GFM RESOURCES LIMITED

(An exploration-stage company)

Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2018 and 2017

(Unaudited - Expressed in Canadian Dollars)

Index

Suite 2000 – 1066 West Hastings Street
Vancouver, BC
Canada V6E 3X2

NOTICE TO READER

THE ISSUER'S AUDITORS HAVE NOT REVIEWED OR BEEN INVOLVED IN THE PREPARATION OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

GFM RESOURCES LIMITED

(an exploration-stage company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited, prepared by management)

(Expressed in Canadian Dollars)

As at	Note	March 31, 2018 (Unaudited) $	December 31, 2017 (Audited) $
ASSETS			
Current			
Cash and cash equivalents		**7,942**	21,360
Accounts receivable	4	**1,504**	2,198
Prepaid expenses and deposits		**1,259**	192
Advance payment of mineral concessions	10	**20,652**	-
		31,357	23,750
LIABILITIES			
Current			
Accounts payable and accrued liabilities	5	**6,757**	33,156
Due to related parties	9	**6,976**	7,763
Loans with related party	7	**318,429**	205,206
		332,162	246,125
SHAREHOLDERS' DEFICIENCY			
Share capital	8	**3,484,022**	3,484,022
Contributed surplus	6	**870,442**	870,442
Foreign currency reserve		**38,085**	53,635
Deficit		**(4,693,354)**	(4,630,474)
		(300,805)	(222,375)
		31,357	23,750

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

Approved by the board of directors and authorized for issue on April 25, 2018

Note 1 - Nature of Operations and Going Concern Uncertainty

Note 14 - Subsequent events

"James Robertson"	"Horacio Alcocer"
Director	Director

GFM RESOURCES LIMITED

(an exploration-stage company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited, prepared by management)

(Expressed in Canadian Dollars)

		Three months ended March 31	
		2018	**2017**
	Note	**$**	$
EXPENSES			
Administration and accounting	9	**15,000**	15,000
Audit and legal		**6,609**	5,278
Property examination costs	10	**19,723**	11,393
Filing and transfer agent fees		**2,685**	2,856
Directors' fees	9	**3,000**	3,000
Office and sundry		**6,461**	980
Foreign exchange loss		**5,543**	(357)
Loss before other expenses		**(59,021)**	(38,150)
Other income (expenses)			
Accretion of convertible loan	6	**-**	(17,194)
Interest on loans	6,7	**(4,699)**	(5,851)
Write-down of value added tax recoverable		**840**	-
Loss for the period		**(62,880)**	(61,195)
Other comprehensive loss			
Exchange differences on translating foreign operations, net of tax		**(15,550)**	(50,052)
Total comprehensive loss for the period		**(78,430)**	(111,247)
Loss per share (basic and diluted)		**(0.00)**	(0.00)
Weighted average number of shares outstanding (basic and diluted)		**19,085,071**	19,085,071

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

GFM RESOURCES LIMITED

(an exploration-stage company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited, prepared by management)

(Expressed in Canadian Dollars)

		Three months ended March 31	
		2018	**2017**
	Note	**$**	$
Operating activities			
Loss for the period		**(62,880)**	(61,195)
Adjustments for items not involving cash:			
- Accretion expense	6	**-**	17,194
- Non-cash interest on loans	6,7	**4,699**	5,851
- Non-cash impact of foreign exchange translation		**6,153**	(376)
Changes in non-cash working capital items:			
- Accounts receivable		**694**	(576)
- Prepaid expenses and deposits		**(1,067)**	-
- Advance payment of mineral concessions		**(20,652)**	-
- Accounts payable and accrued liabilities		**(27,151)**	(9,673)
Cash used in operating activities		**(100,204)**	(48,775)
Cash flows from financing activities			
Convertible loan advances	6,9	**-**	30,000
Funding of subsidiary	9	**-**	11,412
Loans from related party	7	**86,469**	-
Cash generated from financing activities		**86,469**	41,412
Effect of foreign exchange translation on cash		**317**	177
Net change in cash		**(13,418)**	(7,186)
Cash, beginning of the period		**21,360**	10,636
Cash, end of the period		**7,942**	3,450
Supplementary information with respect to cash flows (Note 13):			
Income taxes paid in cash		**-**	**-**
Interest paid in cash		**-**	**-**
Issuance of common shares in settlement of debt to related party		**-**	**-**

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

GFM RESOURCES LIMITED

(an exploration-stage company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY

(Unaudited, prepared by management)

(Expressed in Canadian Dollars)

	Note	Share capital Amount	Share capital Value	Contributed surplus	Equity portion of convertible loan	Foreign currency reserve	Deficit	Total
		#	$	$	$	$	$	$
Balance, December 31, 2016		19,085,071	3,484,022	507,236	339,650	104,298	(5,817,685)	(1,382,479)
Convertible loan with related party	6	-	-	-	12,849	-	-	12,849
Comprehensive loss for the period		-	-	-	-	(50,052)	(61,195)	(111,247)
Balance, March 31, 2017		19,085,071	3,484,022	507,236	352,499	54,246	(5,878,880)	(1,480,877)
Convertible loan with related party	6	-	-	-	10,707	-	-	10,707
Forgiveness of debt	6	-	-	363,206	(363,206)	-	-	-
Comprehensive income for the period		-	-	-	-	(611)	1,248,406	1,247,795
Balance, December 31, 2017		19,085,071	3,484,022	870,442	-	53,635	(4,630,474)	(222,375)
Comprehensive loss for the period		-	-	-	-	(15,550)	(62,880)	(78,430)
Balance, March 31, 2018		**19,085,071**	**3,484,022**	**870,442**	**-**	**38,085**	**(4,693,354)**	**(300,805)**

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

(Unaudited - Expressed in Canadian dollars except where indicated)

1. Nature of Operations and Going Concern Uncertainty

GFM Resources Limited (the "Company") was incorporated under the laws of British Columbia, Canada, on September 3, 1987. During the year ended December 31, 2000, the Company continued its operation in the Yukon Territory under the Business Corporation Act of Yukon and registered as an extra-provincial company in British Columbia under the laws of British Columbia. The addresses of the Company are:

- Administration office: Suite 2000 – 1066 West Hastings Street, Vancouver, BC V6E 3X2, Canada.
- Registered records office: Suite 1500 – 1055 West Georgia Street, Vancouver, BC, V6E 4N7, Canada

The Company is in the business of acquisition, exploration and development of mineral properties, and is in one operating segment, namely mineral exploration in Mexico.

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company has incurred significant losses since inception, and has a working capital deficiency, as follows:

	March 31, 2018 **$**	December 31, 2017 $
Deficit	**(4,693,354)**	(4,630,474)
Working capital deficiency:	**(300,805)**	(222,375)

During the year ended December 31, 2017, majority ownership of the Company was transferred from Compañía Minera Autlán, S.A.B. de C.V. ("Autlan"), of Mexico, to Metallorum Holding, S.A.P.I. de C.V. ("Metallorum"), also from Mexico and also controlled by a director of the Company. Continued operations of the Company are dependent on the Company's ability to obtain public equity financing or to receive continued financial support from its controlling shareholder, Metallorum. There can be no assurance the Company will be successful in achieving these goals and, accordingly, there is a material uncertainty casting significant doubt about the Company's ability to continue as a going concern.

These condensed consolidated interim financial statements do not include any adjustments to the amounts and classification of assets and 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 preparation

(a) Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). These condensed consolidated interim financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2017.

These condensed consolidated interim financial statements were approved by the Board of Directors for issue on April 25, 2018.

2. Basis of preparation (cont'd…)

(b) Critical accounting estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2017, except as noted below.

(c) Adoption of new accounting standards

New IFRS pronouncements have been issued that become effective for and adopted by the Company as of January 1, 2018:

IFRS 9, *Financial Instruments* (new; to replace IAS 39)

IFRS 9 is effective for annual periods beginning on or after January 1, 2018. This new standard replaces International Accounting Standards ("IAS") 39, *Financial Instruments: Recognition and Measurement.* IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces a new impairment model for financial assets and new rules for hedge accounting.

IFRS 9 requires financial assets to be classified into one of three measurement categories on initial recognition: fair value through profit and loss ("FVTPL"), fair value through other comprehensive income ("FVTOCI") and amortized cost. Measurement and classification of financial assets is dependent on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. The new standard retains most of the existing requirements for financial liabilities.

IFRS 9 introduces a new impairment model for financial assets. This new model may result in the earlier recognition of credit losses as it requires the Company to account for expected credit losses from the time the financial instruments are first recognized.

The Company will classify its cash, accounts receivable, accounts payable and accrued liabilities, due to related parties and loans with related parties at amortized cost. The Company does not currently have any FVTPL or FVTOCI financial assets.

IFRS 9 is not expected to have a material effect on the Company's consolidated financial statements.

3. Significant Accounting Policies

Except for the adoption on January 1, 2018, of IFRS 9 (Note 2(c)), the accounting policies followed for the preparation of these condensed consolidated interim financial statements are consistent with those described in the December 31, 2017, annual consolidated financial statements.

(Unaudited - Expressed in Canadian dollars except where indicated)

4. Accounts Receivable

		March 31, 2018		December 31, 2017
GST receivable	**$**	**1,504**	$	2,198

5. Accounts Payable and Accrued Liabilities

The Company's accounts payable and accrued liabilities are as follows:

		March 31, 2018		December 31, 2017
Trade payables	**$**	**1,821**	$	17,251
Accrued liabilities		**4,936**		15,905
Total	**$**	**6,757**	$	33,156

6. Convertible Loan

On June 30, 2017, the Company entered into a Debt Forgiveness Agreement (the "Forgiveness Agreement") with Compañía Minera Autlán, S.A.B. de C.V. ("Autlan"), then the Company's majority shareholder, whereby Autlan forgave all of the outstanding debt pursuant to a Convertible Loan in the amount of $1,000,689, including principal and interest for an amortized balance of $881,536 as at the date of forgiveness (see table below). This Convertible Loan had originally been entered into in 2007. The Company also forgave the debt owed to Autlan by the Subsidiary in the amount of approximately $641,000, for a total gain on forgiveness of $1,522,498. As at June 30, 2017, the Company was debt free. The Forgiveness Agreement was entered into in anticipation of the acquisition by Metallorum of the Company's shares previously held by Autlan. The equity portion of the forgiven convertible loan of $363,206 was charged to contributed surplus.

The Company and Metallorum have entered into new loan agreements (Note 7) to maintain the Company's funding requirements.

The balances on the Convertible Loan are as follows:

		Liability component				**Equity component**
	Amounts advanced	Discounted principal	Accrued interest	Accrued accretion expense	Total	
	$	$	$	$	$	$
Balance, December 31, 2016	793,100	453,450	140,612	208,807	802,869	339,650
Loan advances from Autlan	30,000	17,151	5,851	17,194	40,196	12,849
Balance, March 31, 2017	823,100	470,601	146,463	226,001	843,065	352,499
Loan advances from Autlan	25,000	14,293	6,126	18,052	38,471	10,707
Debt forgiveness	(848,100)	(484,894)	(152,589)	(244,053)	(881,536)	(363,206)
Balance, December 31, 2017 and March 31, 2018	**-**	**-**	**-**	**-**	**-**	**-**

(Unaudited - Expressed in Canadian dollars except where indicated)

7. Loans with related party

On November 17, 2017, the Company entered into a loan agreement (the "Loan Agreement) with its majority shareholder, Metallorum, with effect from August 1, 2017. Under the terms of the Loan Agreement, Metallorum will make available to the Company a line of credit in up to USD $2,000,000 per year. Advances made under the Loan Agreement bear annual simple interest calculated on the London Interbank Offered Rate ("LIBOR") plus 2%, calculated daily on the outstanding balance. The principal outstanding, together with any accrued but unpaid interest will become due and payable on demand, but such demand shall not to be made unless the Company has sufficient funds to repay the loan. There are no convertibility features on this Loan Agreement. During the three months ended March 31, 2018, the weighted-average interest rate was 3.80% (period from August 1, 2017 to December 31, 2017 – 3.32%).

Also on November 17, 2017, Metallorum entered into a separate loan agreement with the Subsidiary (the "Subsidiary Agreement"), with effect from August 1, 2017. Under the terms of the Subsidiary Agreement, Metallorum will make available to the Subsidiary a line of credit in up to MXN $40,000,000 (approximately USD $2,000,000) per year. Advances made under the Subsidiary Agreement bear annual simple interest calculated on the Bank of Mexico's inter-bank loan rate (TIIE for its acronym in Spanish – *Tasa de Interés Interbancaria de Equilibrio*) plus 2%, calculated daily on the outstanding balance. The Subsidiary Agreement has a term of two years, which can be extended upon agreement of the parties. There are no convertibility features on this Subsidiary Agreement. During the three months ended March 1, 2018, the weighted-average interest rate was 8.83% (period from August 1, 2017 to December 31, 2017 - 9.44%).

The following is a summary of the loans with Metallorum:

	Principal received $	Accrued Interest $	Mexican value-added tax ("IVA") $	Foreign exchange adjustment $	Total due $
Balance, December 31, 2016 and March 31, 2017	-	-	-	-	-
Loan Agreement	80,000	894	-	3,011	83,905
Subsidiary Agreement	125,620	2,139	325	(6,783)	121,301
Balance, December 31, 2017	205,620	3,033	325	(3,772)	205,206
Loan Agreement	48,569	1,034	-	5,358	54,961
Subsidiary Agreement	37,900	3,665	35	16,662	58,262
Balance, March 31, 2018	292,089	7,732	360	18,248	318,429

8. Share Capital

a) Authorized: unlimited number of common shares without par value. There are no restrictions on transfers.

b) Issued and outstanding:

There were 19,085,071 common shares issued and outstanding as of March 31, 2018 and December 31, 2017. No common shares were issued during fiscal year ended December 31, 2017 or the three months ended March 31, 2018.

c) Warrants

There were no warrants outstanding as of March 31, 2018 (2017 – Nil).

(Unaudited - Expressed in Canadian dollars except where indicated)

8. Share Capital (cont'd…)

d) Stock options

On May 23, 2006, the Board of Directors approved the adoption of a new incentive stock option plan (the "Plan"), which was approved by the shareholders on June 29, 2006, and ratified by the shareholders at each subsequent annual general meeting of shareholders, including the one held on September 20, 2017. The Plan allows grants of options to a maximum of 10% of the issued and outstanding shares of the Company at any time.

As the Company is currently in the search for mineral property acquisition targets, the stock options granted to the consultants and other non-employees of the Company are to serve as incentive in that process. Therefore, a reliable estimate of the fair value of these options based on the equivalent fair market value of services rendered is very difficult to assess given the unique and varying nature of these services and the lack of comparable market information. Accordingly, the Company has measured share-based payments to non-employees based on the fair value of the equity instruments granted.

There were no stock options outstanding as of March 31, 2018 (2017 – Nil).

9. Related party transactions

During the three months ended March 31, 2018 and 2017, the Company entered into the following transactions with related parties and incurred payments to key management personnel, which were in the normal course of operations.

Three months ended March 31:	**2018**	2017
	$	$
Management fees paid to a company controlled by the Chief Financial Officer of the Company	**15,000**	15,000
Office rent paid to a company controlled by the Chief Financial Officer of the Company	**150**	150
Director's fees:	**3,000**	3,000
Amounts advanced by Autlan to the Company (i)(ii)	**-**	30,000
Amounts provided by Autlan to the Subsidiary in order for it to pay for the mineral rights and meet other local obligations (i)	**-**	11,412
Interest accrued on Convertible Loan before forgiveness (iii)	**-**	5,851
Advances from Metallorum to the Company (iv)	**48,569**	-
Advances from Metallorum to the Subsidiary (v)	**37,900**	-
Interest accrued on Metallorum advances (iv,v)	**4,699**	-

(Unaudited - Expressed in Canadian dollars except where indicated)

9. Related party transactions (cont'd…)

(i) The Company was controlled by Autlan until June 30, 2017, in turn controlled by a director of the Company, subsequently, the Company is controlled by Metallorum, in turn controlled by the same director of the Company.

(ii) The amounts are advances made pursuant to the Convertible Loan, forgiven on June 30, 2017 (Note 6).

(iii) Pursuant to Convertible Loan with Autlan, forgiven on June 30, 2017 (Note 6).

(iv) Pursuant to the Loan Agreement with Metallorum (Note 7).

(v) Pursuant to the Subsidiary Agreement with Metallorum (Note 7).

In addition, the Subsidiary entered into a Mandate and Indemnity Agreement (the "Mandate") with Soluciones y Reparaciones Domésticas, S.A. de C.V. ("Soluciones"), an affiliate company also controlled by Metallorum, with retroactive effect as of August 14, 2017. Soluciones had entered into an agreement to acquire certain mineral concessions in Mexico from another affiliate company; however, Soluciones does not have the corporate capacity to hold mineral concessions and, therefore, requested the Subsidiary to hold these concessions on its behalf. Pursuant to the Mandate, Soluciones will pay and indemnify the Subsidiary for all costs and liabilities associated with the holding of these concessions.

During the three months ended march 31, 2018, the Company paid $206,533 on behalf of Soluciones, and was immediately reimbursed by Soluciones for this amount, with nil cash effect (2017 – Nil).

The amounts due to related parties are as follows:

As at:	**March 31, 2018** **$**	December 31, 2017 $
Amounts owed to Metallorum pursuant to Loan Agreement (Note 7):	**138,866**	83,905
Amounts owed to Metallorum by Subsidiary pursuant to Subsidiary Agreement (Note 7):	**179,563**	121,301
Management fees and reimbursable expenses owed to a company controlled by an officer of the Company:	**5,926**	5,663
Directors' fees owed to a director of the Company:	**1,050**	2,100
	325,405	212,969

10. Property examination costs

The Company holds title to three mineral concessions in the state of Durango, Mexico ("La Casita" group of concessions), for which it is paying the semi-annual concession maintenance fees.

In addition, on October 30, 2017, the Company entered into an exploration and evaluation agreement with Minera Auricup, S.de R.L. ("Auricup") for exclusive access to conduct exploration and evaluation of the merits of a mineral concession (the "Evaluation Agreement") of Auricup's Baviácora concession (the "Concession"), a gold and silver target of approximately 4,400 hectares, located in the state of Sonora, Mexico.

10. Property examination costs (cont'd…)

Under the terms of the Evaluation Agreement, the Company will pay for outstanding mineral rights of the Concession, will have exclusive access rights for a period of six months, and will obtain a minimum 15% ownership stake in the Concession. The starting of the six-month initial evaluation and exploration term is subject to Auricup negotiating the land access rights with the local communal land administration. If, for any reason, such access rights are not successfully negotiated within 120 days of the date of Evaluation Agreement, the Company has the option of demanding full repayment, or to obtain a similar stake in a different but equivalent mineral concession owned by Auricup. Should the initial exploration and evaluation under the present agreement be successful, the Company, at its sole option, has the exclusive right to negotiate an agreement to acquire a further interest in the Concession.

The summary of property examination costs is as follows:

	Prepaid amount as at	Expensed Three months ended March 31	
	March 31, 2018	2018	2017
	$	$	$
Company's own concessions (La Casita)	6,590	6,293	11,393
Baviacora Concessoin	14,062	13,430	-
	20,652	19,723	11,393

The Company drew down on its Subsidiary Agreement for the Concession payments.

11. Financial instruments

With the adoption of IFRS 9, the Company has classified cash, accounts receivables, accounts payable and accrued liabilities, due to related parties and loans with related party at amortized cost. At present, the Company does not have any FVTPL or FVTOCI financial assets.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Currency Risk

As at March 31, 2018, all of the Company's cash and cash equivalents were held either in Canadian dollars, US dollars or Mexican pesos. The Company incurs expenditures in Canada and Mexico, and as such is exposed to currency risk associated with these costs.

A change in the value of the Mexican peso by 10% relative to the Canadian dollar would affect the Company's working capital by approximately $18,000, and its net loss for the year by approximately $2,000.

Interest rate and credit risk

The Company has cash balances and significant debt owed to a majority shareholder. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

The Company is not exposed to interest rate risk, as its convertible loan instrument is subject to fixed interest rates. The Company exposed to interest rate risk on its loans with a related party as detailed in Note 7. A change 1% change in interest rate would affect the interest by approximately $1,200 based on the principal outstanding as at March 31, 2018.

(Unaudited - Expressed in Canadian dollars except where indicated)

11. Financial instruments (cont'd…)

Liquidity risk

The Company will depend on the advances provided by Metallorum through the Loan Agreement and the Subsidiary Agreement (Note 7). The liquidity risk relates to the low cash position and the dependence on these advances. See Note 1 for further discussion regarding liquidity risks

12. Capital Disclosures

The Company's objective when managing capital is to maintain a flexible capital structure for its projects for the benefit of its stakeholders. The Company's main source of funds is from the funds received from Metallorum as a part of the Loan Agreement (Notes 1 and 7).

The Company manages the capital structure and makes appropriate adjustments to it based upon changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets.

The Company's investment policy is to invest its available cash in Canadian chartered banks and from time to time in guaranteed term deposits at fixed interest rates established at the time of investment. All its funds are available for project and corporate objectives.

The Company considers cash and cash equivalents to include amounts held in banks. The Company places its cash with institutions of high credit worthiness. On March 31, 2018, the Company had cash of $7,942 (December 31, 2017 – $21,630).

The Company is not subject to any externally imposed capital requirements.

13. Supplementary information with respect to cash flows

The following table provides a reconciliation of cash and non-cash related-party liabilities generated from financing activities:

	Balance	Cash	Non-cash		**Balance**
	December 31, 2017	Advances	Interest and tax	Foreign exchange	**March 31, 2018**
	$	$	$	$	**$**
Loans with related party	205,206	86,469	4,734	22,020	**318,429**
	205,206	86,469	4,734	22,020	**318,429**

14. Subsequent events

Subsequent to March 31, 2018, the Company received $12,014 in cash pursuant to the Loan Agreement.

* * * * *