



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 of the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2019. These financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

RADIUS GOLD INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)**

(Expressed in Canadian Dollars)

As at:	September 30, 2019	December 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents (Note 5)	\$ 1,256,020	\$ 1,605,190
Equity investments (Note 6)	3,035,108	3,110,932
Derivative investments (Note 7)	2,955	69,136
Receivables (Note 8)	83,815	240,257
Prepaid expenses and deposits (Note 15)	53,367	254,689
	4,431,265	5,280,204
Non-current assets		
Long-term deposits (Note 15)	123,098	123,098
Property and equipment (Note 9)	36,106	48,536
Right-of-use asset (Note 10)	317,908	-
Mineral and royalty interests (Note 12)	1,377,322	1,377,322
Investment in associate (Note 11)	1	1
	1,854,435	1,548,957
TOTAL ASSETS	\$ 6,285,700	\$ 6,829,161
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 15)	\$ 83,288	\$ 70,489
Current portion of lease liability (Note 10)	46,484	-
	129,772	70,489
Non-current liabilities		
Lease liability (Note 10)	288,283	-
Total liabilities	418,055	70,489
Shareholders' equity		
Share capital (Note 13)	56,613,144	56,599,289
Other equity reserve	6,976,582	6,979,084
Deficit	(54,606,324)	(53,912,942)
Accumulated other comprehensive income	(3,115,757)	(2,906,759)
Total shareholders' equity	5,867,645	6,758,672
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 6,285,700	\$ 6,829,161

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS AND AUTHORIZED FOR ISSUE ON NOVEMBER 26, 2019 BY:

"Simon Ridgway", Director
Simon Ridgway

"William Katzin", Director
William Katzin

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

RADIUS GOLD INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND OTHER COMPREHENSIVE INCOME (LOSS)**
(UNAUDITED)

(Expressed in Canadian Dollars)

	Three months ended		Nine months ended	
	2019	2018	2019	2018
Exploration expenditures (Note 15)	\$ 255,088	\$ 131,754	\$ 448,347	\$ 645,339
General and administrative expenses				
Amortization (Note 9)	3,608	4,474	12,430	13,671
Depreciation of right-of-use asset (Note 10)	15,241	-	45,061	-
Interest expense on lease liability (Note 10)	8,229	-	24,986	-
Legal and audit fees	15,703	-	39,149	5,560
Management fees (Note 15)	10,500	10,500	31,500	31,500
Office and miscellaneous (Note 15)	9,233	25,242	23,481	81,824
Salaries and benefits (Note 15)	34,980	28,016	87,326	93,038
Share-based compensation (Note 14)	3,103	-	3,103	112,933
Shareholder communications (Note 15)	29,661	455	36,163	6,091
Transfer agent and regulatory fees (Note 15)	2,312	2,672	13,649	12,673
Travel and accommodation (Note 15)	2,727	1,884	9,115	10,096
	135,297	73,243	325,963	367,386
Loss from operations	(390,385)	(204,997)	(774,310)	(1,012,725)
Investment income	36,351	3,822	41,302	11,618
Foreign currency exchange loss	(22,961)	(2,961)	(30,363)	(5,623)
Gain from mineral property option agreements (Note 12)	-	103,518	199,170	103,518
Fair value loss on derivative investments (Note 7)	(93,514)	(67,156)	(129,181)	(123,517)
Net loss for the period	\$ (470,509)	\$ (167,774)	\$ (693,382)	\$ (1,026,729)
Other comprehensive income (loss)				
Items that will not be reclassified subsequently to profit or loss:				
Gains (losses) on sale of equity investments (Note 6)	69,905	(1,091)	78,106	26,597
Fair value gains (losses) on equity investments (Note 6)	279,419	(2,288,477)	(287,104)	222,021
Total comprehensive loss	\$ (121,185)	\$ (2,457,342)	\$ (902,380)	\$ (778,111)
Basic and diluted loss per share	\$(0.01)	\$(0.00)	\$(0.01)	\$(0.01)
Weighted average number of common shares outstanding	86,804,800	86,675,617	86,780,020	86,675,617

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

RADIUS GOLD INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)**

For the nine months ended September 30, 2019 and 2018

(Expressed in Canadian Dollars)

	Number of common shares	Share capital	Other equity reserve	Accumulated other comprehensive income (loss)	Deficit	Total
Balance, December 31, 2017	86,675,617	\$ 56,592,613	\$ 6,849,808	\$ 872,770	\$ (54,326,100)	\$ 9,989,091
Impact of adopting IFRS 9 on January 1, 2018	-	-	-	(1,978,852)	1,978,852	-
Balance, January 1, 2018	86,675,617	56,592,613	6,849,808	(1,106,082)	(52,347,248)	9,989,091
Loss for the period	-	-	-	-	(1,026,729)	(1,026,729)
Equity investments	-	-	-	248,618	-	248,618
Share-based compensation	-	-	112,933	-	-	112,933
Balance, September 30, 2018	86,675,617	56,592,613	6,962,741	(857,464)	(53,373,977)	9,323,913
Loss for the period	-	-	-	-	(538,965)	(538,965)
Shares issued for mineral property acquisition	74,183	6,676	-	-	-	6,676
Equity investments	-	-	-	(2,049,295)	-	(2,049,295)
Share-based compensation	-	-	16,343	-	-	16,343
Balance, December 31, 2018	86,749,800	56,599,289	6,979,084	(2,906,759)	(53,912,942)	6,758,672
Loss for the period	-	-	-	-	(693,382)	(693,382)
Options exercised	55,000	8,250	-	-	-	8,250
Transfer of other equity reserve on exercise of options	-	5,605	(5,605)	-	-	-
Equity investments	-	-	-	(208,998)	-	(208,998)
Share-based compensation	-	-	3,103	-	-	3,103
Balance, September 30, 2019	86,804,800	\$ 56,613,144	\$ 6,976,582	\$ (3,115,757)	\$ (54,606,324)	\$ 5,867,645

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

RADIUS GOLD INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

(Expressed in Canadian Dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Cash provided by (used in):				
OPERATING ACTIVITIES				
Net loss for the period	\$ (470,509)	\$ (167,774)	\$ (693,382)	\$ (1,026,729)
Items not involving cash:				
Amortization	3,608	4,474	12,430	13,671
Gain from mineral property option agreement	-	(103,518)	(199,170)	(103,518)
Depreciation of right-of-use asset	15,241	-	45,061	-
Interest expense on lease liability	8,229	-	24,986	-
Fair value loss on derivative investments	93,514	67,156	129,181	123,517
Share-based compensation	3,103	-	3,103	112,933
	(346,814)	(199,662)	(677,791)	(880,126)
Changes in non-cash working capital items:				
Receivables	92,803	(162,977)	156,442	(143,202)
Prepaid expenses and deposits	3,721	(26,777)	201,322	(29,509)
Accounts payable and accrued liabilities	28,845	(105,028)	12,799	(115,321)
Cash used in operating activities	(221,445)	(494,444)	(307,228)	(1,168,158)
FINANCING ACTIVITY				
Proceeds on issuance of common shares	-	-	8,250	-
Repayment of lease obligation	(17,729)	-	(53,188)	-
Cash used for financing activity	(17,729)	-	(44,938)	-
INVESTING ACTIVITIES				
Purchase of equity investments	(100,000)	-	(310,000)	(18,064)
Expenditures on exploration and evaluation asset acquisition costs	-	(13,754)	-	(71,486)
Proceeds from mineral property option agreements	-	130,620	199,170	130,620
Proceeds from sale of equity investments	101,665	5,945	113,826	45,433
Cash provided by investing activities	1,665	122,811	2,996	86,503
Decrease in cash and cash equivalents	(237,509)	(371,633)	(349,170)	(1,081,655)
Cash and cash equivalents, beginning of period	1,493,529	2,607,645	1,605,190	3,317,667
Cash and cash equivalents, end of period	\$ 1,256,020	\$ 2,236,012	\$ 1,256,020	\$ 2,236,012

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

Radius Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

1. CORPORATE INFORMATION

Radius Gold Inc. (the “Company”) was formed by the amalgamation of Radius Explorations Ltd. and PilaGold Inc. effective on July 1, 2004 under the laws of British Columbia.

The Company is engaged in acquisition and exploration of mineral properties and investment in companies which hold mineral property interests. The address of the Company’s head office and principal place of business is 650 – 200 Burrard Street, Vancouver, BC, Canada V6C 3L6.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed interim consolidated financial statements are prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting under International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the most recent annual financial statements of the Company, except as described in Note 3. These condensed interim consolidated financial statements do not contain all of the information required for full annual financial statements. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company’s most recent annual financial statements, which were prepared in accordance with IFRS as issued by the IASB.

Basis of Measurement

These condensed interim consolidated financial statements have been prepared on the historical cost basis as modified by any revaluation of financial assets measured at fair value.

The condensed interim consolidated financial statements are presented in Canadian dollars (“CDN”), which is also the Company’s functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Nature of Operations

These financial statements have been presented on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. A wholly owned subsidiary is an entity in which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. All material intercompany transactions and balances have been eliminated on consolidation. Subsidiaries are deconsolidated from the date control ceases.

Details of the Company’s principal subsidiaries at September 30, 2019 are as follows:

Name	Place of Incorporation	Interest %	Principal Activity
Minerales Sierra Pacifico S.A.	Guatemala	100%	Exploration company
Radius Gold (U.S.) Inc.	Nevada, USA	100%	Exploration company
Geometales Del Norte-Geonorte	Mexico	100%	Exploration company
Radius (Cayman) Inc.	Cayman Islands	100%	Investment Holding company

Radius Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES AND ADOPTION OF NEW ACCOUNTING STANDARDS

IFRS 16 Leases

The Company adopted IFRS 16 *Leases* (“IFRS 16”) effective January 1, 2019. The following is the new accounting policy for leases under IFRS 16.

At inception, the Company assesses whether a contract contains an embedded lease. A contract contains a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Company, as lessee, is required to recognize a right-of-use asset (“ROU asset”), representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments. The Company may elect to not apply IFRS 16 to leases with a term of less than 12 months or to low value assets, which is made on an asset by asset basis.

The Company recognizes a ROU asset and a lease liability at the commencement of the lease. The ROU asset is initially measured based on the present value of lease payments, plus initial direct cost, less any incentives received. It is subsequently measured at cost less accumulated depreciation, impairment losses and adjusted for certain remeasurements of the lease liability. The ROU asset is depreciated from the commencement date over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. The incremental borrowing rate is the rate which the operation would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment.

Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Variable lease payments that do not depend on an index or a rate not included in the initial measurement of the ROU asset and lease liability are recognized as an expense in the consolidated statement of income in the period in which they are incurred.

The ROU assets are presented within “Right-of-use assets” and the lease liabilities are presented in “Lease liability” on the consolidated statement of financial position.

Radius Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES AND ADOPTION OF NEW ACCOUNTING STANDARDS – (cont'd)

Adoption of IFRS 16 Leases

Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach. The comparative figures for the 2018 reporting period have not been restated and are accounted for under IAS 17 *Leases*, and IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, as permitted under the specific transitional provisions in the standard.

The Company applied the exemption not to recognize right of use asset and liabilities for leases with less than 12 months of lease term and leases for low-value assets when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

The Company has an office lease for its headquarters in Vancouver, British Columbia that was classified as an operating lease under IAS 17. At transition to IFRS 16, this lease liability was measured at the present value of the remaining lease payments and discounted using an incremental borrowing rate of 10% as of January 1, 2019. As a result, the Company, as a lessee, has recognized \$362,969 as a Lease Liability, representing its obligation to make lease payments. An ROU asset of the same amount was recognized as a Right-of-use Asset, representing its right to use the underlying asset.

The following table summarizes the difference between the operating lease commitment disclosed immediately preceding the date of initial application and lease liability recognized on the consolidated statement of financial position at the date of initial application:

Operating lease obligation as at December 31, 2018	\$	1,281,188
Variable lease payments		(476,172)
Change in estimate in lease component		(322,008)
Effect of discounting at incremental borrowing rate		(120,039)
Lease liability recognized as of January 1, 2019	\$	362,969

Adoption of IFRIC 23 Uncertainty Over Income Tax Treatments

This interpretation sets out how to determine the accounting for a tax position when there is uncertainty over income tax treatments. At January 1, 2019, the Company adopted this standard and there was no impact on its condensed interim consolidated financial statements.

Radius Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

The key areas of judgment applied in the preparation of the condensed interim consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- a) Where the Company holds the largest shareholding in an investment and has the power to exercise significant influence through common officers and board members, such an investment is treated as an associate. The Company can exercise significant influence over Rackla Metals Inc. (“Rackla”);
- b) The functional currency for each of the Company’s subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders functional currency of its entities if there is a change in events and conditions which determined the primary economic environment;
- c) The application of the Company’s accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company.

If, after exploration and evaluation assets is capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, the Company carries out an impairment test at the cash generating unit or group of cash generating units level in the year the new information becomes available; and

- d) The determination of when receivables are impaired requires significant judgment as to their collectability.

The key estimate applied in the preparation of the consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities is as follows:

- a) The Company is subject to income tax in several jurisdictions and significant judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognized when, despite the Company's belief that its tax return positions are supportable, the company believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The Company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The Company does not hold any deposits with maturities of greater than three months from the date of acquisition.

Radius Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

6. EQUITY INVESTMENTS

The Company's equity investments consist of the following:

Number of common shares held as at:					
			September 30, 2019	December 31, 2018	
CROPS Inc. (formerly Focus Ventures Ltd.) ("CROPS")			6,764,027		2,564,027
Fortuna Silver Mines Inc. ("Fortuna")			239,385		239,385
GrowMax Resources Corp. ("GrowMax")			1,150,000		1,150,000
Medgold Resources Corp. ("Medgold")			10,126,500		10,126,500
Metalla Royalty and Streaming Ltd. (formerly ValGold Resources Ltd.) ("Metalla")			333,400		166,700
Southern Silver Exploration Corp. ("Southern Silver")			813,000		1,259,500
Volcanic Gold Mines Inc. ("Volcanic")			460,412		460,412
Warrior Gold Inc. (formerly War Eagle Mining Company Inc. and Champagne Resources Limited) ("Warrior")			233,781		233,781

	CROPS	Fortuna	GrowMax	Medgold	Metalla
Balance, December 31, 2017	\$ 256,403	\$ 1,570,366	\$ 126,000	\$ 1,606,400	\$ 70,000
Acquisition of shares	-	-	-	18,064	-
Disposition of shares	-	-	(7,036)	-	-
Net change in fair value recorded in other comprehensive income	(166,662)	(373,441)	(26,964)	(358,651)	70,028
Balance, December 31, 2018	89,741	1,196,925	92,000	1,265,813	140,028
Acquisition of shares	147,000	-	-	-	100,000
Disposition of shares	-	-	-	-	-
Net change in fair value recorded in other comprehensive income	(135,281)	(215,446)	5,750	(202,530)	200,060
Balance, September 30, 2019	\$ 101,460	\$ 981,479	\$ 97,750	\$ 1,063,283	\$ 440,088

	Southern Silver	Volcanic	Warrior	Total
Balance, December 31, 2017	\$ 534,660	\$ 725,149	\$ 50,000	\$ 4,938,978
Acquisition of shares	-	-	-	18,064
Disposition of shares	(11,800)	-	-	(18,836)
Net change in fair value recorded in other comprehensive income	(277,258)	(660,691)	(33,635)	(1,827,274)
Balance, December 31, 2018	245,602	64,458	16,365	3,110,932
Acquisition of shares	-	-	-	247,000
Disposition of shares	(35,720)	-	-	(35,720)
Net change in fair value recorded in other comprehensive income	9,627	46,041	4,675	(287,104)
Balance, September 30, 2019	\$ 219,509	\$ 110,499	\$ 21,040	\$ 3,035,108

Radius Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

6. EQUITY INVESTMENTS – (cont'd)

CROPS and Fortuna each have two common directors with the Company. Medgold and Volcanic each have one common director with the Company. All companies are publicly listed companies as of September 30, 2019.

During the period ended September 30, 2019:

- i) Volcanic completed a share consolidation so that every seven existing common shares were exchanged for one new common share of Volcanic. As a result, a total of 3,222,883 common shares of Volcanic held by the Company at the time of consolidation were converted into 460,412 common shares.

During the period ended September 30, 2019, the Company completed the following transactions:

- i) Purchased 4,200,000 units of a CROPS private placement at a cost of \$210,000. Each unit consists of one common share of CROPS and one share purchase warrant; each full warrant entitling the Company to purchase one additional common share of CROPS at \$0.05 for one year. Of the private placement cost, \$147,000 was recorded as the cost of the common shares and \$63,000 was allocated as the fair value of the warrants;
- ii) Purchased 166,700 common shares of Metalla by way of exercising 166,700 share purchase warrants at a cost of \$100,000; and
- iii) Sold in the open market 446,500 common shares of Southern Silver for net proceeds of \$113,826.

Subsequent to the period ended September 30, 2019, the Company completed the following transactions:

- i) Sold in the open market 46,000 common shares of Southern Silver for net proceeds of \$13,273; and
- ii) Sold in the open market its entire Metalla holdings of 333,400 common shares for net proceeds of \$445,234.

The Company also held 3,973,275 free trading common shares of Rackla with a fair value of \$516,526 as of September 30, 2019, which are recorded as an investment in associate (Note 11).

7. DERIVATIVE INVESTMENTS

	Number of share purchase warrants held as at:	
	September 30, 2019	December 31, 2018
CROPS	4,885,675	685,675
Metalla ⁽¹⁾	-	166,700
Volcanic	160,714	160,714
Warrior ⁽²⁾	-	116,890

⁽¹⁾ During the period ended September 30, 2019, the share purchase warrants of Metalla were exercised.

⁽²⁾ During the period ended September 30, 2019, the share purchase warrants of Warrior expired unexercised.

Radius Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

7. DERIVATIVE INVESTMENTS – (cont'd)

	CROPS	Metalla	Volcanic	Warrior	Total
Balance, December 31, 2017	\$ 30,717	\$ 58,301	\$ 107,712	\$ 7,522	\$ 204,252
Net change in fair value recorded in net income	(27,131)	5,632	(106,312)	(7,305)	(135,116)
Balance, December 31, 2018	3,586	63,933	1,400	217	69,136
Acquisition of warrants	63,000	-	-	-	63,000
Net change in fair value recorded in net income	(65,575)	(63,933)	544	(217)	(129,181)
Balance, September 30, 2019	\$ 1,011	\$ -	\$ 1,944	\$ -	\$ 2,955

Pursuant to the Volcanic share consolidation described above, the 1,125,000 share purchase warrants of Volcanic held by the Company at the time of consolidation were converted to 160,714 share purchase warrants.

The fair value of the derivative investments was determined using the Black-Scholes option pricing model with the following inputs:

	Volatility factor	Risk-free interest rate	Expected Life (years)	Expected dividend yield
CROPS	103% – 106%	1.53% – 1.69%	0.30 – 2.48	0%
Volcanic	100%	1.53%	2.44	0%

The share purchase warrants for CROPS and Volcanic are not tradable on an exchange.

8. RECEIVABLES

	September 30, 2019	December 31, 2018
Royalty receivable	\$ 784,180	\$ 784,180
Provision for impairment	(784,180)	(784,180)
Royalty revenue receivable, net	-	-
Sales taxes	8,208	61,572
Exploration expenditure recoveries	55,601	174,003
Other receivables	20,006	4,682
	\$ 83,815	\$ 240,257

The provision for impairment of the royalty receivable was included in profit or loss during the 2016 fiscal year. Uncollectable amounts included in the provision are written off against the provision when there is no expectation of recovery. The royalty revenue receivable was uncollected as of September 30, 2019 as the Company has allowed Kappes, Cassidy & Associates (“KCA”) to defer payment of the balance while KCA prepares a legal strategy to overturn the suspension of operations of its mine-site and seek compensation from the Guatemalan authorities, from which the Company would seek to benefit as well.

Radius Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

9. PROPERTY AND EQUIPMENT

	Leasehold improvements	Trucks	Computer equipment	Furniture and equipment	Geophysical equipment	Field equipment	Total
Cost							
Balance, December 31, 2017	\$ 62,762	\$ 253,095	\$ 252,068	\$ 62,656	\$ 84,882	\$ 2,480	\$ 680,486
Balance, December 31, 2018	62,762	253,095	252,068	62,656	84,882	2,480	717,943
Balance, September 30, 2019	\$ 62,762	\$ 253,095	\$ 252,068	\$ 62,656	\$ 84,882	\$ 2,480	\$ 717,943
Accumulated amortization							
Balance, December 31, 2017	\$ 54,967	\$ 219,811	\$ 242,211	\$ 53,896	\$ 73,699	\$ 2,306	\$ 646,890
Charge for year	6,300	9,098	2,957	1,751	2,237	174	22,517
Balance, December 31, 2018	61,267	228,909	245,168	55,647	75,936	2,480	669,407
Charge for period	1,495	6,989	1,552	1,052	1,342	-	12,430
Balance, September 30, 2019	\$ 62,762	\$ 235,898	\$ 246,720	\$ 56,699	\$ 77,278	\$ 2,480	\$ 681,837
Carrying amounts							
At December 31, 2018	\$ 1,495	\$ 24,186	\$ 6,900	\$ 7,009	\$ 8,946	\$ -	\$ 48,536
At September 30, 2019	\$ -	\$ 17,197	\$ 5,348	\$ 5,957	\$ 7,604	\$ -	\$ 36,106

10. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Company has a lease agreement for its headquarter office space in Vancouver, British Columbia. Upon transition to IFRS 16, the Company recognized \$362,969 for an ROU asset and \$362,969 for a lease liability.

The continuity of the ROU asset and Lease liability for the nine months ended September 30, 2019 is as follows:

Right-of-use asset	
Value of right-of-use asset as at January 1, 2019	\$ 362,969
Depreciation	(45,061)
Value of right-of-use asset as at September 30, 2019	\$ 317,908
Lease liability	
Lease liability recognized as of January 1, 2019	\$ 362,969
Lease payments	(53,188)
Lease interest	24,986
Lease liability recognized as of September 30, 2019	\$ 334,767
Current portion	\$ 46,484
Long-term portion	288,283
	\$ 334,767

Radius Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

11. INVESTMENT IN ASSOCIATE

Rackla

As at September 30, 2019, the Company held 3,973,275 (December 31, 2018: 3,973,275) common shares of Rackla, representing 19.6% (2018: 19.6%) of Rackla's outstanding common shares.

Rackla meets the definition of an associate and has been equity accounted for in the condensed interim consolidated financial statements.

The following table shows the continuity of the Company's interest in Rackla for the period from January 1, 2018 to September 30, 2019:

Balance, December 31, 2017	\$	1
Balance, December 31, 2018		1
Balance, September 30, 2019	\$	1

Prior to the 2015 fiscal year the Company's share of losses in Rackla exceeded the carrying value of its interest and therefore the Company discontinued recognizing its share of further losses. The cumulative unrecognized share of losses for the associate as of September 30, 2019 is \$643,182.

The financial statement balances of Rackla are as follows:

	September 30, 2019	December 31, 2018
Total current assets	\$ 18,218	\$ 97,012
Total assets	\$ 79,543	\$ 160,173
Total liabilities	\$ 245,496	\$ 176,068
Net loss	\$ 211,004 ⁽¹⁾	\$ 175,739 ⁽²⁾

⁽¹⁾ Net loss for nine month period ended September 30, 2019.

⁽²⁾ Net loss for the year ended December 31, 2018.

At September 30, 2019, the fair value of the 3,973,275 common shares of Rackla was \$516,526 (December 31, 2018: \$357,595).

Radius Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

12. MINERAL PROPERTY AND ROYALTY INTERESTS

Acquisition costs	Peru	United States	Guatemala	Mexico	Total
Balance, December 31, 2017	\$ 1,259,505	\$ 137,288	\$ 1	\$ 13,348	\$ 1,410,142
Additions - cash	-	57,732	-	27,400	85,132
Additions - shares	-	-	-	6,676	6,676
Acquisition costs recovered	-	-	-	(47,424)	(47,424)
Write-off acquisition costs	-	(77,204)	-	-	(77,204)
Balance, December 31, 2018	1,259,505	117,816	1	-	1,377,322
Additions - cash	-	-	-	26,626	26,626
Acquisition costs recovered	-	-	-	(26,626)	(26,626)
Balance, September 30, 2019	\$ 1,259,505	\$ 117,816	\$ 1	\$ -	\$ 1,377,322

Title to mineral properties 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 properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

Details of the Company's mineral property interests are disclosed in full in the consolidated financial statements for the year ended December 31, 2018. Significant exploration and evaluation asset transactions that have occurred since January 1, 2019 are as follows:

Amalia Project - Mexico

In 2017, the Company signed a binding agreement with a private individual to option the Amalia Project in the State of Chihuahua, Mexico. The Company can earn a 100% interest in the Amalia Project by making an initial cash payment of US\$5,000 (paid) and by completing staged payments over a period of five years totaling US\$845,000 cash (US\$45,000 paid, of which \$26,626 / US\$20,000 was paid during the period ended September 30, 2019) and, subject to stock exchange approval, US\$15,000 in shares of the Company (\$6,676 / US\$5,000 in shares issued).

In 2018, the Company entered into an option agreement with Pan American Silver Corp. ("Pan American") whereby Pan American can earn up to an initial 65% interest in the Amalia Project by making cash payments to the Company totaling US\$1.5 million, of which \$130,620 (US\$100,000) was received in 2018 and \$199,170 (US\$150,000) was received during the period ended September 30, 2019, and expending US\$2.0 million on exploration over four years. Pan American may earn an additional 10% by advancing the property to a preliminary feasibility stage. The option payment of \$199,170 received during the current period was recorded as a gain from mineral property option agreement.

Tinamaxte Property - Mexico

Subsequent to the period ended September 30, 2019, the Company entered into an option agreement with a private individual to option the Tinamaxte Property in the State of Sonora, Mexico. The Company can earn a 100% interest in the Tinamaxte Property by making an initial cash payment of US\$15,000 (paid), by completing staged payments over a period of five years totaling US\$910,000 cash, and granting to the property owner a 2% NSR royalty. The Company has the right to purchase 1% of the NSR royalty in exchange for a payment of US\$1,000,000.

13. SHARE CAPITAL AND RESERVES

a) Common Shares

The Company is authorized to issue an unlimited number of common shares without par value.

During the period ended September 30, 2019, a total of 55,000 stock options were exercised for proceeds of \$8,250. The Company reallocated the fair value of these options previously recorded in the amount of \$5,605 from other equity reserve to share capital.

Radius Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

14. SHARE-BASED PAYMENTS

a) Option Plan Details

The Company has a formal stock option plan in accordance with the policies of the TSX Venture Exchange (“TSX-V”) under which it is authorized to grant options up to 10% of its outstanding shares to officers, directors, employees and consultants. The exercise price of each option is not less than the closing market price of the Company’s stock on the trading day prior to the date of grant. Options granted to investor relations personnel vest in accordance with TSX-V regulation. The options are for a maximum term of ten years.

The following is a summary of changes in options for the period ended September 30, 2019:

Grant date	Expiry date	Exercise price	Opening balance	During the period			Closing balance	Vested and exercisable
				Granted	Exercised	Forfeited / expired		
Jan 08, 2010	Jan 07, 2020	\$0.29	10,000	-	-	-	10,000	10,000
Jul 29, 2019	Dec 1, 2022	\$0.24	-	150,000	-	-	150,000	-
Dec 13, 2012	Dec 12, 2022	\$0.20	1,585,000	-	-	-	1,585,000	1,585,000
Oct 19, 2016	Oct 18, 2026	\$0.15	1,540,000	-	(30,000)	-	1,510,000	1,510,000
May 22, 2018	May 21, 2028	\$0.15	1,515,000	-	(25,000)	-	1,490,000	1,490,000
Nov 5, 2018	Nov 4, 2028	\$0.15	200,000	-	-	-	200,000	200,000
			4,850,000	150,000	(55,000)	-	4,945,000	4,795,000
		Weighted average exercise price	\$0.17	\$0.24	\$0.15	-	\$0.17	\$0.17

b) Fair Value of Options Issued During the Period

The weighted average fair value at grant date of options granted during the period ended September 30, 2019 was \$0.13 per option (2018: \$0.07).

The weighted average remaining contractual life of the options outstanding at September 30, 2019 is 6.25 years.

Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Options Issued to Non-Employees

Options issued to non-employees are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted using the Black-Scholes option pricing model.

The model inputs for options granted during the period ended September 30, 2019 included:

Grant date	Expiry date	Share price at grant date	Exercise price	Risk-free interest rate	Expected life	Volatility factor	Dividend yield
Jul 29, 2019	Dec 1, 2022	\$0.23	\$0.24	1.43%	3.35 years	86%	0%

Radius Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

14. SHARE-BASED PAYMENTS – (cont'd)

b) Fair Value of Options Issued During the Period – (cont'd)

The expected volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. The risk free rate of return is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche.

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

c) Expenses Arising from Share-based Payment Transactions

Total expenses arising from the share-based payment transactions recognized during the period ended September 30, 2019 as part of share-based compensation expense were \$3,103 (2018: \$112,933).

15. RELATED PARTY TRANSACTIONS

The Company had transactions during the periods ended September 30, 2019 and 2018 with related parties who consisted of directors, officers and the following companies with common directors:

<u>Related Party</u>	<u>Nature of Transactions</u>
Mill Street Services Ltd. ("Mill Street")	Management fees
Gold Group Management Inc. ("Gold Group")	Shared general and administrative expenses
Medgold	Investment and shared personnel expenses
Fortuna	Investment
CROPS	Investment
Volcanic	Investment
Rackla (Associate)	Investment

In addition to related party transactions disclosed elsewhere in the condensed interim consolidated financial statements, the Company incurred the following expenditures charged by non-key management officers and companies which have common directors with the Company in the periods ended September 30, 2019 and 2018:

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General and administrative expenses:				
Salaries and benefits	\$ 7,600	\$ 6,240	\$ 14,800	\$ 18,240
Exploration expenditures:				
Salaries and benefits	3,962	-	11,962	-
	<u>\$ 11,562</u>	<u>\$ 6,240</u>	<u>\$ 26,762</u>	<u>\$ 18,240</u>

Radius Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

15. RELATED PARTY TRANSACTIONS – (cont'd)

The Company reimburses Gold Group, a company controlled by the Chief Executive Officer of the Company, for shared administrative costs and other business related expenses paid by Gold Group on behalf of the Company. During the periods ended September 30, 2019 and 2018, the Company reimbursed Gold Group the following:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
General and administrative expenses:				
Office and miscellaneous	\$ 8,349	\$ 8,682	\$ 23,019	\$ 28,449
Shareholder communications	500	-	5,385	1,210
Salaries and benefits	33,899	27,116	82,710	84,057
Transfer agent and regulatory fees	1,101	1,466	3,770	3,452
Travel and accommodation	2,665	1,885	5,918	5,343
	<u>\$ 46,514</u>	<u>\$ 39,149</u>	<u>\$ 120,802</u>	<u>\$ 122,511</u>
Exploration expenditures	\$ 487	\$ 745	\$ 2,886	\$ 2,663

Gold Group salary and benefits costs for the periods ended September 30, 2019 and 2018 include those for the Chief Financial Officer and Corporate Secretary.

Prepaid expenses and deposits include an amount of \$5,937 (December 31, 2018: \$9,887) paid to Gold Group for shared office and administrative services.

Long-term deposits include an amount of \$60,000 (December 31, 2018: \$60,000) paid to Gold Group as a deposit on the shared office and administrative services agreement.

Accounts payable and accrued liabilities include \$14,563 (December 31, 2018: \$Nil) payable to Gold Group for shared administrative costs.

During the period ended September 30, 2019, the Company purchased 4,200,000 units of a CROPS private placement at a cost of \$210,000 (Note 6).

During the period ended September 30, 2018, the Company acquired 86,500 common shares of Medgold on the open market for a cost of \$18,064.

Key management compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Management fees	\$ 10,500	\$ 10,500	\$ 31,500	\$ 31,500
Geological fees included in exploration expenditures	15,000	15,000	45,000	45,000
Salaries, benefits and fees*	9,167	7,792	24,750	22,001
Share-based payments (value of stock option grants)	-	-	-	22,691
	<u>\$ 34,667</u>	<u>\$ 33,292</u>	<u>\$ 101,250</u>	<u>\$ 121,192</u>

*Included in reimbursements to Gold Group

Key management compensation includes management and geological fees paid to Mill Street, a company controlled by the Chief Executive Officer of the Company.

Radius Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

16. SEGMENTED INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the mining sector relating to mineral exploration except for a royalty interest in a gold producing property. Due to the geographic and political diversity, the Company's exploration operations are decentralized whereby exploration managers are responsible for business results and regional corporate offices provide support to the exploration programs in addressing local and regional issues. The Company's operations are therefore segmented on a district basis. The Company's assets were located in Canada, USA, Guatemala, Peru, Mexico, and Caymans. Details of identifiable assets by geographic segments are as follows:

Period ended September 30, 2019	Canada	USA	Guatemala	Mexico	Other	Consolidated
Exploration expenditures	\$ -	\$ 107,848	\$ 119,719	\$ 143,294	\$ 77,486	\$ 448,347
Gain from mineral property option agreements	-	-	-	199,170	-	199,170
Investment income	41,302	-	-	-	-	41,302
Amortization	5,441	-	-	6,989	-	12,430
Depreciation on right-of-use asset	29,820	-	-	-	-	29,820
Interest expense on lease liability	24,986	-	-	-	-	24,986
Net income (loss)	(387,781)	(107,848)	(119,719)	5,153	(83,187)	(693,382)
Capital expenditures*	-	-	-	26,626	-	26,626

Period ended September 30, 2018	Canada	USA	Guatemala	Mexico	Other	Consolidated
Exploration expenditures	\$ -	\$ 502,216	\$ 34,642	\$ 54,081	\$ 54,400	\$ 645,339
Gain from mineral property option agreements	-	-	-	103,518	-	103,518
Investment income	11,618	-	-	-	-	11,618
Amortization	10,245	-	-	3,426	-	13,671
Net income (loss)	(314,175)	(562,690)	52,993	(140,316)	(62,541)	(1,026,729)
Capital expenditures*	-	57,732	-	-	-	57,732

*Capital expenditures consists of additions of exploration and evaluation assets

As at September 30, 2019	Canada	USA	Guatemala	Peru	Mexico	Other	Consolidated
Total current assets	\$ 4,303,696	\$ -	\$ 6,281	\$ -	\$ 107,168	\$ 14,120	\$ 4,431,265
Total non-current assets	459,917	117,816	-	1,259,505	17,197	-	1,854,435
Total assets	\$ 4,763,613	\$ 117,816	\$ 6,281	\$ 1,259,505	\$ 124,365	\$ 14,120	\$ 6,285,700
Total liabilities	\$ 411,123	\$ -	\$ -	\$ -	\$ 6,932	\$ -	\$ 418,055

As at December 31, 2018	Canada	USA	Guatemala	Peru	Mexico	Other	Consolidated
Total current assets	\$ 5,186,121	\$ -	\$ 10,065	\$ -	\$ 56,674	\$ 27,344	\$ 5,280,204
Total non-current assets	147,450	117,816	-	1,259,505	24,186	-	1,548,957
Total assets	\$ 5,333,571	\$ 117,816	\$ 10,065	\$ 1,259,505	\$ 80,860	\$ 27,344	\$ 6,829,161
Total liabilities	\$ 63,536	\$ -	\$ 3,524	\$ -	\$ 3,429	\$ -	\$ 70,489

Radius Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receive periodic reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest rate risk, and equity price risk.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to fluctuations in foreign currencies through its operations in foreign countries. The Company monitors this exposure, but has no hedge positions. As at September 30, 2019, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

	September 30, 2019			December 31, 2018			
	US Dollar (CDN equivalent)	Mexican Peso (CDN equivalent)	Guatemala Quetzal (CDN equivalent)	US Dollar (CDN equivalent)	Mexican Peso (CDN equivalent)	Guatemala Quetzal (CDN equivalent)	Nicaragua Cordoba (CDN equivalent)
Cash	\$ 162,379	\$ 2,315	\$ 74	\$ 16,426	\$ 138	\$ 77	\$ 646
Receivables	80,318	-	-	-	49,294	-	-
Current liabilities	(46,479)	(6,932)	-	(19,359)	(1,346)	(3,524)	-
	\$ 196,218	\$ (4,617)	\$ 74	\$ (2,933)	\$ 48,086	\$ (3,447)	\$ 646

Based on the above net exposures at September 30, 2019, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in an approximate \$19,200 (December 31, 2018: \$4,200) increase or decrease in profit or loss, respectively.

Radius Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – (cont'd)

Commodity Price Risk

The Company's royalty revenue is derived from a royalty interest that is based on the extraction and sale of gold. Factors beyond the control of the Company may affect the marketability of gold discovered. Gold prices have historically fluctuated widely. Consequently, the economic viability of the Company's royalty interest cannot be accurately predicted and may be adversely affected by fluctuations in gold prices. The Company has not engaged in any hedging activities. The Company is not exposed to commodity price risk as the Company has not earned any royalty revenue during the periods ended September 30, 2019 and 2018.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. The Company considers this risk to be limited as it holds no assets or liabilities subject to variable rates of interest.

Equity Price Risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company's equity investments consisting of common shares and derivative investments consisting of share purchase warrants are exposed to significant equity price risk due to the potentially volatile and speculative nature of the businesses conducted by such investments. The Company's equity investments are monitored by the Board with decisions on sale or exercise taken by Management. A 10% decrease in fair value of the shares and warrants would result in an approximate \$304,000 decrease in comprehensive income and shareholders' equity.

b) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents, equity investments, derivative investments and receivables. The Company limits exposure to credit risk by maintaining its cash and cash equivalents with large financial institutions. The Company does not have cash and cash equivalents or equity investments that are invested in asset based commercial paper. For advances and other receivables, the Company estimates, on a continuing basis, the probable losses and provides a provision for losses based on the estimated realizable value.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. At September 30, 2019, the Company had working capital of \$4.35 million (December 31, 2018: \$5.21 million) available to apply against short-term business requirements. All of the Company's financial liabilities have contractual maturities of less than 45 days and are subject to normal trade terms.

Determination of Fair value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Management considers that due to their short-term nature the carrying amounts of financial assets and financial liabilities, which include cash and cash equivalents, equity investments, derivative investments, receivables, amounts due from related parties, deposits, and accounts payables and accrued liabilities are assumed to approximate their fair values.

Radius Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – (cont'd)

The fair value investments in associates are detailed in the following table:

	September 30, 2019	September 30, 2019
	Book value	Fair value
Financial assets		
Shares held in Rackla (Note 11)	\$ 1	\$ 516,526

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2	Inputs other than quoted 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); and
Level 3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The equity investments are based on quoted prices and are therefore considered to be Level 1. The derivative instruments are based on inputs other than quoted prices and therefore considered to be Level 3. As of September 30, 2019, there was no embedded derivative on royalty income receivables derived from gold prices to include as a Level 2 measurement and therefore no fair value measurement was necessary.

18. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to advance its mineral properties. In order to facilitate the management of its capital requirements, the Company prepares periodic budgets that are updated as necessary. The Company manages its capital structure and makes adjustments to it to effectively support the acquisition and exploration of mineral properties. The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company monitors its cash, equity investments, derivative investments, common shares, warrants and stock options as capital. There were no changes in the Company's approach to capital management during the period ended September 30, 2019. The Company's investment policy is to hold cash in interest bearing bank accounts and highly liquid short-term interest bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products. The Company expects its current capital resources to be sufficient to carry out its planned exploration programs and operating costs for the next twelve months.

Radius Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

19. EVENTS AFTER THE REPORTING DATE

Subsequent to September 30, 2019, the following events which have not been disclosed elsewhere in these condensed interim consolidated financial statements have occurred:

- i) The Company granted 850,000 stock options exercisable for up to ten years at a price of \$0.25 per share.