Minco Gold Corporation

Consolidated Financial Statements
For the years ended December 31, 2017, 2016, and 2015
(Canadian dollars)

Management's Responsibility for Financial Reporting

The consolidated financial statements are the responsibility of the Board of Directors and management. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards as issued by International Accounting Standard Board and include certain estimates that reflect management's best judgments on information currently available. In the opinion of management, the accounting practices utilized are appropriate in the circumstances and the consolidated financial statements fairly reflect the financial position and results of operations of the Company within reasonable limits of materiality.

The Audit Committee of the Board of Directors is composed of three Directors which meets quarterly and annually with management and the independent auditors to review the scope and results of the annual audit and to review the consolidated financial statements and related financial reporting matters prior to submitting the consolidated financial statements to the Board of Directors for approval.

The consolidated financial statements have been audited by PricewaterhouseCoopers LLP, Chartered Professional Accountants, who were appointed by the shareholders. The report of our independent registered public accounting firm outlines the scope of their examination and their opinion on the consolidated financial statements.

Dr. Ken Cai
Chief Executive Officer

Larry Tsang, CPA, CA
Chief Financial Officer

Vancouver, Canada
April 16, 2018

Report of Independent Registered Public Accounting Firm
To the Board of Directors and Shareholders of Minco Gold Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Minco Gold Corporation (the Company) as of December 31, 2017 and December 31, 2016, and the related consolidated statements of income (loss), comprehensive income (loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2017, including the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and December 31, 2016, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2017 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants
Vancouver, Canada
April 16, 2018

We have served as the Company's auditor since 2009.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

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Minco Gold Corporation

Consolidated Statements of Financial Position

(in Canadian dollars)

	December 31, 2017	December 31, 2016
Assets	**$**	**$**
Current assets		
Cash and cash equivalents (note 5)	3,642,328	4,575,119
Short-term investment, (note 6)	271,455	3,352,062
Investments at fair value (note 7)	13,614,050	12,307,860
Receivables	25,713	169,380
Due from related parties (note 13)	38,945	223,672
Prepaid expenses and deposits	120,921	72,035
	17,713,412	20,700,128
Non-current assets		
Long-term deposit	26,295	51,277
Property, plant and equipment	5,197	7,066
	17,744,904	20,758,471
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	186,635	211,427
	186,635	211,427
Equity		
Equity attributable to owners of the parent		
Share capital (note 10 (a))	41,976,886	41,976,886
Contributed surplus	9,630,905	9,322,102
Deficits	(34,049,522)	(30,751,944)
	17,558,269	20,547,044
Total liabilities and equity	17,744,904	20,758,471

Commitments (note 12)
Subsequent events (note 16)

Approved by the Board of Directors

(signed) Malcolm Clay Director (signed) Robert Callander Director

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

Minco Gold Corporation

Consolidated Statements of Income (Loss)

For the years ended December 31, 2017, 2016, and 2015

(in Canadian dollars, except per share data)

	2017	2016	2015
	$	$	$
Realized gain from investments (note 7)	46,991	-	-
Net unrealized losses from investments (note 7)	(1,860,185)	(990,000)	-
	(1,813,194)	(990,000)	-
Operating expenses			
Accounting and audit	88,646	99,959	152,777
Amortization	2,951	3,362	34,781
Consulting	76,767	61,537	78,267
Directors' fees	64,500	59,138	73,124
Exploration costs	-	217,110	793,081
Gain on legal settlement (note 9)	-	(530,789)	(51,745)
Gain on sale of exploration permit (note 1,13)	-	(159,502)	-
Investor relations	11,129	12,048	37,051
Legal and regulatory	117,697	183,497	144,844
Office and administration	160,003	236,626	384,804
Property and Investment evaluation	126,791	179,453	81,407
Salaries and benefits	263,042	116,227	388,887
Share-based compensation (note 10(b))	308,803	100,693	80,248
Travel and transportation	20,611	15,747	75,791
Total operating expenses	1,240,940	595,106	2,273,317
Operating loss	(3,054,134)	(1,585,106)	(2,273,317)
Foreign exchange gain (loss)	(282,834)	(153,066)	209,493
Gain on sale of Minco Resources (note 1)	-	-	15,060,170
Gain on becoming an investment entity (note 8)	-	9,399,970	-
Share of gain (loss) from an associate (note 8)	-	(408,225)	1,259,391
Dilution loss (note 8)	-	(98,899)	-
Other income	9,563	-	-
Interest income	29,827	62,394	64,819
Net income (loss) for the year	(3,297,578)	7,217,068	14,320,556
Net income (loss) attributable to:			
Shareholders of the Company	(3,297,578)	7,217,068	14,361,342
Non-controlling interest	-	-	(40,786)
	(3,297,578)	7,217,068	14,320,556
Net Income (loss) per share:			
basic	(0.06)	0.14	0.28
diluted	(0.06)	0.14	0.28
Weighted average number of common shares outstanding:			
basic	50,733,381	50,687,496	50,566,749
diluted	50,733,381	52,510,830	50,566,749

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

Minco Gold Corporation

Consolidated Statements of Comprehensive Income (Loss)
For the years ended December 31, 2017, 2016 and 2015

(in Canadian dollars)

	2017 $	2016 $	2015 $
Net income (loss) for the year	(3,297,578)	7,217,068	14,320,556
Other comprehensive income (loss), net of tax			
Items that may be reclassified subsequently to profit or loss:			
-Reclassification of currency translation adjustments upon disposition of Minco Resources (note 1)	-	-	(479,324)
-Reclassification of other comprehensive income of an associate (note 8) on becoming investment entity	-	(1,418,523)	-
-Share of other comprehensive income (loss) of an associate (note 8)	-	(1,345,417)	1,958,940
-Exchange differences on translation from functional to presentation currency	-	-	101,238
Total comprehensive income (loss) for the year	(3,297,578)	4,453,128	15,901,410
Comprehensive income (loss) attributable to:			
Shareholders of the Company	(3,297,578)	4,453,128	15,904,973
Non-controlling interest	-	-	(3,563)
	(3,297,578)	4,453,128	15,901,410

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

Minco Gold Corporation

Consolidated Statements of Changes in Equity
For the years ended December 31, 2017, 2016 and 2015
(in Canadian dollars)

	Attributable to equity owner of the Company							
	Number of shares	Share capital $	Contributed surplus $	Accumulated other comprehensive income (loss) $	Deficits $	Subtotal $	Non-controlling interest $	Total equity $
Balance - January 1, 2015	50,514,881	41,882,757	9,179,213	1,183,086	(52,330,354)	(85,298)	4,988,512	4,903,214
Net income (loss) for the year	-	-	-	-	14,361,342	14,361,342	(40,786)	14,320,556
Other comprehensive income	-	-	-	1,580,854	-	1,580,854	37,223	1,618,077
Elimination of non-controlling interest related to sale of Minco Resources	-	-	-	-	-	-	(4,984,949)	(4,984,949)
Proceeds on issuance of shares from exercise of options	66,500	29,066	(11,776)	-	-	17,290	-	17,290
Share-based compensation	-	-	80,248	-	-	80,248	-	80,248
Balance - December 31, 2015	50,581,381	41,911,823	9,247,685	2,763,940	(37,969,012)	15,954,436	-	15,954,436
Balance - January 1, 2016	50,581,381	41,911,823	9,247,685	2,763,940	(37,969,012)	15,954,436	-	15,954,436
Net income for the year	-	-	-		7,217,068	7,217,068	-	7,217,068
Other comprehensive loss (note 8)	-	-	-	(1,345,417)	-	(1,345,417)	-	(1,345,417)
Reclassification of other comprehensive income of an associate upon changes to an investment entity	-	-	-	(1,418,523)	-	(1,418,523)	-	(1,418,523)
Proceeds on issuance of shares from exercise of options	152,000	65,063	(26,276)	-	-	38,787	-	38,787
Share-based compensation	-	-	100,693	-	-	100,693	-	100,693
Balance - December 31, 2016	50,733,381	41,976,886	9,322,102	-	(30,751,944)	20,547,044	-	20,547,044
Balance - January 1, 2017	50,733,381	41,976,886	9,322,102	-	(30,751,944)	20,547,044	-	20,547,044
Net loss for the year	-	-	-	-	(3,297,578)	(3,297,578)	-	(3,297,578)
Share-based compensation	-	-	308,803	-	-	308,803	-	308,803
Balance – December 31, 2017	50,733,381	41,976,886	9,630,905	-	(34,049,522)	17,558,269	-	17,558,269

The accompanying notes are an integral parts of these consolidated financial statements

Minco Gold Corporation

Consolidated Statements of Cash Flows

For the years ended December 31, 2017, 2016, and 2015

(in Canadian dollars)

	2017	2016	2015
Cash flow provided by (used in)	$	$	$
Operating activities			
Net income (loss) for the year	(3,297,578)	7,217,068	14,320,556
Items not affecting cash and cash equivalent:			
Amortization	2,951	3,362	34,363
Share of loss (gain) from an associate (note 8)	-	408,225	(1,259,391)
Dilution loss	-	98,899	-
Realized gains from investments	(46,991)	-	-
Foreign exchange loss (gain)	282,834	148,484	(227,257)
Gain on sale of Minco Resources		-	(15,111,348)
Gain from legal settlement	-	(530,789)	(51,745)
Gain on sale of exploration permits	-	(159,502)	-
Net unrealized losses from investments (note 7)	1,860,185	990,000	-
Gain on becoming an investment entity	-	(9,399,970)	-
Share-based compensation	308,803	100,693	80,248
Purchase of short-term investments (note 6)	(1,049,468)	(3,332,062)	
Redemption of short-term investments (note 6)	4,130,075	3,498,341	
Purchase of investments (Note 7)	(3,250,608)	(537,860)	-
Disposition of investments	131,224	-	-
Changes in items of working capital:			
Receivables	143,667	(158,258)	10,454
Due from related parties	184,727	321,064	501,491
Prepaid expenses and deposits	(23,904)	90,935	(140,315)
Accounts payable and accrued liabilities	(24,791)	(178,098)	91,603
Net cash used in operating activities	(648,874)	(1,419,468)	(1,751,341)
Investing activities			
Net cash outflow from sale of Minco Resources and its subsidiaries	-	-	(1,354,041)
Proceeds from legal settlement	-	-	94,472
Proceeds (purchase) from sale of property, plant and equipment	(1,082)	-	13,693
Purchase of short-term investments (note 6)	-	(20,000)	
Redemption of short-term investments	-	550,000	6,068,564
Net cash generated from (used in) investing activities	(1,082)	530,000	4,822,688
Financing activities			
Proceeds from stock option exercises	-	38,787	17,290
Net cash generated from financing activities	-	38,787	17,290
Effect of exchange rate changes on cash and cash equivalents	(282,834)	(167,869)	387,994
(Decrease) increase in cash and cash equivalents	(932,790)	(1,018,550)	3,476,631
Cash and cash equivalents- Beginning of year	4,575,119	5,593,669	2,117,038
Cash and cash equivalents - End of year	3,642,329	4,575,119	5,593,669

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

1. General information

Minco Gold Corporation ("Minco Gold" or the "Company") was incorporated in 1982 under the laws of British Columbia, Canada as Cap Rock Energy Ltd. The Company changed its name to Minco Gold in 2007. The registered office of the Company is 2772 – 1055 West Georgia Street, British Columbia, Canada. The Company's common shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "MMM". The Company's common shares were traded on the NYSE MKT under the symbol "MGH" until January 31, 2017, and commenced trading on the OTC Market in the USA ("OTCQX") under the symbol MGHCF since January 31, 2017.

Business operations

Minco Gold is an investment Company whose objective is to achieve long term capital appreciation, while preserving capital, by investing in public and private equity securities.

The Company was previously an exploration stage enterprise engaged in exploration and evaluation of gold-dominant mineral properties and projects. On November 11, 2016, the Company submitted an application to the Toronto Stock Exchange ("TSX") for delisting from the TSX and listing on the TSX-V as an investment issuer. At the same time, the Company also has changed its business from an exploration company into an investment issuer engaged in investing in privately and publicly traded companies. The Company received approval from TSX-V and the Company's common shares commenced to trade on the TSX-V under the symbol MMM on May 1, 2017.

The Company commenced operations as an investment entity under IFRS 10 *Consolidated financial statements* as of November 11, 2016. As such, the Company commenced accounting for its investment in Minco Silver Corporation ("Minco Silver") and other subsequent investments at fair value through profit or loss ("FVTPL") starting November 11, 2016 in accordance with IAS 39 *Financial Instruments: recognition and measurement* ("IAS 39").

Significant transaction with Minco Silver in 2015

On May 22, 2015, the Company entered into a share purchase agreement ("SPA") with Minco Silver Corporation ("Minco Silver") and Minco Silver's wholly-owned subsidiary, Minco Investment Holding HK Ltd. ("Minco Investment"). Pursuant to the SPA, the Company sold all of the issued and outstanding shares of its wholly-owned subsidiary, Minco Resources Limited ("Minco Resources"), which held interests in Minco Mining (China) Corporation ("Minco China") to Minco Investment. Minco China consolidated certain subsidiaries including Yuanling Minco Mining Ltd. ("Yuanling Minco"), Tibet Minco Mining Co. Ltd. ("Tibet Minco"), Huaihua Tiancheng Mining Ltd. ("Huanihua Tiancheng"), a legal ownership of Changfu Minco Mining Co. Ltd., formerly Foshan Minco Mining Co. Ltd., ("Changfu Minco") and a 51% interest in Guangdong Mingzhong Mining Co. Ltd. ("Mingzhong"), which owned the Changkeng Gold Project.

The selling price was $13,716,397. In accordance with the SPA, $3,700,000 of the sales price was applied to settle outstanding amounts due from the Company to Minco Silver. This sale transaction closed on July 31, 2015.

1. General information (continued)

The Company recognised a gain of $18,467,407 on the sale, based on the consideration received of $13,716,397 and the negative carrying value of its investment in the net assets of Minco Resources in the amount of $4,340,686. This resulted in a total gain of $18,057,083, which was reduced by $69,000 to account for the transaction costs and further adjusted to include the reclassification of cumulative translation adjustments of $479,324 relating to the disposed entities. The negative carrying value of the net assets sold also included a non-controlling interest of $4,984,949, which relates to the 49% interest of Mingzhong that was not owned by the Company. Due to Minco Gold's significant influence on Minco Silver, an unrealised gain in the amount of $3,407,237 was recorded as a reduction of Minco Gold's equity investment in Minco Silver and the remaining amount resulted in a realised gain of $15,060,170 recorded in net income.

Three assets previously held in Minco Resources have been retained by the Company (the "Retained Assets") including the contingent receivable from a legal settlement with 208 Team (note 9), the Gold Bull Mountain exploration permits and Longnan exploration permits. These retained assets were disposed of during 2016 (Note 13).

The majority of the consideration was received in the form of a short-term investment of $ $10,116,905, and net cash out flow of $1,354,041 as a result of the transaction mainly represented cash balances within the entities sold.

2. Basis of presentation

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Company has determined that it meets the definition of an investment entity under IFRS 10.

Certain prior year financial information has been reclassified to conform to the presentation in the current year.

These financial statements were approved by the board of directors for issue on April 16, 2018.

3. Summary of significant accounting policies

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for investments carried at FVTPL.

Consolidation

During and as at the year ended December 31, 2017 and 2016, the Company did not have subsidiaries.

The consolidated financial statements for the year ended December 31, 2015 include the accounts of Minco Gold, and through to July 31, 2015, as described in Note 1, its Chinese subsidiaries Minco China, Yuanling Minco, Tibet Minco and Huaihua Tiancheng Mining Huaihua Tiancheng; its wholly owned Hong Kong subsidiary Minco Resources and its 51% interest in Mingzhong those were formerly owned up to July 31, 2015.

3. Summary of significant accounting policies (continued)

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and held at banks and short-term investments with an original maturity of 90 days or less, which are readily convertible into a known amount of cash.

Short term investment

Short term investment consists of term deposits with maturity dates more than 90 days.

Investment in associates

Associates are entities over which the Company has significant influence, but not control. Significant influence is generally presumed to exist where the Company has between 20 percent and 50 percent of the voting rights, but can also arise where the Company holds less than 20 percent of the voting rights, but it has power to be actively involved and influential in policy decisions affecting the entity. Prior to commencing operations as an investment entity, the Company accounted for its investment in associates using the equity method. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's shares of profit or loss of the associate. The Company's share of income or loss of associates is recognized in the consolidated statement of income (loss) prior to the date that it became an investment entity.

Dilution gains and losses arising from changes in interests in investments in associates where significant influence is retained are recognized in the consolidated statements of income (loss).

At each reporting date, the Company determines whether there is any objective evidence that the investment in the associate is impaired or if previously recorded impairment should be reversed. If impairment is determined to exist, the amount of the impairment is recognized in the statement of income (loss). The amount of impairment is calculated as the difference between the recoverable amount of the investment in the associate and its carrying value.

If objective evidence of reversal exists, the reversal is recognized in net income in the period the reversal occurs, and is limited by the carrying value that would have been determined, from the application of equity accounting method, had no impairment charge been recognized in prior periods.

As an investment entity, the Company accounts for its investment in associates at FVTPL in accordance with IAS 39 (Note 1).

3. Summary of significant accounting policies (continued)

Foreign currency translation

(i) Functional and presentation currency

Prior to disposal of its subsidiaries in 2015, the financial statements of each entity in the group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars.

The functional currency of Minco Gold is the Canadian dollar.

The functional currency of the Company's Chinese subsidiaries, disposed of in 2015, was Renminbi ("RMB").

The financial statements of the Company's Chinese subsidiaries ("foreign operations"), prior to the disposal, were translated into the Canadian dollar presentation currency as follows:

- Assets and liabilities – at the closing rate at the date of the statement of financial position
- Income and expenses – at the average rate of the period (as this is considered a reasonable approximation of actual rates)

All resulting changes are recognized in other comprehensive income as cumulative translation adjustments. When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from the item are considered to form part of the net investment in a foreign operation and are recognized in other comprehensive income.

When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income related to the subsidiary are reallocated between controlling and non-controlling interests.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency of an entity using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the statements of income (loss).

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

3. Summary of significant accounting policies (continued)

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories:

(i) Financial assets and liabilities at FVTPL: Financial instruments in this category are recognized initially and subsequently at fair value. The Company recognizes purchases and sales of financial assets on settlement day, when transactions are closed. Transaction costs related to financial assets classified or designated as at FVTPL are expensed as incurred. A financial asset is derecognized when the rights to receive cash flows from the investment have expired or have been transferred and when the Company has transferred substantially the risks and rewards of ownership of the asset.

Net realized gains (losses) arising on the disposition of investments and gains and losses arising from changes in fair value are presented in the statement of income within other gains and losses in the period in which they arise. Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which is classified as non-current. The Company classifies its investment in Minco Silver and other publicly traded and privately held companies as FVTPL, including warrants. Fair value of warrants was estimated using Black-Scholes option pricing model.

(ii) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables are comprised of cash and cash equivalents, short-term investment, receivables, and due from related parties. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value.

Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment, if necessary.

(iv) Financial liabilities at amortized cost: Financial liabilities at amortized cost include accounts payable, and due to related parties.

Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset (other than a financial asset classified as fair value through profit or loss) is impaired.

The criteria used to determine if objective evidence of impairment exists include:

(i) significant financial difficulty of the obligor;

(ii) delinquencies in interest and principal payments; and

(iii) it becomes probable that the borrower will enter bankruptcy or other financial reorganization.

3. Summary of significant accounting policies (continued)

Financial assets carried at amortized cost: If evidence of impairment exists, the Company recognizes an impairment loss as the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Share-based payments

The Company grants stock options to directors, officers, employees and service providers. Each tranche in an award is considered a separate award with its own vesting period. The Company applies the fair-value method of accounting for share-based payments and the fair value is calculated using the Black-Scholes option pricing model.

Share-based payments for employees and others providing similar services are determined based on the grant date fair value. Share based payments for non-employees are determined based on the fair value of the goods/services received or options granted measured at the date on which the Company obtains such goods/services.

Exploration and evaluation costs

Exploration and evaluation costs include costs to acquire exploration rights, geological studies, exploratory drilling and sampling and directly attributable administrative costs.

Exploration and evaluation costs relating to non-specific projects or properties or those incurred before the Company has obtained legal rights to explore an area are expensed in the period incurred. In addition, exploration and evaluation costs, other than direct acquisition costs, are expensed before a mineral resource is identified as having economic potential.

Exploration and evaluation costs are capitalized as mineral interests when a mineral resource is identified as having economic potential on a property. A mineral resource is considered to have economic potential when it is expected that documented resources can be legally and economically developed considering long-term metal prices. Therefore, prior to capitalizing such costs, management determines that the following conditions have been met:

i) There is a probable future benefit that will contribute to future cash inflows;

ii) The Company can obtain the benefit and control access to it; and

iii) The transaction or event giving rise to the benefit has already occurred.

Once the technical feasibility and commercial viability of the extraction of resources from a particular mineral property has been determined, mineral interests are reclassified to mine properties within property, plant and equipment and carried at cost until the properties to which they relate are placed into commercial production, sold, abandoned or determined by management to be impaired in value.

Proceeds from the sale of properties or cash proceeds received from option payments are recorded as a reduction of the related mineral interest, or if no amounts are capitalized, then the proceeds are recorded in the statement of income (loss).

3. Summary of significant accounting policies (continued)

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Earnings (loss) per share

Basic earnings per share are computed using the weighted average number of common shares outstanding during the year. Diluted earnings per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. If the Company incurs net losses in a fiscal year, basic and diluted loss per share is the same.

Income tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Accounting standards and amendments issued but not yet effective

IFRS 9, Financial Instruments, addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 *Financial Instruments: Recognition and Measurement* for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. Requirements for financial liabilities are largely carried forward from the existing requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. The effective date is for annual periods beginning on or after January 1, 2018. We are in the process of assessing the impact of the new standard on the classification of investments, but do not expect a significant impact from the adoption of IFRS 9.

IFRS 16, Leases, replaces the previous leases standard IAS 17, *Leases and Related Interpretations*, and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (lessee) and the supplier (lessor). IFRS 16 is effective January 1, 2019. The adoption of IFRS 16 may increase the leased assets and liabilities of the Company recorded in the statement of financial position.

4. Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable in the circumstances. The following discusses the most significant accounting judgments and estimates that the Company has made in the preparation of the financial statements:

Determination of investment entity status

When the Company submitted its application to the TSX-V for a change of business Management on November 11, 2016, management considered all the available facts and concluded that the Company met all of three criteria set forth in IFRS 10.27 to become an investment entity as defined in IFRS 10 (Note 1):

- Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

In addition, management considers the Company has all of the typical characteristics of an investment entity set forth in IFRS 10.28:

- it has more than one investment (On November 11, 2016, the Company had one investment in Minco Silver and was in the process of acquiring its investment in EI Olivar Imperial SAC, which was completed before the year ended December 31, 2016);
- it has more than one investor ;
- it has investors that are not related parties of the entity; and
- it has ownership interests in the form of equity.

Fair value of investments measured at FVTPL

The Company's investments are recorded in the Consolidated Statements of Financial Position at fair value. Management uses their judgment to select a variety of methods and make assumptions that are not always supported by quantifiable market prices or rates. Judgment is required in order to determine the appropriate valuation methodology under this standard and subsequently in determining the inputs into the valuation model used. These judgments include assessing the future earnings potential of investee companies, appropriate earnings multiples to apply, adjustments to comparable multiples, liquidity and net assets. In making estimates and judgments, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates have been applied in a manner consistently and there are no known trends, commitments, events or uncertainties that the Company believes will materially affect the methodology or assumptions utilized in making these estimates in these Financial Statements. Accordingly, actual values realized in future market transactions may differ from the estimates presented in these Financial Statements and the differences may be material. The use of different market assumptions and/or valuation methodologies may have a material effect on the estimated fair values of various assets and liabilities.

(in Canadian dollars)

4. Critical accounting estimates and judgments (continued)

The fair values of financial instruments with quoted bid and ask prices are based on the price within the bid-ask spread that are most representative of fair value and may include closing prices in exchange markets. The fair value of the other financial instruments is determined using the valuation techniques described in Note 14.

5. Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and guaranteed investment certificates with initial maturities of ninety days or less. The Company did not hold any cash equivalents as at December 31, 2017 or 2016.

6. Short-term investment

As at December 31, 2017, short-term investments consist of $271,455 cashable guaranteed investment certificates, with maturity on August 29, 2018. The yield on this investment is 1.05% per annum.

As at December 31, 2016, short-term investments consist of $3,352,062 cashable guaranteed investment certificates, with maturity on December 29, 2017. The yield on this investment was 0.825% per annum.

7. Investments at FVTPL

The Company has the following investments as at December 31, 2017:

Holdings	Number of Shares/Units Held	Number of Warrants Held	Market Value $
Public companies (resources entities):			
Minco Silver Corp.	11,000,000		9,350,000
Hudson Resources Inc.	2,142,857		910,714
Hudson Resources Inc.		1,071,428	245,000
RoxGold Inc.	398,800		555,520
Continental Gold Inc.	130,025		439,485
Equinox Gold Corp.	224,600		251,552
Guyana Goldfields Inc.	40,000		203,200
Neo Performance Materials Inc.	11,000		196,900
ETFS Physical Palladium	1,125		143,415
Almaden Minerals Ltd.	100,000		128,158
All other public entities (non-resources)			687,968
Private company:			
El Olivar Imperial	400,000		502,138
			13,614,050

(in Canadian dollars)

7. Investments at FVTPL (continued)

The Continuity of the Company's investments is as follows:

	December 31, 2016	Additions	Dispositions	Unrealized gains (losses)	December 31, 2017
	$	$	$	$	$
Investment in public entities:					
-Shares and partnership units (i) (ii)	11,770,000	3,100,608	(84,233)	(1,919,463)	12,866,912
-Share purchase warrants (iii)	-	150,000	-	95,000	245,000
Investment in a EI Olivar Imperial					
-Shares and warrants (iii)	537,860	-	-	(35,722)	502,138
Total	12,307,860	3,250,608	(84,233)	(1,860,185)	13,614,050

(i) Included in the Company's investment in public entities are 11,000,000 common shares of Minco Silver as at December 31, 2017 (representing approximately 18% ownership), and December 31, 2016 (18%), and November 11, 2016 (18%). The Company applied the equity method to account for this investment until November 11, 2016 when the Company became an investment entity (see Note 1). Commencing November 11, 2016, the Company accounted for this investment at FVTPL.

During 2017, the Company acquired common shares/share purchases warrants/partnership units that are publically traded on Canadian stock exchanges for a total net of $3,250,608. The Company disposed of common shares for net proceeds of $131,224and a realized net gain of $46,991.

(ii). The Company considers the closing share price of investments issued by public entities at each reporting date as the fair value. The Company applies the Black Scholes option pricing model to value public company's share purchase warrants at the reporting date.

(iii). On December 22, 2016, the Company acquired 5.90% or 400,000 units ("Unit') of El Olivar Imperial SAC ("El Olivar"), a privately held Peruvian corporation, at US$1.00 per unit through a private placement. Each Unit consists of one Class A voting preferred share and 1.5 Class A share purchase warrants (the "EI Warrant"), with each full warrant entitling the holder to purchase one additional Class A voting share at a price of US$1.00. The expiry date of the EI Warrant, initially set on July 18, 2017, was subsequently revised to the date that is twenty business days following notification in writing by EI Olivar that all permits necessary to build its mining facilities have been received . As of the date of this report, the Company had not yet received this notification.

One director of the Company is also a director, an officer, and a controlling shareholder of EI Olivar.

The cost of the investment in EI Olivar was USD$400,000, which approximated its fair value as at December 31, 2017, since EI Olivar did not have any significant changes that may cause a material change to El Olivar's fair value after the Company's acquisition of their shares. The carrying value has changed due to movement in the foreign exchange rate in the period.

Subsequent to the year ended December 31, 2017, the Company bought publicly traded common shares/fund units/ partnership units of twelve entities with cost of $1,076,700 and sold common shares/ fund units of four entities for proceeds of $568,000 and realized gains of $64,500.

(in Canadian dollars)

8. Investment in an associate

The Company is considered having significantly influence on Minco Silver through common officers and a common director. Minco Silver was incorporated in British Columbia, Canada and its Common Shares are listed on the TSX and trades under the symbol "MSV." The Company accounted for its investment in Minco Silver using the equity method up to November 11, 2016, when the Company met the definition of an investment entity and commenced accounting for this investment at FVTPL (Note1 and 7).

Continuity of the Company's investment in Minco Silver in 2016 for the period it was accounted for as an investment in associate is as follows:

	Period from January 1 to November 11, 2016
	$
Beginning of period	6,631,094
Dilution loss	(98,899)
Share of Minco Silver's income (loss)	(408,225)
Share of Minco Silver's other comprehensive income (loss)	(1,345,417)
Ending of period	4,778,553*(i)*

(i) $4,778,553 was the carrying value of the Company's investment in Minco Silver on November 11, 2016 when the Company ceased to apply the equity method to account for this investment (Note 7)

The following is the income statement disclosure of Minco Silver for the years ended December 31, 2016, and 2015.

Years ended December 31,	**2016**	**2015**
	$	$
Administrative expenses	2,576,760	2,805,616
Interest income	521,021	911,213
Net income (loss) for the year	(2,407,668)	6,680,947
Other comprehensive income (loss)	(9,277,783)	10,851,532
Comprehensive income (loss) for the year	(11,685,451)	17,532,479

9. Gain on legal settlement

Upon the completion of the SPA on July 31, 2015 (note 1), the Company continued to be entitled to its interest in an outstanding receivable of RMB 5,000,000 ($1,074,134) through a trust agreement with Minco China, a current subsidiary of Minco Silver that was a result of prior-year legal settlement.

The Company engaged a Chinese law firm to recover the remaining RMB 5 million unpaid balance on a contingent fee basis whereby the Company would pay the Chinese law firm 50% of the net amount recovered, which occurred on July 27, 2016 (note 13). As a result, the Company recognized a gain of $530,789 in 2016.

(in Canadian dollars)

10. Share capital

a. Common shares

Authorized: 100,000,000 common shares without par value

b. Stock options

Minco Gold may grant options to its directors, officers, employees and consultants under its stock option plan (the "Stock Option Plan"). The Company's board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options are granted. These options are equity-settled.

The current Stock Option Plan that was adopted and approved on June 27, 2017 provides that options may be granted to directors, employees and consultants or any of its affiliates of the Company on terms determined within the limitations set out in the Option Plan. The Company has implemented a fixed plan whereby it has reserved 10,152,976 shares for issuance under the Plan.

During the year ended December 31, 2017, the Company granted stock options to employees, consultants and directors for the purchase of 2,400,000 common shares at an exercise price ranged from $0.19 to $0.24 per common share. These options vest over an 18-month period from the issue date and will expire on five years after issuance if unexercised. A continuity of options is as follow:

	Number outstanding	**Weighted average exercise price $**
January 1, 2016	6,589,834	0.72
Exercised	(152,000)	0.26
Forfeited	(72,000)	0.47
Expired	(1,122,500)	2.17
Balance, December 31, 2016	5,243,334	0.43
Granted	2,400,000	0.23
Forfeited	(10,000)	0.26
Expired	(2,255,000)	0.57
Balance, December 31, 2017	5,378,334	0.28

(in Canadian dollars)

10. Share capital (continued)

The Company charged $308,803, $100,693, and $80,248 share-based compensation for 2017, 2016, and 2015 respectively. As at December 31, 2017, there was $80,708(2016 - $6,662) of unrecognized compensation cost relating to unvested stock options.

	Options outstanding			Options exercisable	
Range of exercise prices	**Number outstanding**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price**	**Number exercisable**	**Weighted average exercise price**
$			**$**		**$**
0.18 – 0.24	3,403,334	3.76	0.23	1,669,996	0.24
0.25 – 0.42	885,000	1.05	0.26	885,000	0.26
0.43 – 0.46	1,090,000	0.04	0.46	1,090,000	0.46
	5,378,334	2.56	0.31	3,664,996	0.34

The Company uses the Black-Scholes option pricing model to determine the fair value of the options with the following assumptions:

	2017	**2016**	**2015**
Risk-free interest rate	0.78% - 1.74%	-	0.78% - 1.68%
Dividend yield	0%	-	0%
Volatility	97%	-	86%
Forfeiture rate	21%	-	23%
Estimated expected lives	5 years	-	5 years

Option pricing models require the use of subjective estimates and assumptions including the expected stock price volatility. The stock price volatility is calculated based on the Company's historical volatility. Changes in the underlying assumptions can materially affect the fair value estimates.

(in Canadian dollars)

11. Income tax

No income taxes were recorded due to sufficient loss available.

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to the loss before income taxes. These differences result from the following items:

	2017 **$**	**2016** **$**	**2015** **$**
Net income (loss)	(3,297,578)	7,217,068	14,320,556
	26%	26%	26%
Income tax recovery at statutory rates	(857,370)	1,876,438	3,723,345
Non-taxable (deductible) expenses	80,641	26,375	19,159
Difference/change in tax rates	-	(671,958)	1,093,732
Difference in gain on disposition of Minco Resources	-	-	(6,662,076)
Reduction of tax attributes from sale of Minco Resources	-	-	6,668,881
Expiry of non-capital loss carry forward	-	-	300,755
Deferred income tax asset not recognized	791,748	(1,245,922)	(5,252,629)
Other	(15,019)	15,067	108,833
Provision for tax expenses	-	-	-

Deferred income taxes arise from temporary differences in the recognition of income and expenses for financial reporting and tax purposes. The significant components of unrecognized deferred income tax assets and liabilities at December 31, 2017 and 2016 are as follows:

	2017 **$**	**2016** **$**
Deferred income tax assets (liabilities) not recognized		
Non-capital loss	4,473,755	3,718,815
Resource expenditures	534,069	680,236
Capital assets	36,236	34,127
Investments	(832,557)	(1,043,545)
Capital loss	1,036,875	1,066,999
	5,248,378	4,456,631

No deferred income tax asset has been recognized as realization is not considered probable due to the uncertainty of future taxable income.

(in Canadian dollars)

11. **Income tax** (continued)

The Company has approximately $16,569,465 of operating losses in Canada. The expiries for Canadian non-capital loss carry forwards are as follows:

	$
2026	1,442,234
2028	1,582,716
2029	1,270,045
2030	1,285,615
2031	1,933,078
2032	2,131,656
2033	1,535,838
2034	1,324,803
2035	1,201,864
2036	1,558,996
2037	1,302,620
	16,569,465

12. Commitments

The Company has commitments in respect of office leases requiring minimum payments (including a share of operating costs) of $258,045 as follows:

	$
2018	53,429
2019	45,311
2020	46,487
2021 - 2023	112,818
	258,045

The above lease commitment is related to a Vancouver office that is shared by Minco Silver and Minco Base Metal Corporation (note 13).

13. Related party transactions

Investments

Refer to Note 7 for description of the Company's relationship and transaction with its investees, El Olivar and Minco Silver.

Trust agreement with Minco China

When the Company disposed its Chinese subsidiaries on July 31, 2015 to Minco Silver, the Company ceased to have subsidiaries in China (note 1). As a result, the Company entered into a trust agreement with Minco China, a subsidiary of Minco Silver, to hold the Retained Asset in China on behalf of the Company. This trust agreement was eliminated on June 30, 2017 after the net proceeds from the disposition of the Retained Assets in 2016 have been received by the Company.

(in Canadian dollars)

13. Related party transactions (continued)

Shared office expenses

Minco Silver and Minco Gold share offices and certain administrative expenses in Beijing up to July 31, 2015. Minco Silver, Minco Base Metals Corporation ("MBM"), a company with which the Company's CEO has significant influence over, and Minco Gold shared offices and certain administrative expenses in Vancouver.

Due from related parties

As at December 31, 2017, the Company had the following amounts due from related parties:

- $27,523 due from Minco Silver (December 31, 2016 – 205,145), in relation to share office expenses.

- $11,422 due from MBM (December 31, 2016 - $18,527), in relation to shared office expenses

The amounts due to and due from related parties are unsecured, non-interest bearing and payable on demand.

Key management compensation

Key management includes the Company's directors and senior management. This compensation is included in exploration costs and administrative expenses.

For the years ended December 31, 2017, 2016 and 2015, compensation to key management are as follows:

	2017	**2016**	**2015**
	$	$	$
Cash remuneration	347,686	313,016	333,729
Share-based compensation	269,737	80,702	67,405
Total	617,423	393,717	401,134

The above transactions are conducted in the normal course of business.

14. Financial instruments and fair value

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the statement of income or comprehensive income. Those categories are: loans and receivables, other financial liabilities and financial assets measured at fair value through profit or loss.

The following table summarizes the carrying value of financial assets and liabilities at December 31, 2017 and 2016:

(in Canadian dollars)

14. Financial instruments and fair value (continued)

December 31,	2017	2016
	$	$
Fair value through profit and loss		
Investments at fair value (note 7)	13,614,050	12,307,860
Loans and receivables		
Cash	3,642,328	4,575,119
Short-term investment	271,455	3,352,062
Receivables	25,713	169,380
Due from related parties	38,945	223,672
Other Financial Liabilities		
Accounts payable	186,635	211,424

Fair value measurement

As at December 31, 2017 and 2016, financial instruments that are not measured at fair value on the balance sheet are represented by cash, short-term investments, receivables, due from related parties, account payable and accrued liabilities, and due to related parties. The fair values of these financial instruments approximate their carrying value due to their short-term nature.

Financial assets and liabilities that are recognized on the balance sheet at fair value can be classified in a hierarchy that is based on the significance of the inputs used in making the measurements. The levels in the hierarchy are:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Company's financial assets measured at fair values through profit or loss are as follows:

December 31, 2017	Level 1	Level 2	Level 3
	$	$	$
Investment at fair value	12,866,912	-	747,138

Fair value of investments classified as level 3 are reconciled as follows:

	December 31, 2016	Additions	December 31, 2017	Unrealized gain (loss) recognized in profit or loss
	$	$	$	$
400,000 units of EI Olivar (Note 7)	537,860	-	502,138	-35,722
1,071,428 share purchase warrants of Hudson Resources Inc.("HUD"), a Canadian public company	-	150,000	245,000	95,000

14. Financial instruments and fair value (continued)

During 2017, the amount of unrealized gain associated with level 3 financial instrument that have been recognized in the profit and loss, the gain or loss recognized in other comprehensive income (loss), and the amounts transfer in and out of level 3 financial instruments were $95,000, $Nil and $Nil respectively.

The fair value of the investment in EI Olivar on December 31, 2017 was US$400,000 ($502,138) which was estimated based on latest market transaction value of this investment, which was from December 2016 (US$400,000 or $537,860), when the Company first acquired the investment.

The fair value of this investment on December 31, 2017 only changed as a result of movements in foreign exchange, as there are no significant events identified during 2017 resulting in a change in fair value of EI Olivar. The principal business of EI Olivar is to construct and operate a processing manufacturing plant of gold mining ores and tailings in Peru. A change in the strength of Peru's currency relative to Canadian dollars, a change in the price of gold, and receipt of all the required permits for the construction and operation of the processing plant will impact the fair value of this investment. No significant change was noted in these areas in 2017.

The Company has used Black-Scholes option pricing models to value those 1,071,428 share purchase warrant of HUD with the following assumptions applied: Annual volatility of 85%; risk free rate of 1.66% per annum; exercise price of $0.25 per share; expected dividend of 0%, and expected life of 2.2 years. The share price of HUD, and the above factors will have significant impacts to the fair value of the share purchase warrants.

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk. Risk management activities are carried out by management, who identifies and evaluates the financial risks.

<u>Credit risk</u>

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if the counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by these counterparties, less any amounts owed to the counterparty by the Company where a legal right of set-off exists and also includes the fair value contracts with individual counterparties which are recorded in the consolidated financial statements. The Company considers the following financial assets to be exposed to credit risk:

- Cash and cash equivalents– In order to manage credit and liquidity risk the Company places its cash in two major financial institutions in Canada (subject to deposit insurance up to $100,000).
- Short-term investment – The Company places all of its short-term investment, mainly term deposits, with a major financial institution in Canada.

14. Financial instruments and fair value (continued)

Market price risk

Price risk is the risk that the fair value of an investment measured at FVTPL will fluctuate because of changes in market prices (other than those arising from foreign currency risk or interest rate risk). The Company's investments at fair value at public entities are subject to price risk.

The Company's private market investments are also subject to price risk as they are impacted by many general and specific market variables.

A 10% increase/decrease in the value of all public equity and private market investments would result in an approximate increase/decrease in the value of public and private market exposure and unrealized gain/loss in the amount of approximately $1.36 million.

Foreign exchange risk

The Company's functional currency is the Canadian dollar. The foreign currency risk is related to US dollar funds and investments denominated in US dollars held in the entity. Therefore the Company's net earnings are impacted by fluctuations in the valuation of the US dollar in relation to the Canadian dollar.

As at December 31, 2017, the Company had cash of $3.6 million and investment at fair value of $0.48 million that were demoninated in US dollar. A 10% change in the currency exchange rate (US dollar to Canadian dollar) will affect the Company's result of operations by approximately $0.41 million. The Company does not have any currency hedges for its foreign exchange exposure.

Interest rate risk

Financial instruments that expose the Company to interest rate risk are cash and cash equivalents and short-term investments.

The Company holds short-term investments such as guaranteed investment certificates at fixed interest rates. As a result, the Company is not exposed to significant interest rate risk.

15. Capital management

The Company's objectives in the managing of the liquidity and capital are to safeguard the Company's ability to continue as a going concern and provide the financial capacity to meet its strategic objectives. The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued share capital, contributed surplus, accumulated and other comprehensive income and accumulated deficit.

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 the capital structure, the Company may attempt to issue new shares, issue new debt and/or acquire or dispose of assets to facilitate the management of its capital requirements. The Company prepares annual expenditure budgets that are updated as necessary depending upon various factors, including successful capital deployment and general industry conditions. As at December 31, 2017, the Company did not have long term liabilities for settlement.

16. Subsequent events

On January 31, 2018, the Company granted stock options to purchase 3,580,000 common shares to employees, consultants and directors at an exercise price of $0.17 per common share. These options vest over an 18 month period from the issue date and will expire five years after issuance on January 31, 2023.

See also note 7 for the Company's acquisition and disposition of investments after the year end.