Aura Resources Inc.

(Formerly Aura Silver Resources Inc.)
(An Exploration Stage Company)

Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(expressed in United States dollars)

Independent auditor's report

To the Shareholders of Aura Resources Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Aura Resources Inc. and its subsidiaries (together, the Company) as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2018 and 2017;
- the consolidated statements of operations and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity (deficiency) for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Nick Ethier.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
April 29, 2019

Aura Resources Inc.

(An Exploration Stage Company)

Consolidated Statements of Financial Position

(expressed in U.S. dollars)

	December 31, 2018 $	December 31, 2017 $
Assets		
Current assets:		
Cash	21,468	89,541
Amounts receivable (note 5)	6,979	1,578
Prepaid expenses	28,366	8,560
	56,813	99,679
Mineral exploration properties (note 6)	95,762	-
Deferred exploration expenditures (note 6)	11,827	-
	107,589	-
	164,402	99,679
Liabilities and shareholders' equity (deficiency)		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	315,591	105,781
Shareholders' equity (deficiency)		
Capital stock (note 8)	12,994,533	12,863,354
Warrants (note 8)	228,230	174,243
Contributed surplus (note 8)	4,759,475	4,682,506
Accumulated deficit	(18,033,051)	(17,627,037)
Accumulated other comprehensive loss	(100,376)	(99,168)
	(151,189)	(6,102)
	164,402	99,679

Going concern (note 1)

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

Approved by the Board of Directors:

(signed) "W. William Boberg"	*(signed) "Robert Johansing"*
Director	Director

Aura Resources Inc.

(An Exploration Stage Company)

Consolidated Statements of Operations and Comprehensive Loss

(expressed in U.S. dollars)

	Year ended December 31, 2018 $	Year ended December 31, 2017 $
Expenses		
Promotion and annual meeting costs	67,355	81,814
Regulatory authority and transfer agent fees	28,854	12,635
Professional fees	91,374	43,671
General and administrative	154,778	153,264
Stock based compensation (note 8)	57,486	153,570
Project generation and evalution	6,167	-
Impairment of mineral exploration properties and deferred exploration expenditures (note 6)	-	3,039
Total expenses	(406,014)	(447,993)
Other income (note 6)	-	81,761
Net loss for the year	(406,014)	(366,232)
Other comprehensive income (loss):		
Items that may be subsequently reclassified to operations		
Currency translation differences	(1,208)	6,877
Total comprehensive loss for the year	(407,222)	(359,355)
Net loss per common share:		
Basic and diluted	(0.02)	(0.01)
Weighted average number of common shares outstanding:		
Basic and diluted	26,717,819	25,437,610

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

Aura Resources Inc.
(An Exploration Stage Company)
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(expressed in U.S. dollars)

	Capital stock		Warrants		Contributed surplus	Accumulated deficit	Accumulated other comprehensive loss	Total shareholders' equity (deficiency)
	#	$	#	$	$	$	$	$
Balance, December 31, 2016	22,766,185	12,649,725	2,230,000	36,100	4,524,131	(17,260,805)	(106,045)	(156,894)
Private placement of units (note 8)	2,857,143	241,830	2,857,143	138,143	-	-	-	379,973
Share issue costs	-	(23,396)	-	-	-	-	-	(23,396)
Compensation options issued to finders (note 8)	-	(4,805)	-	-	4,805	-	-	-
Stock based compensation (note 8)	-	-	-	-	153,570	-	-	153,570
Net loss for the year	-	-	-	-	-	(366,232)	-	(366,232)
Currency translation differences	-	-	-	-	-	-	6,877	6,877
Balance, December 31, 2017	25,623,328	12,863,354	5,087,143	174,243	4,682,506	(17,627,037)	(99,168)	(6,102)
Private placement of units (note 8)	1,866,800	146,630	1,866,800	69,925	-	-	-	216,555
Share issue costs	-	(11,906)	-	-	-	-	-	(11,906)
Compensation options issued to finders (note 8)	-	(3,545)	-	-	3,545	-	-	-
Extension of warrant expiry (note 8)	-	-	-	8,830	(8,830)	-	-	-
Expiry of warrants (note 8)	-	-	(1,530,000)	(24,768)	24,768	-	-	-
Stock based compensation (note 8)	-	-	-	-	57,486	-	-	57,486
Net loss for the year	-	-	-	-	-	(406,014)	-	(406,014)
Currency translation differences	-	-	-	-	-	-	(1,208)	(1,208)
Balance, December 31, 2018	27,490,128	12,994,533	5,423,943	228,230	4,759,475	(18,033,051)	(100,376)	(151,189)

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

Aura Resources Inc.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows

(expressed in U.S. dollars)

	Year ended December 31, 2018 $	Year ended December 31, 2017 $
Cash provided by (used in)		
Operating activities		
Net loss for the year	(406,014)	(366,232)
Items not affecting cash:		
Stock based compensation (note 8)	57,486	153,570
Impairment of mineral exploration properties and deferred exploration expenditures (note 6)	-	3,039
Other income - Agnico Eagle option payment (note 6)	-	(81,761)
Change in non-cash working capital items:		
Amounts receivable	(5,401)	769
Prepaid expenses	(19,806)	(4,179)
Accounts payable and accrued liabilities	197,154	(71,430)
	(176,581)	(366,224)
Investing activities		
Mineral exploration property costs (note 6)	(90,036)	-
Deferred exploration expenditures (note 6)	(4,897)	(3,039)
	(94,933)	(3,039)
Financing activities		
Agnico Eagle option payment received (note 6)	-	81,761
Issuance of common shares and warrants (note 8)	216,555	379,973
Share issue costs	(11,906)	(23,396)
	204,649	438,338
Effect of exchange rate changes on cash	(1,208)	6,877
Net change in cash	(68,073)	75,952
Cash - Beginning of year	89,541	13,589
Cash - End of year	21,468	89,541

Supplemental cash flow information (note 14)

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

(expressed in U. S. dollars)

1. Nature of operations and going concern

General information

Aura Resources Inc. (formerly Aura Silver Resources Inc. and referred to herein collectively with its subsidiaries as the "Company") is an exploration stage junior mining company engaged in the identification, acquisition, evaluation and exploration of mineral properties in North America. The Company has not determined whether the properties contain mineral resources that are economically recoverable. The recoverability of amounts recorded for mineral exploration properties and deferred exploration expenditures is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the development of these resources and upon attaining future profitable production from the properties or sufficient proceeds from disposition of the properties.

Aura Resources Inc. is publicly listed on the TSX Venture Exchange. The Company's registered office is located at Manotick (Ottawa), Ontario, K4M 1A3, Canada, where it is domiciled.

Going concern

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Several conditions cast significant doubt on the validity of this assumption and hence the appropriateness ultimately of the use of accounting principles relating to a going concern. From inception to date, the Company has incurred losses from operations and experienced negative cash flows from operating activities. As at December 31, 2018, the Company had cash totalling $21,468 and had working capital deficiency of $258,778. Existing funds on hand at December 31, 2018 will not be sufficient to support the Company's needs for cash to conduct or co-fund exploration on its projects, to maintain its property interests in good standing and to continue operations during the coming year. Subsequent to year end, on March 14, 2019, the Company announced the initiation of a private placement financing to raise proceeds of up to CDN$500,000 (see note 15). On April 17, 2019, the Company announced the closing of an agreement with Minaurum Gold Inc. ("Minaurum") for the Taviche, Mexico project. The Company received 100,000 common shares of Minaurum and a cash payment of $39,452 on closing (see note 6 and 15). The Company will require additional funding to be able to advance and retain mineral exploration property interests and to meet ongoing requirements for general operations. The ability of the Company to continue as a going concern is dependent on raising additional financing, retaining or attracting joint venture partners, developing its properties and/or generating profits from operations or disposition of properties in the future.

Management has been successful in obtaining sufficient funding for operating, capital and exploration requirements from the inception of the Company to date. There is, however, no assurance that additional future funding will be available to the Company, or that it will be available on terms which are acceptable to management.

These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported amounts of expenses and statement of financial position classifications that would be necessary if the going concern assumption was not appropriate and such adjustments could be material.

2. Basis of preparation and presentation

Statement of compliance

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards. These consolidated financial statements have been prepared under the historical cost convention and are expressed in United States dollars, which is the Company's presentation currency.

These consolidated financial statements were approved for issue by the Company's Board of Directors on April 26, 2019.

Basis of presentation

On November 15, 2018, the shareholders of the Company approved a change in the name of the Company to Aura Resources Inc. which became effective November 28, 2018. The Company was incorporated under the Business Corporations Act (Ontario) by Articles of Amalgamation dated July 12, 1988. On June 9, 2006 the shareholders approved a name change to Aura Silver Resources Inc. and continued the Company under the Canada Business Corporation Act. On December 16, 2005, Aura Silver Resources Inc. acquired all of the issued and outstanding shares of Au Martinique Inc. ("Au Martinique") which had been operating since October 27, 2003, in exchange for 14,534,120 common shares and 6,576,825 warrants valued, in the aggregate, at $973,500. The share exchange was accounted for as a reverse take-over with Au Martinique deemed to be the acquiror for accounting purposes.

On May 4, 2010, Aura Resources Mexico S.A. de C.V. was incorporated as a wholly-owned Mexican subsidiary.

These consolidated financial statements include the assets, liabilities and expenses of Aura Resources Inc. and its wholly-owned subsidiaries Au Martinique (which is inactive) and Aura Resources Mexico S.A. de C.V. All inter-company balances and transactions have been eliminated upon consolidation.

Consolidation of share capital

On November 15, 2018, the shareholders of the Company approved a consolidation of the Company's outstanding common shares on the basis of one new common share for every five common shares issued and outstanding. The Company filed articles of amendment on November 28, 2018 in order to give effect to the share consolidation. Trading of the Company's common shares on a consolidated basis became effective on November 30, 2018 with 27,490,128 post-consolidation shares issued and outstanding. All share capital, warrant, compensation option and stock option data presented in these consolidated financial statements has been retroactively restated to give effect to the consolidation of share capital.

(expressed in U. S. dollars)

3. Significant accounting policies

Cash and cash equivalents

Cash and cash equivalents include investments which have a term to maturity at the time of purchase of 90 days or less and which are readily convertible into cash.

Mineral exploration properties and deferred exploration expenditures

Property acquisition costs and initial and recurring mineral claim staking and concession costs relating to mineral exploration properties together with direct exploration and development expenditures are capitalized. When production is attained, these costs will be amortized. If properties are abandoned or considered to be impaired in value, the costs of the properties and related deferred expenditures will be written down to their estimated recoverable amount, being the higher of fair value less costs to sell and value in use at that time.

Share capital

Share issue costs are recorded as a reduction of share capital when the related shares are issued. When shares and warrants are issued together as units the proceeds are allocated between common shares and share purchase warrants on a pro-rata basis based on relative fair values at the date of issuance. The fair value of common shares is based on the market closing price on the date the units are issued and the fair value of share purchase warrants is determined using the Black-Scholes option pricing model as of the date of issuance. When compensation options are issued to agents who refer investors to the Company, their fair value is determined using the Black-Scholes option pricing model as of the date of issuance. The fair value of compensation options is recorded as a reduction of share capital as share issue costs.

Stock-based compensation

The Company grants stock options to certain officers, directors and consultants of the Company. Stock options typically vest over an 18 month period and expire after five years. Each vesting tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation cost related to stock options is charged to expense or is capitalized to deferred exploration expenditures when related to direct exploration activities. Compensation cost is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

Foreign currency translation

The functional currency of Aura Resources Inc., the parent entity, is the Canadian dollar. The functional currency of Aura Resources Mexico S.A. de C.V., including costs for the Taviche property, is the United States dollar. The presentation currency of the Company is the United States dollar.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at each consolidated statement of financial position date. Foreign exchange gains or losses on translation to the functional currency of an entity are recorded in the consolidated statement of operations. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transactions.

For entities with a functional currency different from the presentation currency, translation to the presentation currency is required. Assets and liabilities are translated into the presentation currency at the rate of exchange at the consolidated statement of financial position date. Equity balances are translated at the rates of exchange at the transaction dates. Income and expenses are translated at the exchange rates at the dates of the transactions. All resulting exchange differences arising from translation to the presentation currency are recognized in other comprehensive loss.

Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statement of operations except to the extent that it relates to items recognized directly in equity; in which case the income tax is also recognized directly in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the consolidated statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax assets and liabilities are presented as non-current.

Flow-through share accounting

In accordance with current tax legislation, the Company renounces the tax deductions relating to qualified resource expenditures that are financed by the issuance of flow-through shares to the benefit of the flow-through shareholders. Common shares issued on a flow-through basis typically include a premium over the market price of the Company's common shares that is associated with the tax benefits of the flow-through share. The Company estimates the proportion of proceeds attributable to the flow-through premium as the excess of the subscription price over the market value of the shares and records this value as a liability at issuance.

Deferred income taxes related to the temporary differences created by the renouncement of flow-through share tax benefits to subscribers are recorded on a pro-rata basis when the qualified expenditures are incurred. This can occur either before or after the formal renunciation of expenditures is filed with tax authorities. When the qualified expenditures are incurred, the tax value of the renunciation is recorded on a pro-rata basis as a deferred income tax liability with a corresponding charge to income tax expense in the consolidated statement of operations and comprehensive loss. If unrecognized deferred tax assets exist, deferred tax liabilities recorded upon incurring the qualified expenditures are offset with a deferred tax recovery recorded in the consolidated statement of operations. Additionally, as qualified expenditures are incurred, the Company recognizes a pro-rata reduction of the flow-through premium liability as income in the consolidated statement of operations and comprehensive loss.

(expressed in U. S. dollars)

Loss per common share

Basic loss per common share is calculated based upon the weighted average number of common shares outstanding during the period. The diluted loss per common share is calculated using the treasury stock method which includes the dilutive effect of stock options, share purchase warrants and compensation options outstanding when applicable. Details regarding potentially dilutive equity instruments are provided in note 8.

Financial instruments

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as fair value through profit or loss ("FVTPL"), directly attributable transaction costs. Financial instruments are recognized when the Company becomes a party to the contracts that give rise to them and are classified as: amortized cost; fair value through profit or loss; or, fair value through other comprehensive income, as appropriate. The Company considers whether a contract contains an embedded derivative when the it first becomes a party to it. The embedded derivatives are separated from the host contract if the host contract is not measured at FVTPL and when the economic characteristics and risks are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Financial assets at amortized cost

A financial asset is measured at amortized cost if it is held by a business whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and is not designated as FVTPL. Financial assets classified as amortized cost are measured subsequent to initial recognition at amortized cost using the effective interest method. Amounts receivable are classified as and measured at amortized cost.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading and financial assets not designated upon initial recognition as amortized cost or fair value through other comprehensive income ("FVTOCI"). A financial asset is classified in this category principally for the purpose of selling in the short term, or if so designated by management. Transaction costs are expensed as incurred. On initial recognition, a financial asset that otherwise meets the requirements to be measured at amortized cost or FVTOCI may be irrevocably designated as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Company's cash and cash equivalents are measured at FVTPL with changes in fair value recognized in the statements of operations.

Financial assets at FVTOCI

On initial recognition of an equity investment that is not held for trading, an irrevocable election is available to measure the investment at fair value upon initial recognition plus directly attributable transaction costs and at each period end, changes in fair value are recognized in other comprehensive income ("OCI") with no reclassification to the statements of loss. The election is available on an investment-by-investment basis.

Financial liabilities

Financial liabilities, including accounts payable and accrued liabilities are recognized initially at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the statements of operations when the liabilities are derecognized as well as through the amortization process. Borrowing liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date. Accounts payable and accrued liabilities are classified as and measured at amortized cost.

Derecognition of financial assets and liabilities

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership. Gains and losses on derecognition are generally recognized in the statement of operations. The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expelled. The financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of operations.

Derivative instruments

Derivative instruments, including embedded derivatives, are measured at fair value on initial recognition and at each subsequent reporting period end. Any gains or losses arising from changes in fair value of derivatives are recorded in the statement of operations.

Fair values

The fair value of quoted investments is determined by reference to market prices at the close of business on the statement of financial position date. Where there is no active market, fair value is determined using valuation techniques. These include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis; and, pricing models.

Financial instruments that are measured at fair value subsequent to initial recognition are grouped into a hierarchy based on the degree to which the fair value is observable as follows:

- Level 1 - Fair value measurements are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. The criteria that the Company uses to determine if there is objective evidence of an impairment loss includes:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

At each statement of financial position date, on a forward looking basis, the Company assesses the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Segmented reporting

The Company presents and discloses segmented information based on information that is regularly reviewed by the Company's President and CEO who is the chief operating decision-maker. The President & CEO has primary responsibility for allocating resources to the Company's operating segments and assessing their performance. The Company has determined that there is only one operating segment being the sector of exploration and development of mineral resource properties.

New and revised accounting standards

IFRS 9 – Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments (IFRS 9) which replaces International Accounting Standard (IAS) 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. IFRS 9 also introduces additional changes relating to financial liabilities and aligns hedge accounting more closely with risk management.

IFRS 9 was effective for annual periods beginning on or after January 1, 2018. The Company adopted the new standard effective January 1, 2018 on a full retrospective basis. The adoption of IFRS 9 had no impact on the Company's results of operations, financial position, and disclosures.

4. Critical accounting estimates, judgments and estimation uncertainties

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures in the notes thereto. These estimates and assumptions are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from those estimates. The most significant items requiring the use of management estimates and valuation assumptions are related to the recoverable value of mineral exploration properties and deferred exploration expenditures; the valuation of all equity instruments including flow-through share premiums, warrants, compensation options and stock options; and, the ability of the Company to continue as a going concern.

Impairment of mineral properties and exploration expenditures
Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of mineral exploration properties and deferred exploration assets requires management's judgment regarding the following factors, among others: the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amounts of the exploration assets are unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during subsequent periods.

Valuation of equity instruments
The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The model used by the Company is the Black-Scholes valuation model. The Company has made estimates as to the volatility of its own common shares, the probable life of share options, warrants and compensation options granted and the time of exercise of those instruments.

The Company allocates values to share capital and to warrants according to their fair value using the proportional method when the two are issued together as a unit. The Company uses the Black-Scholes valuation model to determine the fair value of warrants issued.

Going concern considerations
These consolidated financial statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions. Further information regarding going concern is outlined in note 1.

(expressed in U. S. dollars)

5. Amounts receivable

Amounts receivable of $6,979 (2017 - $1,578) is comprised entirely of harmonized sales tax (HST) receivable.

6. Mineral exploration properties and deferred exploration expenditures

	Gold Chain (Arizona, USA)	Greyhound (Canada)	Taviche (Mexico)	Total
Mineral exploration properties:				
Balance, December 31, 2017 and 2016	$ -	$ -	$ -	$ -
Cash option payment	30,000	-	-	30,000
Claim staking and renewal costs	26,732	-	-	26,732
Concession fees	-	-	39,030	39,030
Balance, December 31, 2018	$ 56,732	$ -	$ 39,030	$ 95,762
Deferred exploration expenditures:				
Balance, December 31, 2016	$ -	$ -	$ -	$ -
General field costs	-	-	3,039	3,039
Impairment of deferred exploration expenditures	-	-	(3,039)	(3,039)
Balance, December 31, 2017	-	-	-	-
Geology	7,305	-	-	7,305
General field costs	-	-	4,522	4,522
Balance, December 31, 2018	$ 7,305	$ -	$ 4,522	$ 11,827

Gold Chain - Arizona, USA

On July 30, 2018, the Company announced that it had entered into a letter agreement for an option to acquire a 100% interest in the Gold Chain project located in Mohave County, Arizona. The initial project comprised 86 Bureau of Land Management lode mining claims in western Arizona, where work conducted by prior operators has indicated the property is prospective for gold. Consideration payable to earn a 100% interest in the project is payable in annual instalments over a four-year period from inception and consists of a total of $1.5 million in cash and 750,000 common shares of the Company as detailed below.

Date of payment	Cash $	Common Shares
Execution of the letter agreement (paid)	30,000	-
Upon final TSX-V approval (shares issued March 21, 2019)	-	150,000
On or before July 30, 2019	30,000	150,000
On or before July 30, 2020	50,000	150,000
On or before July 30, 2021	100,000	150,000
On or before July 30, 2022	1,290,000	150,000
Totals	1,500,000	750,000

Following initial evaluation of the historical technical data base for the Gold Chain project and a field visit during the fall of 2018, an additional 14 claims were staked to cover newly interpreted structural projections, bringing the total project claims to 100. These additional claims fall into an area of interest defined in the letter agreement. Subsequent to year end, on February 4, 2019, the Company completed a definitive legal agreement with the vendors of the Gold Chain project incorporating all of the terms of the letter agreement and other standard industry terms.

The vendors of the property hold a 2% net smelter return royalty (NSR) on gold and silver. The Company has the right to buy down the NSR in increments of 1% by paying the vendors the sum of $1 million for each 1% of the NSR at any time prior to completion of the first year of commercial production.

Greyhound - Nunavut, Canada

During June 2006, the Company initiated its Greyhound project in the central Churchill region of Nunavut, Canada, staking 10 claims for a total of 10,451 hectares. From 2008 to 2011, the Company increased its land holdings in the Whitehills area to a total of 57 claims comprising over 55,000 hectares. Since that time, a total of 44 low priority claims have lapsed. Currently, the Greyhound project comprises a total of 13 claims covering approximately 13,586 hectares. These 13 claims are subject to a joint operating agreement with Agnico Eagle Mines Limited ("Agnico Eagle") (see below). An application to convert the original 10 project claims to a mining lease under Nunavut Mining Regulations has been filed and remains subject to final acceptance.

During June 2014, the Company entered into a definitive option agreement with Agnico Eagle which allowed Agnico Eagle to earn an interest in the 13 claims comprising the Greyhound project. Under the terms of the option agreement, over the first three years of the agreement, Agnico Eagle had the exclusive right to earn an undivided 51% ownership interest by meeting annual commitments that totalled CDN$210,000 in cash payments to the Company and incurring CDN$1,750,000 in exploration work expenditures on the project.

(expressed in U. S. dollars)

Agnico Eagle completed all requirements to earn a 51% interest effective June 1, 2017. From June 1, 2017 forward, the 13 claims became subject of a joint operating agreement between the Company and Agnico Eagle. Work programs are to be established by a management committee comprised of one representative from each of the Company and Agnico Eagle. If either party to the joint operating agreement fails to fund its pro-rata share of approved exploration programs its interest in the project will be diluted on a pro-rata basis.

If any party's interest in the project falls below 10% then that party will forfeit their 10% interest and in return will receive a 2% NSR. The other party may at any time purchase one-half of the NSR, namely a 1% NSR, for an amount of CDN$2,000,000. Agnico Eagle will be the operator of the project.

Prior to the option agreement with Agnico Eagle, as at March 31, 2014, the Company had recorded a full impairment charge with respect to the mineral exploration property costs and deferred exploration expenditures associated with the Greyhound project.

On May 30, 2017, the Company received the third anniversary cash option payment of $81,761 (CDN$110,000) from Agnico Eagle. This amount was included in other income.

As at December 31, 2018, the Company's ownership interest in the Greyhound project was 43.54%.

Taviche - Oaxaca, Mexico

As at December 31, 2018, the Company held a 100% interest in the Taviche project located in Oaxaca State, Mexico. The Taviche project is comprised of the Higo Blanco concession covering 986 hectares and is subject to a 1.5% NSR held by Maverix Metals Inc.

Subsequent to year end, on January 29, 2019, the Company announced it had entered into a definitive agreement with Minaurum Gold Inc. ("Minaurum") and its Mexican subsidiary whereby Minaurum acquired an initial 80% interest in the Taviche project for the following consideration: (i) the issuance of 100,000 common shares of Minaurum; (ii) the reimbursement of all Taviche project concession fees paid by the Company during 2018 and payment of the remaining concession fees to bring the property into good standing until January 31, 2019, to a maximum of $80,000; and, (iii) the issuance of an additional 100,000 common shares of Minaurum upon receiving all relevant approvals and consents required to be obtained for the commencement of exploration and drilling activities at the Taviche project (see note 15). Upon acquiring the initial 80% interest, Minaurum will act as operator of the Taviche project having exclusive authority and control over the direction and management of the business and operations of the project.

Additionally, the Company has granted Minaurum an exclusive option to acquire the remaining 20% of the Taviche project for a purchase price of CDN$1,000,000. Until exercise of this option, the Company's 20% interest shall be free carried with no obligation to co-finance project costs and will not be subject to dilution.

7. Accounts payable and accrued liabilities

	December 31, 2018 $	December 31, 2017 $
Trade accounts payable	197,520	54,617
Accrued liabilities	118,071	51,164
	315,591	105,781

8. Capital stock

During November 2018, the Company's share capital was consolidated on the basis of one new common share for every five common shares issued and outstanding (see note 2). All share capital, warrant, compensation option and stock option data presented in these consolidated financial statements has been retroactively restated to give effect to the consolidation of share capital.

Authorized

The Company is authorized to issue an unlimited number of common shares, having no par value, and an unlimited number of preference shares, having no par value, in one or more series with the rights, privileges and conditions as determined by the Board of Directors at the time of issuance.

Issued

During June 2018, the Company closed a private placement financing issuing 1,866,800 units at CDN$0.15 per unit for gross proceeds of $216,555 (CDN$280,020). Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of CDN$0.25 per share for a period of 36 months following the date of issuance. In connection with this private placement, the Company paid finders' fees of $7,409 (CDN$9,600) and issued 64,000 compensation options. Each compensation option entitles the finder to acquire a unit (having the same features as described above) at an exercise price of CDN$0.25 per unit and is exercisable for 36 months from the date of issuance.

During January 2017, the Company closed a private placement financing, in two tranches, issuing a total of 2,857,143 units at CDN$0.175 per unit for gross proceeds of $379,973 (CDN$500,000). Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of CDN$0.25 per share for a period of 36 months following the dates of issuance. In connection with this private placement, the Company paid finders' fees of CDN$11,071 and issued 63,262 compensation options. Each compensation option entitles the finder to acquire a unit (having the same features as described above) at an exercise price of CDN$0.25 per unit and is exercisable for 36 months from the date of issuance.

(expressed in U. S. dollars)

Warrants

During June 2018, the Company extended the expiry date with respect to 700,000 warrants from July 9, 2018 to July 9, 2020. During July 2018, a total of 1,530,000 warrants expired.

During June 2018, the Company issued 1,866,800 warrants in connection with a private placement. These warrants are exercisable at CDN$0.25 per share and expire on June 1, 2021. These warrants were recorded at a value of $69,925. This value was determined using the Black-Scholes option pricing model with the following assumptions: expected volatility 92%; expected warrant life of 3 years; risk-free interest rate of 1.66%; and an expected dividend yield of nil.

During January 2017, the Company issued a total of 2,857,143 warrants in connection with a private placement. These warrants are exercisable at CDN$0.25 per share and expire in January 2020. These warrants were recorded at a value of $138,143. This value was determined using the Black-Scholes option pricing model with the following assumptions: expected volatility 118%; expected warrant life of 3 years; risk-free interest rate of 0.42%; and an expected dividend yield of nil.

As at December 31, 2018, details with respect to outstanding warrants are as follows:

Number	Exercise price	Expiry
700,000	CDN $0.25	July 9, 2020
1,195,547	CDN $0.25	January 16, 2020
1,661,596	CDN $0.25	January 31, 2020
1,866,800	CDN $0.25	June 1, 2021
5,423,943		

Compensation options and compensation option warrants

The Company has provided compensation options to agents who refer investors to the Company. Compensation options are exercisable into equity instruments having the same attributes as those purchased by the referred investor. As at December 31, 2018 outstanding compensation options are summarized as follows:

Number	Exercise price	Expiry
53,486	CDN $0.25	January 16, 2020
9,776	CDN $0.25	January 31, 2020
64,000	CDN $0.25	June 1, 2021
127,262		

As at December 31, 2018, outstanding compensation options are exercisable for units comprised of one common share and one whole common share purchase warrant. Warrants potentially issuable upon the exercise of compensation options are as follows: 53,486 warrants exercisable at CDN$0.25 expiring January 16, 2020; 9,776 warrants exercisable at CDN$0.25 expiring January 31, 2020; and, 64,000 warrants exercisable at CDN$0.25 expiring June 1, 2021.

Outstanding compensation options were recorded at a total value of $8,350 using the Black-Scholes option pricing model. The assumptions used for the valuation of compensation options during 2018 and 2017 are as follows: dividend yield of nil; expected volatility 92% to 118%; risk-free interest rate of 0.42% to 1.66%; and an expected life of the options of three years.

Stock options

On July 8, 2005, the Company's shareholders approved the creation of the Company's stock option plan (the "Plan"). Eligible participants in the Plan include directors, officers, employees and consultants to the Company. The exercise price of the options granted under the Plan is fixed by the Board of Directors but may not be less than the Discounted Market Price, as that term is defined by the TSX Venture Exchange, of the shares at the time the option is granted. Options granted under the Plan have a five year life subject to earlier expiry upon the termination of the optionee's employment or the optionee ceasing to be a director or officer of the Company. Options generally vest with Plan participants as follows: 10% at the date of grant and 15% quarterly over the 18 month period following the date of grant. On June 28, 2012, shareholders of the Company approved an amendment to the Plan to increase the maximum number of common shares reserved for issuance under the Plan from 1,140,000 to 1,940,000.

(expressed in U. S. dollars)

Activity with respect to stock options is summarized as follows:

	Number	Weighted-average exercise price CDN $	Expiry
Balance, December 31, 2016	830,000	0.27	May 2017 to June 2019
Granted	1,060,000	0.35	April 2022
Expired	(50,000)	0.50	May 2017
Forfeited	(80,000)	0.25	June 2019
Balance, December 31, 2017	1,760,000	0.31	June 2019 to April 2022
Forfeited	(1,020,000)	0.31	June 2019 to April 2022
Balance, December 31, 2018	740,000	0.31	June 2019 to April 2022

As at December 31, 2018 outstanding stock options are as follows:

Options outstanding			Options exercisable		
Exercise price CDN $	**Number of options**	**Weighted-average remaining contractual life (years)**	**Number of options**	**Weighted-average remaining contractual life (years)**	**Expiry**
0.25	280,000	0.4	280,000	0.4	June 20, 2019
0.35	460,000	3.3	460,000	3.3	April 23, 2022
	740,000	2.2	740,000	2.2	

On April 24, 2017, the Company granted a total of 1,060,000 stock options exercisable at CDN$0.35 with an expiry date of April 23, 2022. During the year ended December 31, 2018, a total of 1,020,000 stock options were forfeited. During 2017, a total of 130,000 stock options expired or were forfeited. As at December 31, 2017, a total of 1,124,000 stock options were exercisable.

During the year ended December 31, 2018, the Company recorded a total of $57,486 (2017 - $153,570) related to stock based compensation with respect to stock options. As at December 31, 2018, no remaining balance remains to be expensed relating to past stock option grants. Stock based compensation amounts are included in shareholders' equity as contributed surplus. The values determined using the Black-Scholes option pricing model, with respect to stock options granted during 2017, utilized the following assumptions:

	2017
Expected volatility	118%
Expected option life (in years)	5.0
Risk-free interest rate	0.50%
Expected dividend yield	0%
Weighted-average exercise price	CDN$0.35
Weighted-average market price at grant date	CDN$0.35
Weighted-average fair value	CDN$0.285

The Company determines expected volatility in relation to both historical Company volatility and by analysis of comparable companies in the mineral exploration sector.

(expressed in U. S. dollars)

9. Income taxes

For the years ended December 31, 2018 and 2017 the expected provision for (recovery of) income tax based on the combined Canadian federal and provincial income tax rate is reconciled to the Company's reported provision for (recovery of) income taxes as follows:

	2018 $	2017 $
Loss before income taxes	(406,014)	(366,232)
Statutory rate	26.50%	26.50%
Expected recovery of income tax	(107,594)	(97,051)
Permanent differences	15,234	40,696
Effect of exchange rate differences	101,368	(78,787)
Adjustment in respect of prior years	(1,951)	2,526
Origination and reversal of timing differences	(7,057)	132,616
Provision for (recovery of) income taxes	-	-

Significant components of the Company's unrecognized deferred income tax assets are as follows:

	2018 $	2017 $
Unrecognized deferred income tax assets		
Non-capital loss carry forwards	1,240,022	1,246,760
Share issue costs	6,689	5,804
Asset basis differences and tax effect of flow-through shares	1,167,673	1,167,673
Net deferred income tax asset	2,414,384	2,420,237

As at December 31, 2018, no deferred tax asset was recognized related to these amounts. As at December 31, 2018, the Company has loss carry forward balances which are available to offset future years' taxable income. These carry forward balances expire as follows:

Year of expiry	Amount $
2026	357,000
2027	526,000
2028	330,000
2029	236,000
2030	449,000
2031	556,000
2032	425,000
2033	389,000
2034	397,000
2035	289,000
2036	101,000
2037	267,000
2038	357,000
	4,679,000

(expressed in U. S. dollars)

10. Related party transactions and compensation of key management and directors

Key management includes all persons named or performing the duties of Chief Executive Officer, President, Chief Financial Officer, Vice-President and the directors of the Company. Compensation awarded to key management and directors included:

	Year ended December 31, 2018 $	Year ended December 31, 2017 $
Management service contract fees	150,310	141,536
Stock based compensation	37,499	110,107
	187,809	251,643

As at December 31, 2018, a total of $160,005 (December 31, 2017 - $32,370) is included in accounts payable and accrued liabilities with respect to amounts due to current and former Company officers who are or were related parties.

11. Financial instruments and risk management

The Company's financial instruments consist of cash, accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest rate or credit risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation. The Company examines the various financial risks to which it may be exposed and assesses the impact and likelihood of those risks. The Company may be exposed to various financial risks related to credit risk, liquidity risk, currency risk and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors of the Company.

Credit risk
Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash. The Company's cash is held with a major Canadian financial institution. The maximum exposure is equivalent to the carrying amounts. The Company does not consider any of its financial assets to be impaired.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due (see note 1). The Company manages liquidity risk through monitoring cash outflows due in its day-to-day business and by regular cash flow forecasting of cash requirements to fund exploration projects and operating costs. As at December 31, 2018, the Company's liabilities include trade accounts payable and accrued liabilities most of which are due within normal trade terms of generally 30 days.

Currency risk
The Company is primarily exposed to financial risk arising from fluctuations in foreign exchange rates with respect to the United States dollar. As at December 31, 2018, the Company held cash in United States dollars of $225 (December 31, 2017 - $2,070). The Company has not utilized derivative instruments to reduce its exposure to foreign currency risk.

During the year ended December 31, 2018, approximately 8.6% (2017 - 1.2%) of the Company's operating expenses were not denominated in the functional currency and were denominated in United States dollars. The Company's property costs for the Gold Chain project are denominated in United States dollars; Greyhound project costs are denominated in Canadian dollars; and, Mexican project costs are primarily denominated in United States dollars. The Company has completed a sensitivity analysis to estimate the impact on net loss that a change in the United States / Canadian dollar foreign exchange rate would have. For the year ended December 31, 2018, with all other variables held constant, a plus or minus 10% change in the United States / Canadian dollar exchange rate would give rise to a change in reported net loss of plus or minus $3,502 (2017 - $523).

Interest rate risk
Financial instruments that expose the Company to interest rate risk have periodically included cash equivalents and short-term investments invested in guaranteed investment certificates. As at December 31, 2018, the Company did not hold any short-term investments. Fluctuations in market interest rates during 2018 or during 2017 would not have had a material impact on the Company's financial results.

12. Segmented information

The Company's operations comprise one reportable segment being the exploration and development of mineral resource properties. The Company's corporate and administrative offices are in Canada. The Company's exploration activities are focused on projects in Canada, the United States and Mexico; therefore, any mineral exploration property and deferred exploration expenditure assets would be located in those countries.

(expressed in U. S. dollars)

13. Capital structure

The Company's capital structure is comprised of shareholders' equity. The Company is not subject to externally imposed capital requirements. The Company's objectives when managing its capital structure are to preserve the Company's access to capital markets and its ability to meet its financial obligations and to finance its exploration activities and general corporate costs.

The Company monitors its capital structure using future forecasts of cash flows, particularly those related to its exploration programs.

The Company manages its capital structure and makes adjustments to it to maintain flexibility while achieving the objectives stated above. To manage the capital structure, the Company may adjust its exploration programs, operating expenditure plans, or issue new common shares and warrants. The Company's capital management objectives have remained unchanged over the periods presented in these consolidated financial statements.

14. Supplemental cash flow information

Non-cash transactions not reflected in the consolidated statements of cash flows are as follows:

	Year ended December 31, 2018 $	Year ended December 31, 2017 $
Mineral exploration property costs included in accounts payable and accrued liabilities	5,726	-
Exploration expenditures included in accounts payable and accrued liabilities	6,930	-

15. Subsequent events

Minaurum Gold Inc. acquisition of interest in the Taviche project
On January 29, 2019, the Company announced it had entered into a definitive agreement with Minaurum Gold Inc. ("Minaurum") and its Mexican subsidiary whereby Minaurum acquired an initial 80% interest in the Taviche project for the following consideration: (i) the issuance of 100,000 common shares of Minaurum; (ii) the reimbursement of all Taviche project concession fees paid by the Company during 2018 and payment of the remaining concession fees to bring the property into good standing until January 31, 2019, to a maximum of $80,000; and, (iii) the issuance of an additional 100,000 common shares of Minaurum upon receiving all relevant approvals and consents required to be obtained for the commencement of exploration and drilling activities at the Taviche project. Upon acquiring the initial 80% interest, Minaurum will act as operator of the Taviche project having exclusive authority and control over the direction and management of the business and operations of the project.

Additionally, the Company has granted Minaurum an exclusive option to acquire the remaining 20% of the Taviche project for a purchase price of CDN$1,000,000. Until exercise of this option, the Company's 20% interest shall be free carried with no obligation to co-finance project costs and will not be subject to dilution.

On April 17, 2019, the Company announced the closing of this agreement with Minaurum. The Company received 100,000 common shares of Minaurum and a cash payment of $39,452 on closing.

Letter agreement for Jefferson Canyon project, Nevada, USA
On March 4, 2019, the Company announced that it had entered into a non-binding letter agreement with Thorsen-Fordyce Merchant Capital Inc. and TF Minerals (USA) Inc. (together, the "TF parties") relating to the Jefferson Canyon gold-silver project in southern Nevada. The agreement covers 57 unpatented claims located about nine kilometres northeast of Kinross's Round Mountain gold mine. Following a review of the project's historical database, the Company entered into the letter agreement with the TF parties, which provides for an exclusivity period extending to May 31, 2019, in order to conclude a definitive agreement to acquire a 100% interest in the Jefferson Canyon project over a period of up to six years. During the exclusivity period, the Company has the right to complete its due diligence on the Jefferson Canyon project, including an on-site inspection and sampling.

Private placement financing
On March 14, 2019, the Company announced the initiation of a private placement financing of units for up to CDN$500,000 (10,000,000 units). The units in this financing are priced at CDN$0.05 per unit. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of CDN$0.07 per share for a period of 36 months following the date of issuance. In connection with this private placement, the Company may pay finders fees in accordance with TSX Venture Exchange policies. Closing of this private placement financing remains subject to final approval of the TSX Venture Exchange.