
Segment (loss) income for three month ended March 31, 2018	$ 41.8	$ (14.2)	$ (240.0)	$ (14.4)	$ (226.8)

March 31, 2017	Canada	Mexico	USA	Other	Total
Cash and cash equivalent	$ 1,403.0	$ 0.9	$ 44.9	$ 23.8	$ 1,472.6
Accounts receivable and prepaid expense	25.4	-	-	-	25.4
	1,428.4	0.9	44.9	23.8	1,498.0
Long term investment	72.6	-	1,860.0	-	1,932.6
Investment in mineral properties	-	-	4,678.7	560.2	5,238.9
Reclamation deposits	-	-	182.3	-	182.3
Total assets	$ 1,501.0	$ 0.9	$ 6,765.9	$ 584.0	$ 8,851.8
Segment loss for the three months ended March 31, 2017	$ (17.6)	$ 11.2	$ 15.0	$ (23.7)	$ (15.1)

12 Subsequent events

a) On April 24, 2018, the Company received from Riverside the $25.0 cash payment and 200,000 common shares pursuant to the La Cecilia agreement (note 6(b)).

b) On May 2, 2018, pursuant to its incentive stock option plan, the Company granted 1,500,000 stock options to directors, officers, employees and consultants of the Company, at an exercise price of $0.25 per share. The Options are exercisable for a term of five years from the date of the grant. The Options will vest and be exercisable on the basis of 25% annually commencing May 2, 2019, the first anniversary of the date of the option grant (note 9).