CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED DECEMBER 31, 2017

1100 – 1111 Melville Street
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
TNR Gold Corp.

We have audited the accompanying consolidated financial statements of TNR Gold Corp., which comprise the consolidated statements of financial position as at December 31, 2017 and 2016 and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' deficiency, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of TNR Gold Corp. as at December 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

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Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about TNR Gold Corp.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

April 30, 2018

TNR GOLD CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT DECEMBER 31

	2017	2016
ASSETS		
Current		
Cash	$ 2,521	$ 116,967
Receivables (Note 4)	14,729	2,081
Prepaids	10,440	-
Marketable securities (Note 3)	1,538,532	-
	1,566,222	119,048
Convertible debenture receivable (Note 4)	319,640	-
Derivative asset (Note 4)	385,350	-
Investment in associate (Note 5)	-	187,433
Total assets	$ 2,271,212	$ 306,481

	2017	2016
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current		
Accounts payable and accrued liabilities (Note 9)	$ 303,385	$ 714,518
Loan payable (Note 7)	4,669,653	3,891,378
	4,973,038	4,605,896
Shareholders' deficiency		
Share capital (Note 8)	35,505,199	35,147,585
Reserves (Note 8)	5,055,484	4,959,584
Accumulated other comprehensive loss (Note 5)	-	(2,498)
Deficit	(43,262,509)	(44,404,086)
	(2,701,826)	(4,299,415)
Total liabilities and shareholders' deficiency	$ 2,271,212	$ 306,481

Nature and continuance of operations (Note 1)
Commitments and contingency (Notes 9 and 15)
Subsequent events (Note 16)

On behalf of the Board on April 30, 2018

"Kirill Klip" Director *"Maurice Brooks"* Director

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

TNR GOLD CORP.
CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31

	2017	2016
OPERATING EXPENSES		
Administration fees (Note 9)	$ 2,000	$ 12,000
Argentina administration (Note 9)	29,496	16,500
Consulting fees (Note 9)	107,224	210,000
Directors' fees (Note 9)	30,000	-
Foreign exchange loss	(19,849)	18,707
Interest and bank charges (Note 7)	783,673	652,732
Management fees (Note 9)	49,000	78,000
Office and miscellaneous (Note 9)	32,879	61,873
Professional fees	153,232	102,360
Property investigation	106,340	63,680
Shareholder communications	12,176	28,617
Share-based payments (Note 8)	229,408	286,550
Transfer agent and filing fees	18,061	15,114
Travel and related	10,107	4,779
Total operating expenses	(1,543,747)	(1,550,912)
Equity loss from associate (Note 5)	-	(216,219)
Gain on sale of interest in associate (Note 5)	21,047	304,972
Gain on sale of equipment	-	18,000
Gain on debt settlement (Notes 5, 9)	394,269	155,785
Dilution gain on investment in associate (Note 5)	-	103,250
Interest income (note 4)	22,210	-
Unrealized gain on marketable securities (Note 3)	203,682	-
Unrealized loss on equity conversion option (Note 4)	(6,573)	-
Realized loss on marketable securities (Note 3)	(81,042)	-
Write-off of receivable	-	(9,688)
Unrealized gain on loss of significant influence (Note 3)	2,131,731	-
	2,685,324	356,100
Income (loss) for the year	1,141,577	(1,194,812)
Equity results – foreign currency translation (Note 5)	2,498	(14,227)
Comprehensive income (loss) for the year	$ 1,144,075	$ (1,209,039)
Basic and diluted income (loss) per common share	$ 0.01	$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	150,684,392	147,816,447

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

TNR GOLD CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) for the year	$ 1,141,577	$ (1,194,812)
Items not affecting cash:		
Equity loss from associate	-	216,219
Dilution gain in associate	-	(103,250)
Unrealized foreign exchange	-	8,509
Interest income on convertible securities	(22,210)	-
Interest expense	778,275	648,563
Gain on sale of interest in associate	(21,047)	(304,972)
Gain on sale of equipment	-	(18,000)
Gain on debt settlement	(394,269)	(155,785)
Realized loss on marketable securities	81,042	-
Unrealized loss on marketable securities	(203,682)	-
Unrealized loss on equity conversion option	6,573	-
Unrealized gain on loss of significant influence	(2,131,731)	-
Share-based payments	229,408	286,550
Write-off of receivable	-	9,688
Changes in non-cash working capital items:		
Receivables	(12,648)	(7,580)
Prepaid expenses	(10,440)	-
Accounts payable and accrued liabilities	(29,331)	271,129
Net cash used in operating activities	(588,483)	(343,741)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in convertible securities	(586,650)	-
Investment in marketable securities	(71,232)	-
Proceeds on sale of equipment	-	18,000
Proceeds on sale of interest in associate	21,540	319,370
Proceeds from sale of marketable securities	855,468	-
Net cash provided by investing activities	219,126	337,370
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issued for exercised options	-	100,000
Share issued for private placement	257,297	-
Share issuance cost on private placement	(2,386)	-
Interest paid	-	-
Net cash provided by financing activities	254,911	100,000
Net change in cash	(114,446)	93,629
Cash, beginning of the year	116,967	23,338
Cash, end of the year	$ 2,521	$ 116,967

Supplemental disclosures with respect to cash flows (Note 11)

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

TNR GOLD CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(Expressed in Canadian Dollars)

	Share capital					
	Number	Amount	Reserves	Accumulated other comprehensive income (loss)	Deficit	Total
Balance, December 31, 2015	147,816,447	$ 34,977,375	$ 4,684,426	$ 11,584	$ (43,209,274)	$ (3,535,889)
Sale of interest in associate	-	-	(22,186)	145	-	(22,041)
Share-based payments in associate	-	-	81,004	-	-	81,004
Share-based payments	-	-	286,550	-	-	286,550
Shares issued for exercised options	2,000,000	170,210	(70,210)	-	-	100,000
Comprehensive loss for the year	-	-	-	(14,227)	(1,194,812)	(1,209,039)
Balance, December 31, 2016	149,816,447	$ 35,147,585	$ 4,959,584	$ (2,498)	$ (44,404,086)	$ (4,299,415)
Shares issued for private placement, net	7,200,000	357,614	-	-	-	357,614
Sale of interest in associate (Note 5)	-	-	(11,675)	219	-	(11,456)
Loss of significant influence over associate (Note 5)	-	-	(121,833)	2,279	-	(119,554)
Share-based payments	-	-	229,408	-	-	229,408
Comprehensive income for the year	-	-	-	-	1,141,577	1,141,577
Balance, December 31, 2017	157,016,447	$ 35,505,199	$ 5,055,484	$ -	$ (43,262,509)	$ (2,701,826)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

TNR Gold Corp. (the "Company") was incorporated on January 14, 1988 under the laws of the Province of British Columbia. The Company's head office address 1100 – 1111 Melville Street, Vancouver, British Columbia, Canada, V6E 3V6. The registered and records office address is Suite 1000-840 Howe Street, Vancouver B.C. V6C 2T6. The Company is listed on the TSX Venture Exchange and trades under the stock symbol "TNR".

The Company is in the business of acquiring and owning royalties which will pay out in future if but only if the related properties go into production. These royalties are currently receivable from companies with copper and lithium operations in Argentina. The company is also in the business of acquiring and exploring its mineral properties located in the United States.

These consolidated financial statements of the Company have been prepared using accounting policies applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they fall due for the foreseeable future. The Company has not generated revenue from operations; additional financing will be required. These circumstances comprise a material uncertainty which may cast significant doubt as to the ability of the Company to meet its obligations as they fall due and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern.

The Company will continue to pursue opportunities to raise additional capital through equity markets and/or debt to fund its exploration and operating activities; however, there is no assurance of the success or sufficiency of these initiatives. The Company's ability to continue as a going concern is dependent upon it securing the necessary working capital and exploration requirements and eventually to generate positive cash flows either from operations or additional financing. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the going concern assumption were inappropriate, and these adjustments could be material.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Presentation

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The financial statements of the Company are presented in Canadian dollars, which is the functional currency of the parent company and its subsidiaries.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All inter-company transactions and accounts have been eliminated upon consolidation.

	Country of Incorporation	Principal Activity	Effective Interest
Compania Minera Solitario de Argentina S.A. ("Solitario")	Argentina	Mining company	100%
Ameri Gold Corp.	Canada	Holding company	100%
0828073 BC Ltd.	Canada	Holding company	90%
TNR Gold Investment Corp.	BVI	Holding company	100%
Bristol Exploration Co. Inc.("Bristol")	USA	Holding company	90%

Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

The most significant estimates relate to the valuation of deferred income tax amounts, value of marketable securities, certain financial instruments, impairment testing and calculation of share-based payments. Share-based payments, as measured with respect to stock options granted, are estimated by reference to the Black-Scholes pricing model; a detailed discussion of management's estimates with respect to the pricing model is found in Note 8. Value of marketable securities is based on the closing share price on the date of the Statement of Financial Position and may be influenced by trading volume activities. The Company has reviewed its exploration and evaluation assets for indications of impairment and adjusted the carrying values of the exploration and evaluation assets to reflect management's decision to impair certain properties. The value of deferred tax assets is evaluated based on the probability of realization; the Company has assessed that it is improbable that such assets will be realized and has accordingly not recognized a value for deferred tax assets. Management is required to make estimates when determining the valuation of its convertible debenture receivable. The convertible debenture receivable, and the associated conversion feature (which comprise the Derivative asset on the Statement of Financial Position), required option pricing models that involved various estimates and assumptions.

The most significant judgments relate to the functional currency of the Company and its subsidiaries and previously the determination to apply equity accounting on its investment in associate which was based on significant influence resulting from common directorship.

Foreign exchange

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and each of its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Foreign exchange (cont'd…)

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

Marketable securities and investment in securities

Securities held for trading are traded on a recognized securities exchange, are recorded at fair values based on quoted closing bid prices at the statement of financial position dates or closing bid prices on the last day the security traded if there were no trades at the statement of financial position dates with both realized and unrealized gains and losses recorded in profit or loss.

Convertible debenture receivable

The Company's investment in a convertible loan receivable can be converted to equity of the loan party at any time prior to maturity. As a result, the instrument is composed of an asset component and an embedded derivative component. The asset component is recognized initially at the fair value of a similar asset that does not have an equity conversion option. The embedded derivative component is separated from the host contract and is recognized initially at the fair value established using the Black-Scholes option pricing model. Subsequent to initial recognition, the asset component is measured at amortized cost using the effective interest method and the embedded derivative component is revalued using Black-Scholes option pricing model with the difference in fair value recorded in profit or loss.

Investment in associate

The Company previously accounted for its investment in associate using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of earnings and losses of the associate and for impairment losses after the initial recognition date. The Company's share of an associate's losses that are in excess of its investment in the associate are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's share of earnings and losses of associates are recognized through profit or loss during the period. Distributions received from an associate are accounted for as a reduction in the carrying amount of the Company's investment in the associate.

Intercompany transactions between the Company and its associates are recognized only to the extent of unrelated investors' interests in the associates

If the Company loses significant influence, the investment is converted to marketable securities at fair value and a gain or loss is determined based on the difference between book value of the equity investment and fair value on the conversion date.

Mineral properties – exploration and evaluation assets

Pre-exploration costs are expensed as incurred.

Costs directly related to the exploration and evaluation of mineral properties are capitalized once the legal rights to explore the mineral properties are acquired or obtained. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Mineral properties (cont'd…)

are transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

The carrying values of capitalized amounts are reviewed annually or when indicators of impairment are present. In the case of undeveloped properties these may be only inferred resources to allow management to form a basis for the impairment review. The review is based on the intentions for the development of such a property.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount.

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The Company does not have any significant rehabilitation obligations.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in profit or loss.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

The Company has classified its cash, marketable securities and derivative asset as fair value through profit or loss, receivables and convertible debenture receivable as loans and receivables.

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method.

The Company classified its accounts payable and accrued liabilities and loan payable as other financial liabilities.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Borrowing costs

Interest and other financing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs not directly attributable to a qualifying asset are expensed in the period incurred.

Share-based payments

The Company accounts for stock options granted to directors, officers and employees at the fair value of the options granted. Accordingly, the fair value of the options at the date of the grant is determined using the Black-Scholes option pricing model and share-based compensation is accrued and charged to operations, with an offsetting credit to share-based payment reserve, over the vesting periods. Stock options granted to non-employees are measured at the fair value of goods or services rendered or at the fair value of the instruments issued, if it is determined that the fair value of the goods or services received cannot be reliably measured. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

If and when the stock options are exercised, the applicable amounts of equity reserves are transferred to share capital.

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Loss per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. For the periods presented, the calculations proved to be anti-dilutive.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered the deferred tax asset is not set up.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New standard not yet adopted

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the year ended December 31, 2017 and have not been applied in preparing these consolidated financial statements. The new and revised standards are as follows:

IFRS 2 – Share Based Payments: the amendments eliminate the diversity in practice in the classification and measurement of particular share-based payment transactions which are narrow in scope and address specific areas of classification and measurement. It is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted provided it is disclosed. The Company does not expect that the adoption of this standard will have a material effect on the Company's consolidated financial statements.

IFRS 9 – Financial Instruments: Applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company expects that the adoption of this standard will result in increased disclosure requirements and fair value considerations for complex receivables.

IFRS 15 – Clarifications to IFRS 15 "Revenue from Contracts with Customers" issued. The amendments do not change the underlying principles of the standard, but simply clarify and offer some additional transition relief. The standard is effective for annual periods beginning on or after January 1, 2018. The Company does not expect that the adoption of this standard will have any effect on the Company's consolidated financial statements.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration: addresses how to determine the 'date of the transaction' when applying IAS 21. It is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company does not expect that the adoption of this standard will have a material effect on the Company's consolidated financial statements.

IFRS 16 – Leases: On January 13, 2016, the IASB issued the final version of IFRS 16 Leases. The new standard will replace IAS 17 Leases and is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applying IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short term leases (i.e. leases of 12 months or less) and leases of low-value assets. The Company is evaluating the effect of this standard on the Company's consolidated financial statements.

IFRIC 23 – Uncertainty Over Income Tax Treatments: clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company does not expect that the adoption of this standard will have a material effect on the Company's consolidated financial statements.

3. MARKETABLE SECURITIES

	2017	2016
Eastern Zinc Corp. (formerly Cricket Resources Inc. - cost $26,433)	$ 2,600	$ -
Geocom Resources Inc. (cost $75,328)	-	-
International Lithium Corp. ("ILC") (cost $1,334,850)	1,535,932	-
Total	$ 1,538,532	$ -

3. MARKETABLE SECURITIES (cont'd…)

As at December 31, 2016, the Company accounted for its investment in International Lithium Corp. ("ILC") on an equity basis. As at December 31, 2016, the Company held a 17.6% interest in ILC.

On January 1 and 2, 2017, the Company decreased its shareholdings in ILC by 1,349,710 common shares and the Company determined that it no longer had significant influence over ILC. Consequently, the Company has ceased equity accounting for its investment in ILC and now accounts for the ILC common shares as marketable securities.

Upon the reclassification from equity investment to marketable securities the Company adjusts the value of the ILC common shares to fair value based on the quoted market price. On January 2, 2017, the fair value of the investment was $2,183,220 resulting in an unrealized gain of $2,131,731, net of accumulated other comprehensive loss of $2,279 and share-based payment reserve of $121,833.

In the period from January 3, 2017 to December 31, 2017, the Company sold an additional 6,042,000 ILC common shares for proceeds of $855,473 resulting in a loss of $81,042. The adjustment to fair value as at December 31, 2017 resulted in an unrealized gain of $201,082.

During the year ended December 31, 2017, the Company subscribed to a non-brokered placement of ILC that closed subsequent to year end for an amount of $88,140 for 440,700 units, each unit comprising of one share and one-half of a share purchase warrant exercisable at $0.30 per whole share until 24 months from closing. As at December 31, 2017. $71,232 was paid towards ILC's private placement with $16,908 included in accounts payable and accrued liabilities.

4. CONVERTIBLE DEBENTURE RECEIVABLE AND DERIVATIVE ASSET

Convertible Debentures Receivable

During the year ended December 31, 2017, the Company invested $700,000 in the convertible securities of ILC. The convertible securities bear interest at 15% per annum, receivable January 31 of each year, and have a maturity date of January 31, 2019. The ILC may convert at any time, all or a portion of the principal into common shares of ILC at a price of $0.14 per common share. ILC has the right to repay the convertible loan, at any time on the last business day of the month, upon 10 days' notice to the lender. As at December 31, 2017, the Company accrued interest receivables of $10,647.

		Year ended December 31, 2017
Convertible debenture receivable, beginning of year	$	-
Principal amount		700,000
Fair value of conversion feature adjustment, inception		(391,923)
Interest receivable attributable to effect interest method		11,563
Convertible debenture receivable, end of year	$	319,640

4. CONVERTIBLE DEBENTURE RECEIVABLE AND DERIVATIVE ASSET (cont'd…)

Derivative asset

Details of the Company's derivative asset are as follows:

Derivative asset is comprised of the conversion feature of the debenture receivable. The fair value of the derivative asset was calculated as follows:

		Year ended December 31, 2017
Fair value of conversion feature, inception	$	391,923
Mark to market derivative loss		(6,573)
Convertible debenture receivable, end of year	$	385,350

The fair value of the equity conversion option was estimated, at initial recognition, to be $391,923. As at December 31, 2017, the fair value of the equity conversion option was $385,350. As a result, an unrealized loss of $6,573 was recorded. The fair value of the conversion feature is estimated using the Black-Scholes option pricing model assuming a life expectancy of 1.19 years, a risk-free rate of 1.42%, a forfeiture rate of 0%, and volatility of 82.3% upon inception. The fair value of the conversion feature is estimated using the Black-Scholes option pricing model assuming a life expectancy of 1.08 year, a risk-free rate of 1.66%, a forfeiture rate of 0%, and volatility of 83.61% as at December 31, 2017.

5. INVESTMENT IN ASSOCIATE

As at December 31, 2016, the Company accounted for its investment in ILC on an equity basis. As at December 31, 2016, the Company held a 17.6% interest in ILC. During the year ended December 31, 2016, the Company sold 2,085,000 common shares of ILC for proceeds of $319,370 and recognized a gain of $304,972. Additionally, the Company transferred ownership of 480,000 common shares of ILC to settle accounts payable of $157,526 and recognized a gain on debt settlement of $155,785.

On January 1, 2017, the Company sold 135,000 ILC common shares for proceeds of $21,540 and recognized a gain of $21,047. On January 2, 2017, the Company transferred 1,214,710 ILC shares to creditors to settle accounts payables in the amount of $398,710 and recognized a gain on debt settlement of $394,269. Following these transactions, the Company determined that it no longer had significant influence over ILC. Consequently, the Company has ceased equity accounting for its investment in ILC and now accounts for the ILC common shares as marketable securities. (Note 3)

5. **INVESTMENT IN ASSOCIATE** (cont'd…)

Investment in associate is as follows:

	Number of ILC Shares	Investment in Associate
Balance as at December 31, 2015	18,000,000	$ 271,805
Equity – share-based payments	-	81,004
Sale of interest in ILC	(2,085,000)	(32,351)
ILC shares transferred for debt settlement	(480,000)	(5,829)
Dilution gain	-	103,250
Equity – other comprehensive income	-	(14,227)
Equity loss for the year	-	(216,219)
Balance as at December 31, 2016	15,435,000	$ 187,433
Sale of interest in ILC	(135,000)	(1,639)
ILC shares transferred for debt settlement	(1,214,710)	(14,751)
Reclassification as marketable securities	(14,085,290)	(171,043)
Balance as at January 3, 2017 and December 31, 2017	-	$ -

The table below discloses selected financial information for ILC on a 100% basis.

	Year ended December 31, 2016*
Loss for the year	$ (1,032,724)
Other comprehensive income (loss) – foreign currency translation	(65,881)
Comprehensive loss for the year	(1,098,605)
Total assets	$ 5,888,185
Total liabilities	3,068,675
Total equity	2,819,510

*Minimal change to financial information of ILC as at January 2, 2017

The Company retains a 1.8% net smelter royalty ("NSR") on ILC's Mariana property in Argentina. ILC maintains a right to repurchase 1.0% of the NSR on the Mariana property of which 0.9% relates to the Company's NSR interest. The Company would receive $900,000 on execution of the repurchase.

6. EXPLORATION AND EVALUATION ASSETS

Title to Mineral Property Interests

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its interests are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers and rights of ownership may be affected by undetected defects.

Shotgun Gold Project (Alaska)

The Company, through its 90% controlled subsidiary Bristol Exploration Co. Inc., owns 90% of certain unpatented mineral claims located in the Kuskokwim and Bristol Bay district, Alaska. The Company maintains the claims in good standing.

NovaGold Resources Alaska, Inc. retains a 2% NSR which can be purchased by the Company for US$5,000,000 any time prior to a production decision being made. A portion of the claims are subject to a 5% net proceeds royalty.

Solitario Properties (Argentina)

Los Azules (Argentina)

The Company has an NSR on the Los Azules Project of 0.36%.

7. LOAN PAYABLE

The Company has a restructured loan for an original principal amount of $3,500,000. The Company granted the following financing benefits to the lender ("Lender"):

a) A 0.04% NSR on the Los Azules copper project in Argentina (Note 6).
b) A 0.2% NSR on the Mariana property in Argentina.
c) 10% equity interest in the shares of Bristol Exploration Co., Inc. that holds the Shotgun property (Note 6).

The loan accrues interest at a rate of 10% per annum. With consideration to the assets transferred to the lender, the effective interest rate is 20% per annum.

The loan and accrued interest is due and payable on or before December 31, 2018 and is secured by a promissory note and general security agreement. The Company is permitted to, without the Lender's consent, sell assets having a value up to $500,000 per calendar year, to enable the Company to maintain its operations and keep its mineral exploration assets in good standing. Any sale of assets having a value in excess of $500,000 of combined value within one calendar year requires the Lender's consent. Any sale, in whole or in part, of the Company's NSR on the Los Azules Project, NSR on the Mariana Property and/or the Shotgun Property requires the Lender's consent.

During the year ended December 31, 2017, the Company revised the loan agreement whereby the loan and accrued interest is due and payable on January 31, 2019. No other terms were revised.

7. LOAN PAYABLE (cont'd…)

Balance of carrying value for the loan payable is as follows:

		Loan Payable
Balance, December 31, 2015	$	3,242,815
Interest expense		648,563
Balance, December 31, 2016		3,891,378
Interest expense		778,275
Balance, December 31, 2017	$	4,669,653
Principal	$	4,310,449
Financing costs		(502,886)
Interest accrued		862,090
Balance, December 31, 2017	$	4,669,653

8. SHAREHOLDERS' DEFICIENCY

Authorized:

Unlimited common shares without par value

Unlimited class "A" non-voting convertible redeemable shares without par value.

Issued share capital

During the year ended December 31, 2017, the Company issued 7,200,000 units ("Unit") at a price of $0.05 per Unit for gross proceeds of $360,000 of which $102,703 was a non-cash transaction with ILC which ultimately was converted into a convertible loan receivable (Note 4). Each Unit consists of one common share and one-share purchase warrant. Each warrant is exercisable at a price $0.05 for a period of five years. The Company paid share issue costs of $2,386 in connection with the financing.

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance outstanding, December 31, 2015 and 2016	-	$	-
Issued	7,200,000		0.05
Balance outstanding and exercisable, December 31, 2017	7,200,000	$	0.05

8. SHAREHOLDERS' DEFICIENCY (cont'd…)

At December 31, 2017, warrants were outstanding enabling holders to acquire common shares as follows:

Number of Warrants		Exercise Price	Expiry Date
7,200,000	$	0.05	November 17, 2022

Stock options

The Company has a stock option plan under which it is authorized to grant options to directors, employees and consultants, to acquire up to 10% of the issued and outstanding common stock. The exercise price of each option is based on the market price of the Company's stock on the closing trading price preceding the date of grant. The options can be granted for a maximum term of 10 years and vest as determined by the board of directors.

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance outstanding, December 31, 2015	11,375,000	$	0.08
Granted	5,300,000		0.06
Exercised	(2,000,000)		0.05
Cancelled	(2,725,000)		0.10
Balance outstanding, December 31, 2016	11,950,000	$	0.07
Granted	12,200,000		0.05
Cancelled	(8,950,000)		0.07
Balance outstanding and exercisable, December 31, 2017	15,200,000	$	0.05

As at December 31, 2017, the following incentive stock options are outstanding:

Number of Options		Exercise Price	Expiry Date
1,550,000	$	0.05	June 13, 2019
3,050,000		0.06	July 20, 2021
1,400,000		0.05	October 12, 2021
6,700,000		0.05	August 15, 2022
2,500,000		0.055	December 7, 2022
15,200,000			

8. SHAREHOLDERS' DEFICIENCY (cont'd…)

Share-based payments

During the year ended December 31, 2017, the Company granted 3,000,000, 6,700,000 and 2,500,000 (2016 – 5,300,000) stock options to directors, officers and consultants of the Company at an exercise price of $0.05 (2016 - $0.05), $0.05 and $0.055 per common share respectively. The Options are exercisable for a period of 5 years and will vest and be exercisable one-year from the date of grant. The fair value per option calculated using the Black-Scholes option-pricing model was $0.04, $0.05 and $0.05. Total share-based payment expense recognized in profit or loss for the year ended December 31, 2017 was $229,408 (2016 - $286,550).

The following weighted average assumptions were used for the Black-Scholes option-pricing model valuation of stock options granted during the year:

	2017	2016
Risk-free interest rate	0.94%	0.68%
Expected life of options	5 years	5 years
Expected annualized volatility	147.97%	146.97%
Dividend yield	0%	0%

9. RELATED PARTY TRANSACTIONS

Key management personnel consists of directors, officers and companies controlled by them.

Management Compensation and other related party transactions

During the years ended December 31, 2017 and 2016, the Company entered into transactions with key management personnel as follows:

Transaction	Relationship	2017	2016
Management fees	A company controlled by a former director	$ 3,500	$ 78,000
Management fees	A company controller by a former officer	3,500	-
Management fees	Director and executive officer	36,000	-
Administration fees	Spouse of a former director	2,000	12,000
Administration fees (Argentina)	Officer of a subsidiary	29,496	16,500
Consulting fees	A company controlled by a former officer	6,000	54,000
Consulting fees	A company controlled by an officer	36,000	36,000
Consulting fees	Director	-	78,000
Consulting fees	Director	11,000	-
Consulting fees	Former officer	4,780	-
Directors' fees	Directors of the Company	30,000	18,000
Rent (office)	Private company with a former director in common	2,000	20,400
Stock based compensation	Directors and officers	202,538	270,330
		$ 366,814	$ 583,230

9. RELATED PARTY TRANSACTIONS (cont'd…)

Accounts payable and accrued liabilities include amounts due to directors, officers and former directors and officers at December 31, 2017 of $76,698 (December 31, 2016 - $592,671). With the exception of the short-term promissory note described below, all amounts are non-interest bearing and have no formal terms of repayment.

Included in accounts payable and accrued liabilities as at December 31, 2017 and December 31, 2016 is a short-term promissory note payable to a director of the Company's subsidiary. The promissory note has a principal balance of US$25,000 which accrues interest at a rate of 12% per annum. The promissory note was granted with respect to the termination of a formal compensation arrangement with the Director.

During the year ended December 31, 2017, the Company transferred ownership of 1,214,710 (2016 – 480,000) common shares of ILC to directors, officers and former directors and officers of the Company to settle accounts payable of $398,710 (2016 - $157,526) and recognized a gain on debt settlement of $394,269 (2016 - $ 155,785).

During the year ended December 31, 2017, the Company granted 10,575,000 (2016 – 5,000,000) stock options to directors and officers of the Company at a value of $461,414 (2016 - $270,330). Total share-based payment expense recognized in profit or loss for the year ended December 31, 2017 was $202,538 (2016 - $270,330).

Commitments - Consulting agreements

The Company has entered into consulting agreements with two officers of the Company for the provision of consulting services at a current cost of $72,000 and $90,000 per annum respectively. The agreements renew annually at the discretion of the Company's compensation committee. If either of the agreements are terminated without cause, the Company is required to pay a lump sum equal to the greater of (a) one months' fees for each year the consultant has acted on behalf of the Company and (b) twelve months' worth of fees. Should the Company be subject to a change in control and the consultant terminated without cause, the Company must pay an amount equal to three times the prior twelve months gross pay.

Commitments - Bonus

In the event the Company completes the sale of its subsidiary Compania Minera Solitario de Argentina S.A. ("Solitario") or its NSR on the Los Azules Project, a bonus of up to US$200,000 is payable to a Director of Solitario. The bonus is calculated as 0.5% of net proceeds received by the Company in the aforementioned transaction.

10. INCOME TAXES

A reconciliation of income taxes (recovery) at statutory rates with the reported taxes for the year ended December 31 is as follows:

	2017	2016
Loss before income taxes	$ (1,141,577)	$ (1,194,812)
Expected income tax (recovery)	$ 298,000	$ (310,000)
Non-deductible and other items	(285,000)	67,000
Changes in statutory, foreign tax, foreign exchange rates and other	967,000	97,000
Expiry of non-capital losses	1,373,000	40,000
Adjustment to prior years provision versus statutory tax returns	(170,000)	(95,000)
Change in unrecognized deductible temporary differences	(2,183,000)	201,000
Income tax recovery	$ -	$ -

In September 2017, the British Columbia (BC) Government proposed changes to the general corporate income tax rate to increase the rate from 11% to 12% effective January 1, 2018 and onwards. This change in tax rate was substantively enacted on October 26, 2017. The relevant deferred tax balances have been remeasured to reflect the increase in the Company's combined Federal and Provincial (BC) general corporate income tax rate from 26% to 27%

The significant components of the Company’s deferred tax assets that have not been set up are as follows:

	2017	2016
Deferred income tax assets:		
Exploration and evaluation assets	$ 6,431,000	$ 7,268,000
Property and equipment	16,000	75,000
Other deferred tax assets	14,000	22,000
Non-capital losses carry forwards	4,396,000	5,675,000
Net deferred income tax assets not recognized	$ 10,857,000	$ 13,040,000

No deferred tax asset has been recognized in respect of the above because the amount of future taxable profit that will be available to realize such assets is not probable.

The Company has approximately $15,130,000 in non-capital losses for Canadian income tax purposes, $801,000 for United States income tax purposes and $734,000 for Argentinean income tax purposes. These losses, if not utilized, will expire for Canada and the United States through 2037 and for Argentina through 2022.

11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the years ended December 31, 2017 and 2016:

		2017		2016
Settlement of debts by issuance of 1,214,710 ILC common shares	$	398,710	$	-

See notes 3,5, and 8**.**

12. CAPITAL MANAGEMENT

The Company's capital structure consists of shareholders' deficiency. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing, selling assets, and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements other than as disclosed in Note 7. The Company does not have adequate sources of capital to complete its exploration plan, current obligations and ultimately the development of its business over the long term, and will need to raise adequate capital by obtaining equity financing, selling assets and/or incurring debt. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

13. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial instruments

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quotes prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of cash, receivables and accounts payable and accrued liabilities approximates fair value due to the short-term nature of the financial instruments. Cash and marketable securities are classified as fair value through profit or loss and measured at fair value using level 1 inputs. The carrying value of the derivative asset is classified through profit or loss and measured at fair value using level 2.

Loan payable is measured at amortized cost. Fair value of long-term debt is estimated using discounted cash flow analysis based on the borrowing rate for similar borrowing arrangements.

Risk management

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include, credit risk, currency risk, interest rate risk and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

13. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd…)

Risk management (cont'd…)

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. Receivables mainly consist of GST receivable due from the government of Canada.

Currency risk

The Company's operations are in Argentina, Canada and the United States. The international nature of the Company's operations results in foreign exchange risk as transactions are denominated in foreign currency.

The Company's operating expenses are incurred primarily in Canadian dollars, and its liabilities are denominated primarily in Canadian dollars, or US dollars. Consequently, the Company's exploration programs in the US are subject to currency fluctuations. The fluctuation of the Canadian dollar will, consequently, have an impact upon the reported profitability of the Company and may also affect the value of the Company's assets and liabilities.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's practice has been to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk.

The Company has debt instruments and is therefore exposed to risk in the event of interest rate fluctuations. The Company has not entered into any interest rate swaps or other financial arrangements that mitigate the exposure to interest rate fluctuations.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has historically relied upon equity financings, short-term debt and the optioning of its mineral properties to other mining entities to satisfy its capital requirements and will continue to depend heavily upon these financing activities. All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The loan matures on January 31, 2019. The Company is exposed to risk that it will encounter difficulty in satisfying liabilities on maturity. The loan is secured by a promissory note and general security agreement.

13. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd…)

Risk management (cont'd…)

Liquidity risk (cont'd…)

There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company will need additional capital in the future to finance exploration properties, such capital to be derived from the exercise of outstanding stock options, the completion of other equity financings and or optioning its mineral property to other mining entities. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of projects, although the Company has been successful in the past in financing its activities through the previously mentioned financing activities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

The Company may benefit from royalty arrangements in projects if they come to production. These projects have not yet reached development. There is a risk that planned projects could be delayed or not yield as much as expected, and if so this will affect the Company's anticipated cash flows, requiring the shortfall to be financed. In addition, the Company has the ability to sell assets of up to $500,000 without consultation with its lender of the loan payable. The Company will consider divesting of shares in ILC to provide financial resources.

Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

The Company's marketable securities amounting to $1,538,532 are subject to fair value fluctuations. As at December 31, 2017, if the fair value of the Company's marketable securities had decreased/increased by 10% with all other variables held constant, loss and comprehensive loss for the year ended December 31, 201 would have been approximately $145,000 higher/lower. Similarly, as at December 31, 2017, reported equity would have been approximately $145,000 lower/higher as a result of a 10% decrease/increase in the fair value of the Company's marketable securities.

14. SEGMENTED INFORMATION

The Company operates in one business segment which is the acquisition and exploration of mineral properties and royalties. The geographic distribution of exploration and evaluation assets is disclosed in Note 6.

15. COMMITMENTS AND CONTINGENCY

The Company is aware of an ongoing investigation by the Argentine Central Bank related to an alleged error in certain compliance filings made in Argentina. The outcome of the investigation is uncertain. The Company has completed the requisite filings and is working to resolve the investigation.

16. SUBSEQUENT EVENTS

Subsequent to December 31, 2017 the following events occurred:

a) Company participated in the private placement of ILC for a total of 900,000 units ("Unit") as a price at a price of $0.20 per Unit in the amount of $180,000. Each Unit consisted of one common share and one-half share purchase warrant. Each warrant is exercisable at a price $0.30 for a period of 24 months from closing.