CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017

1100 – 1111 Melville Street
Vancouver, B.C. V6E 3V6

TELEPHONE: 604.229.8129
FAX: 604.229.8150

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

17th floor, 1030 West Georgia St., Vancouver, BC, Canada V6E 2Y3

Tel: 604. 714. 3600 Fax: 604. 714. 3669 Web: manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
TNR Gold Corp.

Opinion
We have audited the consolidated financial statements of TNR Gold Corp. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of comprehensive loss, cash flows and changes in shareholders' deficiency for the year then ended and the related notes to the consolidated financial statements, including a summary of significant accounting policies.

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

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 Financial Statements section of our report. 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information
Management is responsible for the other information, which is comprised of the information included in the Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the consolidated financial statements does not cover the other information and do not and will not express any form of assurance conclusion thereon. In connection with our audits 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 and remain alert for indicators that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report. We have nothing to report in this regard.

Other Matter

The consolidated financial statements for the year ended December 31, 2017, which are presented for comparative purposes, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on April 30, 2018.

Material Uncertainty Related to Going Concern
We draw attention to Note 1 of the financial statements, which indicates that the Company has a deficit of $45,894,522. As stated in Note 1, these events and conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITORS' REPORT

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 IFRSs, 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 financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 auditors' report is Fernando Costa.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
April 29, 2019

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

		December 31, 2018		December 31, 2017
ASSETS				
Current				
Cash	$	12,742	$	2,521
Receivables		105,732		14,729
Prepaids		5,326		10,440
Marketable securities (Note 3)		93,410		1,538,532
Convertible debenture receivable (Note 4)		700,001		-
		917,211		1,566,222
Convertible debenture receivable (Note 4)		-		319,640
Derivative asset (Note 4)		-		385,350
Total assets	$	917,211	$	2,271,212
LIABILITIES AND SHAREHOLDERS' DEFICIENCY				
Current				
Accounts payable and accrued liabilities	$	268,735	$	303,385
Loan payable (Note 7)		5,603,584		-
		5,872,319		303,385
Loan payable (Note 7)		-		4,669,653
		5,872,319		4,973,038
Shareholders' deficiency				
Share capital (Note 8)		35,505,199		35,505,199
Reserves (Note 8)		5,434,215		5,055,484
Deficit		(45,894,522)		(43,262,509)
		(4,955,108)		(2,701,826)
Total liabilities and shareholders’ deficiency	$	917,211	$	2,271,212

Nature and continuance of operations (Note 1)
Commitments (Note 9)
Subsequent events (Note 13)

On behalf of the Board on April 29, 2019

“Kirill Klip” Director *“Maurice Brooks”* Director

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

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

	2018	2017
OPERATING EXPENSES		
Administration fees (Note 9)	$ 2,919	$ 31,496
Consulting fees (Note 9)	120,444	107,224
Directors' fees (Note 9)	60,932	30,000
Foreign exchange (gain) loss	2,554	(19,849)
Interest and bank charges (Note 7)	939,329	783,673
Management fees (Note 9)	58,667	49,000
Office and miscellaneous	49,379	32,879
Professional fees	119,846	153,232
Property expenditures	63,604	106,340
Shareholder communications	20,703	12,176
Share-based payments (Note 9)	378,731	229,408
Transfer agent and filing fees	16,556	18,061
Travel and related	5,988	10,107
Total operating expenses	(1,839,652)	(1,543,747)
Other income (loss)		
Interest income (Note 4)	104,424	22,210
Gain on sale of interest in associate	-	21,047
Gain on debt settlement (Note 9)	-	394,269
Unrealized gain (loss) marketable securities (Note 3)	(317,623)	203,682
Unrealized loss on change in fair value of convertible note (Note 4)	(385,349)	-
Unrealized loss on equity conversion option (Note 4)	-	(6,573)
Realized loss on marketable securities (Note 3)	(598,505)	(81,042)
Unrealized gain on loss of significant influence	-	2,131,731
Gain on debt write-off	24,332	-
Total other income (loss)	(1,172,721)	2,685,324
Net income (loss) for the year	(3,012,373)	1,141,577
Other comprehensive income		
Foreign currency translation	-	2,498
Comprehensive income (loss) for the year	$ (3,012,373)	$ 1,144,075
Basic and diluted income (loss) per common share	$ (0.02)	$ 0.01
Weighted average number of common shares	157,016,447	

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

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

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Comprehensive income (loss) for the year	$ (3,012,373)	$ 1,141,577
Items not affecting cash:		
Gain on debt settlement	-	(394,269)
Gain on debt write-off	(24,332)	-
Gain on sale of interest in associate	-	(21,047)
Interest expense	933,931	778,275
Interest income on convertible securities	-	(22,210)
Realized loss on marketable securities	598,505	81,042
Share-based payments	378,731	229,408
Unrealized (gain) loss on marketable securities	317,623	(203,682)
Unrealized gain on loss of significant influence	-	(2,131,731)
Unrealized loss on change in fair value of convertible note	385,349	-
Unrealized loss on equity conversion option	-	6,573
Changes in non-cash working capital items:		
Receivables	(91,003)	(12,648)
Prepaids	5,114	(10,440)
Accounts payable and accrued liabilities	(10,318)	(29,331)
Net cash used in operating activities	(518,773)	(588,483)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in convertible securities	-	(586,650)
Investment in marketable securities	-	(71,232)
Proceeds from sale of marketable securities	621,077	855,468
Proceeds on sale of interest in associate	-	21,540
Purchase of marketable securities	(92,083)	-
Net cash provided by investing activities	528,994	219,126
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issued for private placement	-	257,297
Share issuance cost on private placement	-	(2,386)
Net cash provided by financing activities	-	254,911
Net change in cash	10,221	(114,446)
Cash, beginning of the year	2,521	116,967
Cash, end of the year	$ 12,742	$ 2,521

Significant non-cash transactions during the years ended December 31, 2018 and 2017:

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

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

TNR GOLD CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Share capital										
	Number		Amount		Reserves		Accumulated other comprehensive income (loss)		Deficit		Total
Balance, December 31, 2016	149,816,447	$	35,147,585	$	4,959,584	$	(2,498)	$	(44,404,086)	$	(4,299,415)
Shares issued for private placement, net	7,200,000		357,614		-		-		-		357,614
Sale of interest in associate (Note 5)	-		-		(11,675)		219		-		(11,456)
Loss of significant influence over associate	-		-		(121,833)		2,279		-		(119,554)
Share-based payments	-		-		229,408		-		-		229,408
Net income for the year	-		-		-		-		1,141,577		1,141,577
Balance, December 31, 2017	157,016,447	$	35,505,199	$	5,055,484	$	-	$	(43,262,509)	$	(2,701,826)
IFRS 9 transition adjustment	-		-		-		-		380,360		380,360
Share-based payments	-		-		378,731		-		-		378,731
Net loss for the year	-		-		-		-		(3,012,373)		(3,012,373)
Balance, December 31, 2018	157,016,447	$	35,505,199	$	5,434,215	$	-	$	(45,894,522)	$	(4,955,108)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

TNR Gold Corp. (the "Company") was incorporated on January 14, 1988 under the laws of the Province of British Columbia. The Company's head office address is Suite 1100 – 1111 Melville Street, Vancouver, British Columbia, Canada, V6E 3V6. The registered and records office address is Suite 400 – 725 Granville Street, Vancouver B.C. V7Y 1G5. The Company is listed on the TSX Venture Exchange and trades under the stock symbol "TNR".

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

These consolidated financial statements of the Company have been prepared using accounting policies applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they fall due for the foreseeable future. The Company has not generated revenue from operations and has an accumulated deficit of $45,894,522 at December 31, 2018. These circumstances comprise a material uncertainty which may cast significant doubt as to the ability of the Company to continue as a going concern and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern.

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Presentation

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

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

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

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. All inter-company transactions and accounts have been eliminated upon consolidation. The Company's subsidiaries are as follows:

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

Significant accounting judgments and estimates

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

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

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

Foreign exchange

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

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

Foreign exchange (cont'd…)

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

Marketable securities and investment in securities

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

Convertible debenture receivable

The Company's investment in a convertible loan receivable can be converted to equity of the loan party at any time prior to maturity. As a result, the instrument is composed of an asset component and an embedded derivative component. An embedded derivative is a component of a hybrid contact that also includes a non-derivative host, with the effect that some of the cash of the combined instrument vary in a way similar to a stand-alone derivative. The embedded derivative component within the convertible loan receivable are assessed in its entirety, and the convertible loan receivable as a whole is measured at fair value through profit or loss. The fair value is established using the effective intertest method and Black-Scholes option pricing model. Subsequent to initial recognition, the convertible loan receivable is measured at amortized cost using the effective interest method combined with the embedded derivative component which is revalued using Black-Scholes option pricing model with the difference in fair value recorded in profit or loss.

Investment in associate

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

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

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

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

Mineral properties – exploration and evaluation assets

Pre-exploration costs are expensed as incurred.

Costs directly related to the exploration and evaluation of mineral properties are capitalized once the legal rights to explore the mineral properties are acquired or obtained. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property **are** transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

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

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

Impairment of tangible and intangible assets

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

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

Provision for environmental rehabilitation

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

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

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

Financial Instruments

On January 1, 2018 the Company adopted IFRS 9, Financial Instruments. This new standard replaces International Accounting Standards ("IAS") 39. Financial Instruments: Recognition and Measurement.

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9 and, therefore, the accounting policy with respect to financial liabilities is unchanged.

The following is the Company's new accounting policy for financial assets and liabilities under IFRS 9:

Financial assets

The Company will now classify its financial assets in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (FVTOCI"), or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

The Company's accounting policy for each of the categories is as follows:

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of financial assets held at FVTPL are included in the statement of (loss) income in the period.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income in they arise.

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost: The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

The following table shows the classification of the Company's financial assets under IFRS 9:

Financial asset	IFRS 9 Classification
Cash	Fair value through profit or loss
Receivables	Amortized cost
Marketable securities	Fair value through profit or loss
Convertible debentures receivable	Fair value through profit or loss

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

Financial Instruments (cont'd…)

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

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

Other financial liabilities: This category includes accounts payable and loan payable which are recognized at amortized cost using the effective interest method.

Transaction costs in respect of financial instruments at fair value through profit or loss are recognized in the statement of operations and comprehensive loss immediately, while transaction costs associated with all other financial instruments are included in the initial measurement of the financial instrument.

IFRS 9 resulted in the Company no longer separating the embedded derivative from its host contract and the entire asset is measured at fair value through profit or loss. The adoption of IFRS 9 resulted in balances shown as convertible debenture receivable and derivative asset as at December 31, 2017 to be combined into a single figure and shown as convertible debenture receivable as at December 31, 2018. The Company adopted the standard retrospectively.

Borrowing costs

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

Share-based payments

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

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

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

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

Income (loss) per share

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

Income taxes

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

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

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

New standard not yet adopted

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the year ended December 31, 2018 and have not been applied in preparing these consolidated financial statements. The new and revised standards are as follows:

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

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

(Expressed in Canadian Dollars)

3. MARKETABLE SECURITIES

		2018		2017
Eastern Zinc Corp. (cost $26,433; 2017 - $26,433)	$	3,575	$	2,600
International Lithium Corp. ("ILC") (cost $387,745; 2017 - $1,334,850)		89,835		1,535,932
Total	$	93,410	$	1,538,532

For the year ended December 31, 2018, the Company:

- Participated in the private placement of ILC for a total of 900,000 units ("Unit") as a price at a price of $0.20 per Unit in the amount of $180,000. Each Unit consisted of one common share and one-half share purchase warrant. Each warrant is exercisable at a price $0.30 for a period of 24 months from closing. The warrants are valued at $nil.
- Sold 6,703,000 ILC common shares for proceeds of $621,077 resulting in a realized loss of $598,505. The adjustment to fair value as at December 31, 2018 resulted in an unrealized loss of $317,623.

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

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

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

4. CONVERTIBLE DEBENTURE RECEIVABLE AND DERIVATIVE ASSET

Convertible Debentures Receivable

During the year ended December 31, 2017, the Company invested $700,000 in the convertible securities of ILC. The convertible securities bear interest at 15% per annum, receivable January 31 of each year, and have a maturity date of January 31, 2019. The Company may convert at any time, all or a portion of the principal into common shares of ILC at a price of $0.14 per common share. ILC has the right to repay the convertible loan, at any time on the last business day of the month, upon 10 days' notice to the lender. During the year ended December 31, 2018, the Company earned interest income $104,424 (2017 - $22,210). As at December 31, 2018, the Company accrued interest receivables of $96,082 (2017 - $10,647), recorded within receivables on the consolidated statement of financial position.

On January 1, 2018, the Company adopted IFRS 9 which replaced IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 resulted in the Company no longer separating the embedded derivative from its host contract and the entire asset is measured at fair value through profit or loss. The adoption of IFRS 9 resulted in balances shown as convertible debenture receivable and derivative asset as at December 31, 2017 to be combined into a single figure and shown as convertible debenture receivable as at December 31, 2018.

(Expressed in Canadian Dollars)

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

	Year ended December 31, 2018	Year ended December 31, 2017
Convertible debenture receivable, beginning of year	$ 319,640	$ -
Principal amount advanced	-	700,000
Fair value of conversion feature adjustment, inception	-	(391,923)
Interest receivable attributable to effect interest method	-	11,563
IFRS 9 transition adjustment	765,711	-
Change in fair value of convertible debenture receivable	(385,350)	-
Convertible debenture receivable, end of year	$ 700,001	$ 319,640

The fair value of the equity conversion option component was estimated on transition date to be $385,350. As at December 31, 2018, the fair value of the equity conversion option was $1. As a result, an unrealized loss of $385,349 was recorded. The fair value of the conversion feature is estimated using the Black-Scholes option pricing model assuming a life expectancy of 1.08 years, a risk-free rate of 1.66%, a forfeiture rate of 0%, and volatility of 83.6% on transition date. The fair value of the conversion feature is estimated using the Black-Scholes option pricing model assuming a life expectancy of 0.08 year, a risk-free rate of 1.85%, a forfeiture rate of 0%, and volatility of 108.22% as at December 31, 2018.

Subsequent to the year ended December 31, 2018, the Company received $807,272 representing principal and interest due, up to the date of principal repayment, relating to the Convertible debenture receivable.

5. INVESTMENT IN ASSOCIATE

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

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

	Number of ILC Shares	Investment in Associate
Balance as at December 31, 2016	15,435,000	$ 187,433
Sale of interest in ILC	(135,000)	(1,639)
ILC shares transferred for debt settlement	(1,214,710)	(14,751)
Reclassification as marketable securities	(14,085,290)	(171,043)
Balance as at December 31, 2017 and 2018	-	$ -

5. INVESTMENT IN ASSOCIATE (cont'd)

The Company retains a 1.8% NSR Royalty on the Mariana Lithium property in Argentina. ILC has a right to repurchase 1.0% of the NSR Royalty on the Mariana Lithium property of which 0.9% relates to the Company's NSR interest. The
Company would receive $900,000 on the execution of the repurchase. The project is currently being advanced in a joint venture between ILC and Ganfeng Lithium International Co. Ltd.

6. EXPLORATION AND EVALUATION ASSETS

Title to Mineral Property Interests

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company relies on the confirmation of its ownership for mining claims from the appropriate government agencies when paying rental payments for such mining claims requested by these agencies. There could be a risk in the future of the changing internal policies of such government agencies or risk related to third parties challenging in the future the ownership of such mining claims. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its interests are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers and rights of ownership may be affected by undetected defects.

Shotgun Gold Project (Alaska)

The Company, through its 90% controlled subsidiary Bristol Exploration Co. Inc., owns 100% of certain unpatented mineral claims located in the Kuskokwim and Bristol Bay district, Alaska. NovaGold Resources Alaska, Inc. retains a 2% net smelter returns royalty ("NSR") which can be purchased by the Company for US$5,000,000 any time prior to a production decision being made. A portion of the claims are subject to a 5% net proceeds royalty.

Solitario Properties (Argentina)

Los Azules (Argentina)

The Company has an NSR on the Los Azules Project of 0.36%. The porphyry copper project is owned and operated by McEwen Mining Inc.

Mariana Property (Argentina)

TNR retains a 1.8% NSR Royalty on the Mariana Lithium property in Argentina. ILC has a right to repurchase 1.0% of the NSR Royalty on the Mariana Lithium property of which 0.9% relates to the Company's NSR interest. The Company would receive $900,000 on the execution of the repurchase. The project is currently being advanced in a joint venture between ILC and Ganfeng Lithium International Co. Ltd.

(Expressed in Canadian Dollars)

7. LOAN PAYABLE

The Company has a loan for an original principal amount of $3,500,000. The loan was restructured in 2015. Under the terms of the restructuring, the Company granted the following financing benefits to the lender ("Lender"):

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

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

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

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

Subsequent to the year ended December 31, 2018, the Company revised the loan agreement whereby the loan and accrued interest has been extended to January 31, 2022. The Company made a payment of $300,000 on February 12 2019 reducing total outstanding amount of principle and accrued interest.

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

		Loan Payable
Balance, December 31, 2016	$	3,891,378
Interest expense		778,275
Balance, December 31, 2017	$	4,669,653
Interest expense		933,931
Balance, December 31, 2018	$	5,603,584
Principal	$	4,310,449
Interest accrued		1,293,135
Balance, December 31, 2018	$	5,603,584

(Expressed in Canadian Dollars)

8. SHARE CAPITAL

Authorized:

Unlimited common shares without par value

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

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance outstanding and exercisable, December 31, 2016, 2017 and 2018	7,200,000	$ 0.05

At December 31, 2018, warrants were outstanding enabling holders to acquire common shares as follows:

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

Stock options

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

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (cont'd…)

Stock options (cont'd…)

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance outstanding, December 31, 2016	11,950,000	$ 0.08
Granted	12,200,000	0.05
Cancelled	(8,950,000)	0.07
Balance outstanding and exercisable, December 31, 2017	15,200,000	0.05
Granted	2,100,000	0.05
Cancelled	(2,000,000)	0.05
Balance outstanding and exercisable, December 31, 2018	15,300,000	$ 0.05

As at December 31, 2018, the following stock options are outstanding:

Number of Options	Exercise Price	Expiry Date
1,550,000	$ 0.05	June 13, 2019
2,550,000	0.06	July 20, 2021
1,150,000	0.05	October 12, 2021
5,900,000	0.05	August 15, 2022
2,050,000	0.055	December 7, 2022
2,000,000	0.05	September 26, 2023
100,000	0.05	December 18, 2023
15,300,000		

Share-based payments

On September 26, 2018, the Company granted 2,000,000 stock options to directors to directors, officers and consultants of the Company at an exercise price of $0.05 per common share. The Options are exercisable for a period of 5 years and vested and became exercisable on the date of grant. The fair value per option calculated using the Black-Scholes option-pricing model was $0.04.

On December 18, 2018, the Company granted 100,000 stock options to an advisory board member at an exercise price of $0.05 per common share. The Options will vest and become exercisable over a one-year period (25% every quarter). The fair value per option calculated using the Black-Scholes option-pricing model was $nil.

Total share-based payment expense recognized in profit or loss for the year ended December 31, 2018 was $378,731.

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

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS AND BALANCES

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

Management Compensation and other related party transactions

During the year ended December 31, 2018 and 2017, the Company entered into transactions with key management personnel as follows:

Transaction	Relationship	2018	2017
Administration fees	Spouse of a former director	$ -	$ 2,000
Administration fees	Officer of a subsidiary	2,919	29,496
Consulting fees	A company controlled by a former officer	12,333	6,000
Consulting fees	A company controlled by an officer	36,000	36,000
Consulting fees	Directors and former director of the Company	19,833	11,000
Consulting fees	Former officer	-	4,780
Directors' fees	Directors and former director of the Company	60,932	30,000
IT services	A company controlled by a former director	12,535	-
Management fees	A company controlled by a former director	-	3,500
Management fees	A company controlled by a former officer	-	3,500
Management fees	Director and executive officer	58,667	36,000
Rent (office)	Private company with a former director in common	-	2,000
Share-based payments	Directors and officers	289,553	202,538
		$ 492,772	$ 366,814

Accounts payable and accrued liabilities include amounts due to directors, officers and former directors and officers and a company related by common directors and officer of the Company at December 31, 2018 of $80,883 (2017 - $76,698). With the exception of the short-term promissory note described below, all amounts are non-interest bearing and have no formal terms of repayment.

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS AND BALANCES (cont'd…)

Included in accounts payable and accrued liabilities as at December 31, 2018 and December 31, 2017 is a short-term promissory note payable to a director of the Company's subsidiary. The promissory note has a principal balance of US$25,000 which accrues interest at a rate of 12% per annum. The promissory note was granted with respect to the termination of a formal compensation arrangement with the Director.

During the year ended December 31, 2017, the Company transferred ownership of 1,214,710 common shares of ILC to directors, officers and former directors and officers of the Company to settle accounts payable of $398,710 and recognized a gain on debt settlement of $394,269.

Commitments - Consulting agreements

The Company entered into consulting agreements with two officers of the Company for the provision of consulting services at a current cost of $72,000 and $180,000 per annum respectively. The agreements renew annually at the discretion of the Company's compensation committee. If either of the agreements are terminated without cause, the Company is required to pay a lump sum equal to the greater of (a) one months' fees for each year the consultant has acted on behalf of the Company and (b) twelve months' worth of fees. Should the Company be subject to a change in control and the consultant terminated without cause, the Company must pay an amount equal to three times the prior twelve months gross pay.

Commitments - Bonus

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

10. INCOME TAXES

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

	2018	2017
(Loss) income before income taxes	$ (3,012,373)	$ 1,141,577
Expected income tax (recovery)	$ (813,000)	$ 298,000
Non-deductible and other items	225,000	(285,000)
Changes in statutory, foreign tax, foreign exchange rates and other	(66,000)	967,000
Expiry of non-capital losses	196,000	1,373,000
Adjustment to prior years provision versus statutory tax returns	57,000	(170,000)
Change in unrecognized deductible temporary differences	401,000	(2,183,000)
Income tax recovery	-	-

(Expressed in Canadian Dollars)

10. INCOME TAXES (cont'd…)

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

	2018	2017
Deferred income tax assets:		
Exploration and evaluation assets	$ 6,368,000	$ 6,431,000
Property and equipment	17,000	16,000
Other deferred tax assets	75,000	14,000
Non-capital losses carried forwards	4,800,000	4,396,000
Net deferred income tax assets not recognized	$ 11,260,000	$ 10,857,000

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

The Company has approximately $16,497,011 in non-capital losses for Canadian income tax purposes, $871,000 for United States income tax purposes and $268,000 for Argentinean income tax purposes. These losses, if not utilized, will expire for Canada and the United States through 2038 and for Argentina through 2023.

11. CAPITAL MANAGEMENT

The Company's capital structure consists of shareholders' deficiency. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing, selling assets, and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements other than as disclosed in Note 6. The Company does not have adequate sources of capital to complete its exploration plan, current obligations and ultimately the development of its business over the long term and will need to raise adequate capital by obtaining equity financing, selling assets and/or incurring debt. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

12. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial instruments

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

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

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

Financial instruments (cont'd…)

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

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

Risk management

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

Credit risk

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

Currency risk

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

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

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

Interest rate risk

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

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

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

Risk management (cont'd…)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has historically relied upon equity financings, short-term debt and the optioning of its mineral properties to other mining entities to satisfy its capital requirements and will continue to depend heavily upon these financing activities. All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The loan matures January 31, 2019 and subsequent to the year ended December 31, 2018 the loan has been extended to January 31, 2022. The Company is exposed to risk that it will encounter difficulty in satisfying liabilities on maturity. The loan is secured by a promissory note and general security agreement.

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

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

Price Risk

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

The Company's marketable securities amounting to $93,410 are subject to fair value fluctuations. As at December 31, 2018, if the fair value of the Company's marketable securities had decreased/increased by 10% with all other variables held constant, loss and comprehensive loss for the year would have been approximately $9,341 higher/lower. Similarly, as at December 31, 2017, reported equity would have been approximately $145,000 lower/higher as a result of a 10% decrease/increase in the fair value of the Company's marketable securities.

13. SUBSEQUENT EVENTS

Subsequent to December 31, 2018 the following events occurred:

a) The Company's convertible debenture receivable matured on January 31, 2019. The Company served ILC with a notice of default on February 1, 2019, following which the Company received $807,273, representing principal and interest due up to the date of repayment on February 7, 2019.

b) The Company revised the loan agreement whereby the loan and accrued interest has been extended to January 31, 2022. Company made a payment of $300,000 on February 12, 2019 reducing total outstanding amount of principle and accrued interest.

c) The Company's consulting agreement at a current cost of $72,000 with an officer has been terminated due to their resignation.

d) The Company sold 805,000 ILC shares for proceeds of $47,200