



(the “Company”)

MANAGEMENT’S DISCUSSION AND ANALYSIS

Year End Report – December 31, 2018

General

This Management’s Discussion and Analysis (“MD&A”) supplements, but does not form part of, the annual audited consolidated financial statements of the Company for the fiscal year ended December 31, 2018. The following information, prepared as of April 25, 2019, should be read in conjunction with the December 31, 2018 consolidated financial statements. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All amounts are expressed in Canadian dollars unless otherwise indicated.

The Company’s public filings, including its most recent unaudited and audited financial statements can be reviewed on the SEDAR website (www.sedar.com).

Forward Looking Information

This MD&A contains certain statements which constitute forward-looking information within the meaning of applicable Canadian securities legislation (“Forward-looking Statements”). All statements included herein, other than statements of historical fact, are Forward-looking Statements and are subject to a variety of known and unknown risks and uncertainties which could cause actual events or results to differ materially from those reflected in the Forward-looking Statements. The Forward-looking Statements in this MD&A include, without limitation, statements relating to:

- the Company’s planned exploration activities for its mineral properties;
- The Company’s derivative investments and equity investments;
- the suspension of receiving royalty payments from the Tambor Project;
- the intended use of proceeds received from past and possible future financing activities;
- the sufficiency of the Company’s cash position and its ability to raise, if needed, equity capital or access debt facilities; and
- maturities of the Company’s financial liabilities or other contractual commitments.

Often, but not always, these Forward-looking Statements can be identified by the use of words such as “anticipates”, “believes”, “plans”, “estimates”, “expects”, “forecasts”, “scheduled”, “targets”, “possible”, “strategy”, “potential”, “intends”, “advance”, “goal”, “objective”, “projects”, “budget”, “calculates” or statements that events, “will”, “may”, “could” or “should” occur or be achieved and similar expressions, including negative variations.

Forward-looking Statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any results, performance or achievements expressed or implied by the Forward-looking Statements. Such uncertainties and factors include, among others:

- risks associated with mineral exploration activities, and investing in companies which conduct mineral exploration and development activities;
- due diligence investigations on potential investments not identifying all relevant facts;
- inability to dispose of illiquid securities;
- receipt of royalty payments from the Tambor Project;
- fluctuations in commodity prices;
- fluctuations in foreign exchange rates and interest rates;
- credit and liquidity risks;
- changes in national and local government legislation, taxation, controls, regulations and political or economic developments in countries in which the Company does or may carry on business;
- reliance on key personnel;
- property title matters and local community relationships;
- risks associated with potential legal claims generally or with respect to environmental matters;
- adequacy of insurance coverage;
- dilution from further equity financing;
- competition; and
- uncertainties relating to general economic conditions.

as well as those factors referred to in the “Risks and Uncertainties” section in this MD&A.

Forward-looking Statements contained in this MD&A are based on the assumptions, beliefs, expectations and opinions of management, including but not limited to:

- all required third party contractual, regulatory and governmental approvals will be obtained for the exploration and development of the Company’s properties;
- there being no significant disruptions affecting operations, whether relating to labor, supply, power, damage to equipment or other matter;
- permitting, exploration and/or development activities proceeding on a basis consistent with the Company’s current expectations;
- ability to sell our equity investments as needed;
- royalty payments from the Tambor Project to begin being received again;
- due diligence investigations on potential investments will reveal all relevant facts;
- expected trends and specific assumptions regarding commodity prices and currency exchange rates; and
- prices for and availability of fuel, electricity, equipment and other key supplies remaining consistent with current levels.

These Forward-looking Statements are made as of the date hereof and the Company disclaims any obligation to update any Forward-looking Statements, whether as a result of new information, future events or results or otherwise, except as required by law. There can be no assurance that Forward-looking Statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, investors should not place undue reliance on Forward-looking Statements.

Business of the Company

The Company has been exploring for gold in the Americas for over a decade which has resulted in the discovery of several gold deposits in Central America. Management has been conducting an ongoing review of exploration projects and/or distressed junior companies that may be available for acquisition or joint venture with the aim of expanding the geographic and commodity focus of the Company.

A summary of the Company’s investments, royalties and properties is provided below:

Investments

For a description of the Company’s equity investments activity during the period from January 1, 2017 to date, please see Note 6 of the Company’s December 31, 2018 consolidated financial statements.

The Company’s current cash and cash equivalents on hand is approximately \$1.4 million and its current investments consist of:

<p><i>CROPS Inc. (“CROPS”)</i> 2,564,027 shares Current market value: \$64,000 Plus: warrants to purchase an additional 685,675</p>	<p>CROPS is a Canadian-listed exploration company which has a 70% interest in the Bayovar 12 sedimentary phosphate resource in northern Peru.</p>
<p><i>Fortuna Silver Mines Inc. (“Fortuna”)</i> 239,385 shares Current market value: \$1,003,000</p>	<p>Fortuna is a growth oriented, precious metal producer with its primary assets being the Caylloma silver mine in southern Peru, the San Jose silver-gold mine in Mexico and the Lindero gold project, currently under construction, in Argentina.</p>
<p><i>GrowMax Resources Corp (“GrowMax”)</i> 1,150,000 shares Current market value: \$103,000</p>	<p>GrowMax is a TSXV listed company which owns phosphate and potassium-rich brine resources on its Bayovar concessions in northwestern Peru.</p>
<p><i>Medgold Resources Corp. (“Medgold”)</i> 10,126,500 shares (10+% of issued) Current market value: \$1,012,000</p>	<p>Medgold is a Serbia-focused, TSX-V listed, project generator company targeting early-stage gold properties in the Osvlgo-Miocene Belt of Serbia.</p>
<p><i>Rackla Metals Inc. (“Rackla”)</i> 3,973,275 shares (10+% of issued) Current market value: \$357,000</p>	<p>Rackla is a mineral exploration company actively looking for new projects in the Americas to add to its portfolio of mineral claims in the Yukon Territory.</p>

<p><i>Southern Silver Exploration Corp.</i> (“<i>Southern Silver</i>”) 1,210,000 shares Current market value: \$242,000</p>	<p>Southern Silver is engaged in the acquisition, exploration and development of high-grade precious / base metals properties within North America, and is continuing to advance its flagship Cerro Las Minitas silver-lead-zinc property in Mexico.</p>
<p><i>Metalla Royalty and Streaming Ltd.</i> (“<i>Metalla</i>”) 166,700 shares Current market value: \$175,000 Plus: warrants to purchase an additional 166,700 shares</p>	<p>Metalla is a silver and gold royalty company created to generate leveraged precious metal exposure by acquiring royalties and streams, with a goal of accumulating a diversified portfolio of royalties and streams with attractive returns.</p>
<p><i>Volcanic Gold Mines Inc.</i> (“<i>Volcanic</i>”) 460,412 shares Current market value: \$165,000 Plus: warrants to purchase an additional 160,714 shares</p>	<p>Volcanic is a TSXV listed company focused on consolidating an under-explored gold district.</p>
<p><i>Warrior Gold Inc.</i> (“<i>Warrior Gold</i>”) 233,785 shares Current market value: \$22,000 Plus: warrants to purchase an additional 116,890 shares</p>	<p>Warrior Gold is a TSXV listed company engaged in the exploration of mineral resource properties in northern Ontario with a focus on gold deposits. It has a significant land position in the world class Kirkland Lake Gold Camp five kilometres from the Town of Kirkland Lake and adjacent to Kirkland Lake Gold Inc.’s high grade producing gold mine.</p>

Property Interests

Mexico – Amalia Project

The Amalia Project comprises 9,461 hectares located in the Sierra Madre gold belt in the State of Chihuahua, Mexico. In June 2017, the Company signed a binding agreement with a private individual to option 380 hectares of the project area which is host to high grade epithermal silver-gold mineralization. Following the signing of the option agreement, the Company staked an additional 9,081 hectares surrounding the Amalia Project, covering three new regional target areas.

In July 2018, the Company entered into an agreement with Pan American Silver Corp. (“Pan American”) to drill and explore the Amalia Project – see “Pan American Option Terms” below.

The Project is located approximately 25 kilometres SW of the historic Guadalupe y Calvo mining district in Chihuahua, Mexico. During due diligence evaluation the Company’s geologists sampled bonanza grade outcrop

containing 20.4 g/t Au and 5,360 g/t Ag from a 1.2 metre chip. The Company established a 10 man camp at Amalia and completed an initial exploration program comprising geological mapping, prospecting and channel sampling of the three main targets: San Pedro (San Pedro now combined with Campamento), Guadalupe and Dulces. Epithermal Au-Ag mineralization has been sampled by the Company in several veins, vein breccias and disseminated zones over 3.5 kilometres of strike length and a 600 metre vertical interval following the trace of a large regional fault zone. See Company news release of September 19, 2017 for details of previously announced sampling results.

Initial Drill Program

In October and November 2018, the Company conducted an initial 9 hole - 1,909 metre diamond core drill program at Amalia to test the three target zones across a strike length of 1.8 kilometres following the trace of a large regional fault and associated surficial epithermal gold and silver mineralization.

Five drill holes (AMD001 / 003 / 007 / 008 / 009) were drilled within the San Pedro structural corridor, intercepting gold and silver mineralization in all holes and defining a 650 metre strike length of epithermal banded veining, stockworks and multiphase breccia with significant gold and silver mineralization. A table of results is listed below. This initial drill program was designed to test the targets between 50 and 150 metres below ground surface. Considering the topography, the drill holes cut mineralization in a range between 1,988 metres above sea level (asl) and 1,882 metres asl, effectively testing the mineralization over a 100 metre vertical interval. AMD001 cut the zone highest in the system at 1,988 metres asl and was still within the upper rhyolite host. AMD009 cut the system within the andesite host at the deepest level (1,908 metres als) and recorded the best widths (26 metres) and highest grades with bonanza intervals, including 5 metres at 14.71 g/t Au and 1,378 g/t Ag.

Table 1. Drill results for San Pedro Zone, Amalia Project

Hole	Collar, NAD 27, Zone 13		from	to	interval	Au g/t	Ag g/t	Elevation m asl*
	UTM E	UTM N						
AMDD18-001	295,998	2,863,234	44.35	56.35	12m	0.1	44	1,988
AMDD18-003	296,025	2,863,269	107.44	137.44	30m	0.30	65	1,937
AMDD18-007	296,234	2,862,867	129.1	133.1	4m	0.29	229	1,950
AMDD18-008	296,077	2,863,172	98.65	99.65	1m	2.28	521	1,976
and			126.65	131.65	5m	0.59	571	1,950
AMDD18-009	295,988	2,863,347	144.35	170.35	26m	7.08	517	1,908
including			165.35	170.35	5m	14.71	1,378	1,882

* elevations are given as metres above sea level at the top of the reported interval. Drill holes were drilled perpendicular to the mineralized zone and reported intervals are thought to approximate true width.

Mineralization at the San Pedro zone is open in all directions. On strike from San Pedro, along the Amalia regional fault system, high grade gold and silver mineralization outcrops at intervals vertically at least 600 metres below San Pedro. Similar style major epithermal mines of the Sierra Madre (e.g. Palmerejo, Pinos Altos, La Cienga) located in the same regional volcanic belt as Amalia are known to have mineralization occurring over large vertical intervals between 600 and 750 metres.

Drill holes AMD002 / 004 / 005 / 006 targeted mineralization at the Guadalupe and Dulces zones. These drill holes did not intercept significant gold/silver mineralization.

Maps and sections of the Amalia phase 1 drilling are available on the Radius website at: <http://www.radiusgold.com/s/amalia.asp>

Recent review and re-logging of the core indicates that of the five holes drilled within the San Pedro target (AMD18-001, 003, 007, 008, 009) only the bonanza grade hole AMD18-009 cut the target within the preferred Lower Andesite super group volcanic. All the other holes cut the target structure within the Upper Rhyolite super group volcanics.

As all of the major epithermal deposits of the northern Sierra Madre are hosted within the Lower volcanic units, this indicates the potential for a significant discovery with further drilling. Similar style major epithermal mines of the Sierra Madre (e.g. Palmerejo, Pinos Altos, La Cienega) located in the same regional volcanic belt as Amalia are known to have mineralization occurring over large vertical intervals between 600 and 750 metres, hosted within the Lower Andesite volcanics.

Stage 2 Drill Program

To date, the Company's drilling has tested a very limited part of the system (less than 150 metres below surface) and it is intended to follow the high-grade mineralization along strike and to depth within the Lower Andesite volcanics with further drilling. During January and February 2019, the Company completed access agreements with the landowners at Amalia to allow for a second drill program. The Company submitted a new environmental permit with 52 proposed drill pad locations and has constructed a new and permanent camp. SEMARNAT, the permitting authority in Chihuahua, gave its approval in early April 2019, and drilling commenced at Amalia on April 11, 2019. This drill program will follow-up the high grade drill intercepts from stage 1 drilling within the San Pedro zone.

Quality Assurance / Quality Control

Drilling was carried out using NQ and HQ size tooling. Drill core is cut in half using a rock saw with one half of the core then taken as a sample for analysis. Sample intervals are generally between 1 metre and 1.5 metres producing samples of between 2 to 9 kg. Half-core samples are delivered to the ALS Geochemistry laboratory facilities in Chihuahua, Mexico. The samples are fire assayed for Au and are analysed for Ag and multi-elements using method code ME-ICP61 following a four-acid digestion. Overlimits are analysed using an appropriate method. The Company routinely inserts multi-element geochemical standards and blanks into the drill core sample stream to monitor laboratory performance. Quality control samples submitted to ALS were returned within acceptable limits.

Company's Option Terms

The Company can earn a 100% interest in the Amalia Project by making cash payments to the property owner staged payments over a period of five years totaling US\$845,000 (US\$25,000 paid to date) and, subject to stock exchange approval, US\$15,000 in shares of the Company (US\$5,000 in shares issued to date).

Pan American's Option Terms

In July 2018, the Company granted to Pan American the option to earn an initial 65% interest in the Amalia Project by making cash payments to the Company totaling US\$1.5 million (of which US\$100,000 has been received to date) and expending US\$2 million on exploration over four years. Pan American may earn an additional 10% by advancing the property to preliminary feasibility. Initially the Company is the project operator.

Mexico – Rambler Project

In January 2019, the Company staked the 10,379 hectare Rambler Project located in the Sierra Madre Mountains of the State of Chihuahua, Mexico, approximately 20 kilometres northwest of the Company's Amalia Project. The Project area is previously unexplored with only minor historic artisanal-scale pitting of surface outcrops known. The Company's geologists discovered the Project during regional prospecting surveys. Epithermal silver/gold (plus significant copper, zinc and lead) mineralization has been sampled by the Company in several veins, vein breccias and disseminated zones over a 9 kilometres north-west trend. In total 83 prospecting rock chip samples were collected from the property that range from 0.001 to 16.5 g/t Au and 2 to 2,030 g/t Ag. Additionally, several zones have accessory copper 0 to 3.79%, Zinc 0 to 13.9% and lead 0 to 3.45%. Within the Rambler Project, the Company has so far identified 6 areas of significant alteration over a 9 km trend, and plans to have geological teams back on the property to continue prospecting and develop drill targets.

Mexico – Tarros Project

After conducting a detailed mapping and sampling program, the Company relinquished in January 2018 its option to acquire the 473-hectare Tarros Project located 50 kilometres north of the Company's Amalia Project in the Sierra Madre Gold Silver belt in the State of Chihuahua, Mexico.

Mexico – Lithium Brine Project

The Company holds a 10,000 hectare application at Salar Viesca in Coahuila State, Mexico. The Company is identifying lithium companies to initiate discussions on a joint venture on this lithium brine project.

USA – Nevada – Bald Peak Property

In March 2017, the Company added to the Company's property portfolio an epithermal gold prospect located in the Aurora gold camp, Nevada with the acquisition of the Bald Peak gold property from Ely Gold & Minerals Inc. ("Ely Gold") (TSX-V: ELY) and its wholly owned subsidiary, Nevada Select Royalty Inc. Subsequently, the Company increased its land position by staking an additional 113 unpatented mining claims which are contiguous to the claims acquired from Ely Gold.

The Bald Peak Property currently consists of 151 unpatented mining claims in Mineral County, Nevada, and one mineral prospecting licence in Mono County, California. The Property now covers an 8 kilometre by 2 kilometre area which trends northeast from inside the California border into Nevada, parallel to the trend of the neighboring Bodie, Aurora, and Borealis mining camps.

Bald Peak is an un-eroded epithermal gold prospect in the Aurora-Bodie mining district. Sinter terraces outcrop along the length of the Property, evidence that the epithermal system has not been eroded beyond its paleo-surface elevation, and is thus likely fully preserved. Despite the Property's proximity to several Au-rich mining districts, the area has seen limited exploration activity. Several operators have acquired the Property over the last 30 years and mapped alteration zones and various other criteria pertinent to epithermal gold discoveries. The area has seen very limited drilling however, and its potential remains untested.

Work by the Company at Bald Peak in 2017 consisted of geological mapping and prospecting, rock and soil geochemistry, and compilation work of historical exploration and academic and government datasets. The work has demonstrated the presence of a strong gold-bearing epithermal alteration system that can be traced along strike for over six kilometres in a northeast trend, with an anomalous zone of up to several hundred metres in width on surface. Within this global target area are several high priority drill targets. They are described below, in

order from SW to NE, and maps showing the property and the targets have been placed on the Company's website.

West Bald Peak

West Bald Peak is a high-level epithermal drill target located in Mono County, California, at the southwestern end of the property. West Bald Peak exhibits a high Au, As, Sb, Hg response in both rocks and soils and a ~2-3 metres thick approximately flat lying silica sinter terrace observed over 250 metres. The sinter terrace is bound to the southeast by an approximately 30 metres wide northeast trending, steeply west dipping gold-bearing fault zone that is observed for 300 metres along strike and is open in both directions. The sinter terrace is hosted within a thick volcanoclastic sequence and displays cross-cutting quartz veining with anomalous gold values. Planned drill holes will test beneath the sinter terrace/fault zone at productive levels beneath paleosurface.

Bald Peak Flats

Located southwest of the Bald Peak rhyolite, Bald Peak Flats is a ~1.3 kilometres long by 500 metres wide As, Sb, Hg-in-soil anomaly hosted within a volcanoclastic sequence. The soil anomaly drapes over a local topographic high exhibiting northeast-trending chalcedonic quartz veins and zones of silicification, mapped by previous operators. Two historical drill holes are known in this area; however, were not drilled to sufficient depths to test the mineralized system. High-level chalcedonic quartz, low Au and pathfinder elements (As, Sb, Hg) are indicative that this target is at high levels with an epithermal system.

Little Bald Peak

Little Bald Peak, located 200 metres lower in elevation and to the northwest of Bald Peak, is a possible side vent or flow dome of the Bald Peak rhyolite. Where outcropping, brittle/fissile flow-banded rhyolite hosts both concordant and discordant <2 mm quartz veins and lenses. A historical prospecting pit is found on the southern side of Little Bald peak; no clear vein or vein orientation was observed but the spoil pile contained fine-grained, maroon-coloured jasperoid which returned anomalous Au and high As, Sb, Hg values. The target displays a high As, Sb-in-soil anomaly over Little Bald Peak itself and is located along strike and at higher elevations of a known mineralized zone (Great Wall).

The Great Wall

The Great Wall is a NNE-trending, steeply dipping, up to 3 metre wide zone containing three parallel quartz veins hosted within a trachyandesitic unit. The outcrop is exposed over a ~25 metre strike length. Rock channel sampling returned relatively high Au values in quartz veins displaying slightly coarser quartz crystallinity compared to the chalcedonic quartz observed within other zones. This increase in quartz crystallinity with a corresponding increase in gold grade is a positive indication that gold grade is increasing with depth.

NE Sinters

This target contains an extensive area of outcrop and float comprising two distinct zones of sinter within a widespread 1.5 kilometres by 600 metres wide As, Sb, Hg-in-soil anomaly. NE Sinter 1 is a broad topographic high with widely distributed sinter outcrops; NE Sinter 2 located on the northern slopes of the Bald Peak rhyolite is identified by zones of limited vegetation. This target is bound to the west by an approximately north-south trending fault that has down dropped and preserved these sinter areas. The occurrence of sinter combined with high As, Sb, Hg pathfinder elements are indicative of being at the top of a fully preserved mineralized system.

Planned Work at Bald Peak

The Company is currently permitting a plan of operations with the United States Forest Service. It is expected that the permitting process will run through 2019 before drilling is authorized.

Quality Assurance / Quality Control

The work program at the Bald Peak Property was planned by Company personnel and implemented by Company personnel, consultants and contractors. The Company utilizes industry-standard QA/QC program. Samples were prepared and analyzed at ALS laboratories in Nevada and Canada. Blanks and certified reference standards are inserted into the sample stream to monitor laboratory performance and the results have been within acceptable limits.

USA – Nevada – Coyote Property

In March 2018, the Company was granted a lease and option to purchase the Coyote gold property from Geologic Services Inc. (“Geologic”), adding to the Company’s portfolio of epithermal gold projects in Nevada. The property is located in northern Elko County on the eastern flank of the Independence Valley, an area known for its prolific gold production.

In early November 2018, the Company completed a short, cost-effective reverse circulation drill program consisting of 977 metres in five drill holes to test for increased gold values at depth beneath brecciated surficial sinter deposits with anomalous mercury/antimony+-gold geochemistry. While several zones of wide epithermal clay, silica and pyrite alteration were intersected, the drilling did not identify any economic gold geochemistry, and the Company decided to terminate its lease on the property.

USA - Nevada – Spring Peak Property

In May 2016, the Company acquired an option to earn a 100% interest in the Spring Peak gold property in Mineral County, Nevada, from Kinetic Gold (US) Inc.

The Company completed a 13-line CSAMT survey and soil geochemical survey in 2016. Based on the results of the exploration programs completed, management of the Company decided that further exploration expenditures on the Spring Peak Property were not warranted and in July 2018, the Company terminated its option to earn an interest in the Property.

Guatemala - Southeast Guatemala Ag-Au Epithermal Fields

As a result of continued uncertainty surrounding the granting of both exploration and exploitation concessions in Guatemala, and a general increase in the level of anti-mining activism in many parts of the country, the Company ceased its ongoing exploration activities in the country in the third quarter of 2013 though care and maintenance of the properties continue. Management will reassess the Company’s plans for this country on a regular basis and exploration activities may be ramped back up if the mining investment climate improves. Discussions are underway with a number of potential partners to joint venture this ground.

Royalty Interests

Guatemala – Tambor Project Royalty

In 2012, the Company sold its interest in its subsidiary, Exploraciones Mineras de Guatemala S.A., which holds the Tambor gold project in Guatemala, to Kappes, Cassidy & Associates (“KCA”), giving KCA a 100% interest in the project. In part consideration therefor, KCA agreed that upon commercial production at Tambor, KCA would commence making royalty payments to the Company.

Commercial production commenced in December 2014 and royalty payments are now due to the Company based on the price of gold at the time and the number of ounces of gold produced as follows:

<u>Gold Price (US\$)</u>	<u>Per Ounce of Gold</u>
Below \$1,200	\$100
\$1,201 - \$1,300	\$125
\$1,301 - \$1,400	\$150
\$1,401 - \$1,500	\$200
\$1,501 and greater	\$250

up to a maximum of US\$10.0 million. After the US\$10.0 million has been paid and cumulative gold production from the Tambor Project has exceeded 100,000 ounces, the cash payments will be based on the then price of gold and the number of ounces of gold produced as follows:

<u>Gold Price (US\$)</u>	<u>Per Ounce of Gold</u>
Below \$1,500	\$25
\$1,501 - \$1,750	\$35
\$1,751 - \$2,000	\$40
\$2,001 and greater	\$50

Receipt of royalty payments by the Company commenced during the third quarter of 2015. To date, the Company has recognized net royalty income of \$1,530,555 of which \$746,375 has been received to date.

On May 11, 2016, KCA informed the Company that mining operations were suspended by the Supreme Court of Guatemala due to a lack of consultation by the Guatemalan Ministry of Mines with local indigenous people when the mine was permitted in 2011. To date, the Supreme Court has not made a decision on when the mine may re-open, and as a result, KCA has commenced legal proceedings against the Guatemalan government to overturn the suspension of operations and seek compensation from the Guatemalan authorities, from which the Company would benefit as well. Until these proceedings are concluded, the Company is allowing KCA to defer payment of the remaining balance owing to the Company. Due to these circumstances, for accounting purposes, a provision was recorded against the KCA receivable in the 2016 fiscal year.

Mexico - Tlacolula Property Royalty

In July 2017, the Company completed the sale of its Tlacolula silver property, Mexico to Fortuna in consideration for 239,385 common shares of Fortuna, a cash payment of US\$150,000, and a 2% NSR royalty on the property. Fortuna retains the right to purchase one-half of the royalty by paying the Company US\$1.5 million. The Company and Fortuna are related parties.

Peru – Bayovar 12 Project Royalty

The Company owns a production royalty, equivalent to a 2% net smelter return, on CROPS’ 70% interest in future phosphate production from the Bayovar 12 project located in the Sechura district of northern Peru. Should the Company decide at any time in the future to sell the royalty, CROPS will retain a first right of refusal. In May 2016, CROPS published a pre-feasibility study for production of phosphate rock concentrate from the Bayovar 12 project. The Company and CROPS are related parties.

Nicaragua – San Jose Royalty

In 2015, the Company completed the sale of its San Jose Property, Nicaragua to B2Gold Corp. in consideration for a 2% net smelter return royalty. During the year ended December 31, 2018, B2Gold Corp. relinquished its ownership of the San Jose Property, and the Company’s royalty interest in the Property terminated.

Outlook

The Company has completed initial drill-testing of its Amalia Project in 2018, and has recently commenced a second-stage drill program to further test the Project. The Company continues to conduct property investigations in various jurisdictions and with various commodities but with a focus on gold and silver in the United States and Mexico. The Company’s geologists are using a low cost and effective method of field testing targets that are generated through desktop research and through submittals.

Qualified Person: Bruce A Smith, M.Sc., MAIG., a member of the Australian Institute of Geoscientists, is the Company’s Qualified Person as defined by National Instrument 43-101, and has approved the disclosure of the technical information in this MD&A.

Selected Annual Information

The following table sets forth selected annual financial information of the Company for, and as at, the end of each of the last three financial years ended December 31, 2018, 2017, and 2016:

	2018 (\$)	2017 (\$)	2016 (\$)
Royalty income	-	-	431,643
Investment and other income	15,372	10,673	13,068
Exploration expenditures	934,434	1,140,432	544,586
Net income (loss) for the year			
Total	(1,565,694)	194,003	1,862,266
Basic & fully diluted per share	(0.02)	0.00	0.02
Total assets	6,829,161	10,188,369	9,848,863
Total long-term liabilities	-	-	-
Cash dividends	-	-	-

The Company first started recording royalty income in the 2015 fiscal year as a result of the previously held Tambor Project going into production in December 2014. Due to the suspension of mine operations in May 2016, there was no royalty revenue during the 2018 and 2017 fiscal years. The 2016 fiscal year had a net income due a gain of \$2,688,336 on the sale of equity investments while the 2017 fiscal year had a net income due to gain of \$1,658,928 on the sale of a mineral property interest.

Quarterly Information

The following table provides information for the eight fiscal quarters ended December 31, 2018:

Quarter ended	Dec. 31, 2018 (\$)	Sep. 30, 2018 (\$)	June 30, 2018 (\$)	Mar. 31, 2018 (\$)	Dec. 31, 2017 (\$)	Sep. 30, 2017 (\$)	June 30, 2017 (\$)	Mar. 31, 2017 (\$)
Investment and other income	3,754	3,822	3,999	3,797	2,213	1,973	2,438	4,049
Exploration expenditures	289,095	131,754	359,379	154,206	373,698	421,265	260,902	84,567
Net income (loss)	(538,965)	(167,774)	(587,123)	(271,832)	(620,477)	1,024,002	(569,184)	359,662
Basic and diluted income (loss) per share	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)	0.01	(0.01)	0.00

The quarter ended September 30, 2017 recorded a net income due to a gain of \$1,658,928 on the sale of the Tlacolula property. The quarter ended March 31, 2017 recorded a net income due to a gain of \$606,664 from a property assignment agreement.

Results of Operations

Quarter ended December 31, 2018

The quarter ended December 31, 2018 had a net loss of \$538,965 compared to \$620,477 for the quarter ended December 31, 2017, a decrease of \$81,512. The comparative quarter's loss was higher primarily due to an impairment charge on equity investments of \$456,615 and share of post-tax loss on an associated company totaling \$50,000 which was partially offset by a gain of \$167,808 on sale of equity investments and a fair value gain of \$204,252 on derivative investments whereas the current quarter only recorded a fair value loss of \$11,599 on derivative investments. Since January 1, 2018, with the adoption of the new accounting standard *IFRS 9 – Financial Instruments*, realized and unrealized gains or losses relating to equity investments are now recorded as other comprehensive income thus not impacting the current quarter's net loss. Derivative investments consist of share purchase warrants that were acquired along with common shares in private placement investments and the fair value gains and losses on such continue to be charged to profit or loss.

Exploration expenditures in the current quarter totaled \$289,095 compared to \$373,698 in the comparative quarter, a decrease of \$84,603. Exploration expenditures include property investigation costs which relate to evaluating new opportunities and exploration activities on properties held by the Company. Exploration expenditures were less during the current quarter due to Pan American funding the exploration activity on the Amalia property pursuant to an option agreement. The current quarter net loss also included a write-down of \$77,204 on mineral property interests relating to the Spring Peak and Coyote properties in the USA.

General and administrative expenses for the current quarter were \$140,657 compared to \$129,728 for the comparative quarter, an increase of \$10,929. This increase is mostly due to the current quarter recording a share-based compensation expense of \$16,343 relating to the issuance of stock options whereas there was no such charge for the comparative quarter.

Year ended December 31, 2018

The year ended December 31, 2018 had a net loss of \$1,565,694 compared to a net income of \$194,003 for the year ended December 31, 2017, a difference of \$1,759,697. The comparative year resulted in a net income due to the gain of \$1,658,928 on the sale of the Tlacolula mineral property, a gain of \$606,664 on a property assignment agreement with Volcanic, a gain of \$204,346 on the sale of equity investments, and a fair value gain of \$204,252 on derivative investments. These gain items for the comparative year were partially offset by an impairment

charge of \$839,555 on equity investments. The current year net loss included a gain of \$83,196 from Amalia option payments received and a loss of \$135,116 on derivative investments.

Exploration expenditures in the current year totaled \$934,434 compared to \$1,140,432 in the comparative year, a decrease of \$205,998. Similar to the quarterly comparison, the current year exploration costs were lower due to Pan American funding activity on the Amalia property. Write-offs of mineral property interests for the current year totaled \$77,204 compared to \$69,187 for the comparative year.

General and administrative expenses for the current year were \$508,043 compared to \$407,441 for the comparative year, an increase of \$100,101. As with the quarterly comparison, this increase was due to a share-based payment expense of \$129,276 relating to the fair value of stock options granted during the current year whereas there was no such expense in the comparative year. Most other general and administrative expenses were similar between the current and comparative years except for legal and audit fees and travel costs which were lower by \$28,126 and \$10,167, respectively, in the current year.

Mineral Properties Expenditures

A summary of the Company's expenditures on its mineral properties during the year ended December 31, 2018 is as follows:

United States – A total of \$731,440 was incurred on exploration, property investigation, and miscellaneous administrative costs, of which \$263,660 was on the Bald Peak property, \$417,219 on the Coyote property, \$16,650 on the Spring Peak property, and \$33,911 on general exploration. Acquisition costs totaling \$57,732 were also incurred on the Coyote property.

Mexico – A total of \$378,058, excluding cost recoveries, was incurred on exploration, property investigation, and miscellaneous administrative costs, of which \$281,606 was incurred on the Amalia property, \$13,873 on the Tarros property, and \$82,579 on general exploration. A cost recovery of \$334,876 relating to funding from the optionee on the Amalia property resulted in net recovery costs of \$53,270 for that property.

Guatemala – A total of \$70,002 was incurred on property investigation and care and maintenance related costs.

Other – A total of \$89,810, net of a cost recovery of \$2,700, was incurred on property investigation and care and maintenance related costs in regions other than USA, Mexico and Guatemala.

Further details regarding exploration expenditures for the years ended December 31, 2018 and 2017 are provided in the schedules at the end of this MD&A.

Liquidity and Capital Resources

The Company's cash and cash equivalents were \$1.61 million at December 31, 2018 compared to \$3.32 million at December 31, 2017. As at December 31, 2018, working capital was \$5.21 million compared to \$8.38 million at December 31, 2017. Included in working capital is the fair value of the Company's equity investments which as at December 31, 2018 was \$3.11 million compared to \$4.94 million as at December 31, 2017.

The Company held 3,973,275 common shares in Rackla with a fair value of \$357,595 as at December 31, 2018; however, the investment is being accounted for as an investment in associate, using the equity method, since the Company may be able to exercise significant influence on Rackla.

The Company did not earn any royalty revenue from the Tambor Project during the current year as the operations at Tambor continue to be suspended.

The Company intends to use the proceeds from any sales of its equity and derivative investments, option payments received and royalty income payments received to fund its exploration programs, investment

opportunities, and general working capital requirements. The Company expects its current capital resources to be sufficient to carry out its exploration and investment plans and operating costs for the next twelve months.

Commitment

The Company has entered into an operating lease agreement for its office premises. The Company shares its office space with other companies related by common directors and officers on a month to month basis, and the portion of the rent paid by these companies is netted against the Company's rental expense. However, as there are no commitments from these companies, the amounts presented below are the gross commitments of the Company. The annual commitments under the lease are as follows:

2019	\$	197,559
2020		210,337
2021		213,531
2022		216,726
2023		219,920
2024		223,115
	\$	1,281,188

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 section 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 the accompanying 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 receives 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 December 31, 2018 and 2017, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

	December 31, 2018				December 31, 2017			
	US Dollar (CDN equivalent)	Mexican Peso (CDN equivalent)	Guatemala Quetzal (CDN equivalent)	Nicaragua Cordoba (CDN equivalent)	US Dollar (CDN equivalent)	Mexican Peso (CDN equivalent)	Guatemala Quetzal (CDN equivalent)	Nicaragua Cordoba (CDN equivalent)
Cash	\$ 16,426	\$ 138	\$ 77	\$ 646	\$ 172,803	\$ 3,969	\$ -	\$ 574
Receivables	-	49,294	-	-	-	59,386	2,899	-
Current liabilities	(19,359)	(1,346)	(3,524)	-	(74,910)	(28,409)	(896)	-
	\$ (2,933)	\$ 48,086	\$ (3,447)	\$ 646	\$ 97,893	\$ 34,946	\$ 2,003	\$ 574

Based on the above net exposures at December 31, 2018, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in approximately a \$4,200 (2017: \$13,500) increase or decrease in profit or loss, respectively.

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 royalties during the years ended December 31, 2018 and 2017.

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 in which the investments are held. 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 \$311,000 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.

Related Party Transactions

The Company had transactions during the years ended December 31, 2018 and 2017 with related parties who consisted of directors, officers and the following companies with common directors:

Related Party	Nature of Transactions
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

The Company incurred the following expenditures charged by non-key management officers and companies which have common directors with the Company during the periods ended December 31, 2018 and 2017:

	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
General and administrative expenses:				
Salaries and benefits	\$ 4,800	\$ 6,800	\$ 23,040	\$ 21,200
Exploration expenditures:				
Geological fees	-	10,648	-	57,688
Salaries and benefits	10,000	-	10,000	7,087
	\$ 14,800	\$ 17,448	\$ 33,040	\$ 85,975

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 years ended December 31, 2018 and 2017, the Company reimbursed Gold Group the following:

	Three months ended		Year ended December 31,	
	2018	2017	2018	2017
General and administrative expenses:				
Office and miscellaneous	\$ 9,458	\$ 10,584	\$ 37,907	\$ 43,434
Shareholder communications	750	74	1,960	1,594
Salaries and benefits	24,012	28,677	108,069	103,967
Transfer agent and regulatory fees	560	22	4,012	3,983
Travel and accommodation	2,232	3,018	7,575	11,900
	\$ 37,012	\$ 42,375	\$ 159,523	\$ 164,878
Exploration expenditures	\$ -	\$ -	\$ 2,663	\$ -

Gold Group salaries and benefits costs for the years ended December 31, 2018 and 2017 include those for the Chief Financial Officer and Corporate Secretary.

During the year ended December 31, 2018, the Company was reimbursed \$12,079 (2017: \$134,579) from Medgold, a company which has a common director with the Company, for shared exploration personnel costs.

Prepaid expenses and deposits include an amount of \$9,887 (2017: \$1,142) paid to Gold Group for shared office and administrative services and \$216,500 (2017: \$Nil) paid to CROPS for a subscription towards a private placement that closed subsequent to yearend.

Long-term deposits as of December 31, 2018 include an amount of \$60,000 (2017: \$60,000) paid to Gold Group as a deposit on the shared office and administrative services agreement.

Accounts payable and accrued liabilities include \$Nil (2017: \$44,471) payable to Gold Group for shared administrative costs and \$Nil (2017: \$2,594) to a Director of the Company for geological fees.

During the year ended December 31, 2018, the following transactions also occurred:

- i) The Company acquired 86,500 common shares of Medgold on the open market for a cost of \$18,064 (Note 6).

During the year ended December 31, 2017, the following transactions also occurred:

- i) The Company acquired 510,250 common shares of CROPS on the open market for a cost of \$74,986.
- ii) The Company acquired 685,675 common shares of CROPS by way of private placement at a cost of \$137,135.
- iii) The Company received net cash of \$187,710 and 239,385 common shares of Fortuna with a fair value of \$1,472,218 as proceeds on the sale of a mineral property to Fortuna.
- iv) The Company acquired 1,959,000 common shares of Volcanic by way of private placements for a cost of \$575,100 and received 1,263,883 common shares with a fair value of \$606,664 pursuant to a mineral property assignment agreement.
- v) The Company acquired 1,000,000 common shares of Rackla upon the exercise of 1,000,000 share purchase warrants at a cost of \$50,000.

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 December 31,		Year ended December 31,	
	2018	2017	2018	2017
Management fees	\$ 10,500	\$ 10,500	\$ 42,000	\$ 42,000
Geological fees	15,000	15,000	60,000	60,000
Salaries, benefits and fees*	6,875	9,946	28,876	33,321
Share-based payments	-	-	22,691	-
	\$ 32,375	\$ 35,446	\$ 153,567	\$ 135,321

*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.

Total share-based payments to directors not included in the above table during the year ended December 31, 2018 was \$31,809 (2017: \$Nil).

Other Data

Additional information related to the Company is available for viewing at www.sedar.com.

Share Position and Outstanding Options

As at April 25, 2019, the Company's outstanding share position is 86,749,800 common shares and the following incentive stock options are outstanding:

<u>STOCK OPTIONS</u>		
Number of options	Exercise price	Expiry date
10,000	\$0.29	January 7, 2020
1,585,000	\$0.20	December 12, 2022
1,540,000	\$0.15	October 18, 2026
1,515,000	\$0.15	May 21, 2028
200,000	\$0.15	November 4, 2028
4,850,000		

Investments in Associates

Rackla

The Company currently has an investment in one associated company, Rackla, which is equity accounted for in the consolidated financial statements.

As at December 31, 2018, the Company held 3,973,275 (2017: 3,973,275) common shares of Rackla, representing 19.6% (2017: 19.8%) of Rackla's outstanding common shares. During the 2017 fiscal year, the Company

exercised its 1,000,000 share purchase warrants for 1,000,000 common shares of Rackla at a cost of \$50,000. The Rackla share purchase warrants were not tradable on an exchange.

The following table shows the continuity of the Company's interest in Rackla for the period from January 1, 2017 to December 31, 2018:

Balance, December 31, 2016	\$	1
Increase in investment		50,000
Less: share of losses in associate		(50,000)
Balance, December 31, 2017		1
Balance, December 31, 2018	\$	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. During the 2017 fiscal year, with the additional 1,000,000 common shares being purchased at a cost of \$50,000, the Company recognized losses in Rackla totaling \$50,000 to reduce the carrying amount to a nominal \$1. The cumulative unrecognized share of losses for the associate as at December 31, 2018 is \$601,882 (2017: \$567,382).

The financial statement balances of Rackla are as follows:

	December 31, 2018	December 31, 2017
Total current assets	\$ 97,012	\$ 250,862
Total assets	\$ 160,173	\$ 366,474
Total liabilities	\$ 176,068	\$ 225,230
Net loss	\$ 175,739	\$ 80,627

At December 31, 2018, the fair value of the 3,973,275 common shares of Rackla was \$357,595 (2017: \$456,927) based on the market price of the common shares of Rackla.

Accounting Policies and Basis of Presentation

The Company's significant accounting policies and future changes in accounting policies are presented in the audited consolidated financial statements for the year ended December 31, 2018. The following outlines the new accounting standards and amendments adopted by the Company effective January 1, 2018:

Amendment to IFRS 2 Share-based Payment

IFRS 2 Share-based Payment clarifies the effects of vesting conditions on cash-settled share-based payment transactions, the classification of share-based payment transactions with net settlement features for withholding tax obligations and modification to the terms and conditions of a share-based payment that changes the transaction from cash-settled to equity settled. This amendment did not have an impact on the Company's consolidated financial statements.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration.

On December 8, 2016, the IASB issued IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*. The Interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt. The Interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income

(or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. This amendment did not have an impact on the Company's consolidated financial statements.

IFRS 9 Financial Instruments

On January 1, 2018, the Company adopted IFRS 9 – *Financial Instruments* (“IFRS 9”), which replaced IAS 39 *Financial Instruments: Recognition and Measurement* (“IAS 39”). IFRS 9 provides a revised model for classification and measurement of financial assets, including a new expected credit loss (“ECL”) impairment model. The revised model for classifying financial assets results in classification according to their contractual cash flow characteristics and the business models under which they are held. IFRS 9 also introduces a reformed approach to hedge accounting. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

As a result of the adoption of IFRS 9, the Company has changed its accounting policy for financial instruments retrospectively. The change did not result in a change in carrying value of any of our financial instruments on transition date. The adoption of the ECL impairment model did not have an impact on the Company's consolidated financial statements. IFRS 9 does not require restatement of comparative periods. Accordingly, the Company has reflected the retrospective impact of the adoption of IFRS 9 due to the change in accounting policy for equity investments as an adjustment to opening components of equity as at January 1, 2018.

The Company's financial instruments are accounted for as follows under IFRS 9 as compared to the Company's previous policy in accordance with IAS 39:

January 1, 2018		
	IAS 39	IFRS 9
Financial Asset		
Cash and cash equivalents	Fair value through profit or loss ("FVTPL")	FVTPL
Equity investments	Fair value through other comprehensive income ("FVTOCI")	FVTOCI
Derivative investments	FVTPL	FVTPL
Receivables	Amortized cost	Amortized cost
Deposits	Amortized cost	Amortized cost
Financial Liability		
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

For equity investments not held for trading, the Company may make an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss. The Company elected to designate its equity investments as financial assets at FVTOCI, where they will be recorded initially at fair value. Subsequent changes in fair value will be recognized in other comprehensive income only and will not be recycled into income (loss) upon disposition. As a result of this change, the Company reclassified \$1,978,852 of impairment losses recognized in prior years on equity investments which continue to be held by the Company as at January 1, 2018 from opening deficit to accumulated other comprehensive income on January 1, 2018. As a result of adopting IFRS 9, the net change in fair value of the equity investments, including realized and unrealized gains and losses, if any, is now presented as an item that will not be reclassified subsequently to net income in the Statements of Income and Comprehensive Income.

The adoption of IFRS 9 has not had a significant impact on the Company's policies related to financial assets of cash and cash equivalents, derivative investments, receivables, and deposits and financial liabilities.

IFRS 15 Revenue from Contracts with Customers

On January 1, 2018, the Company adopted IFRS 15, *Revenue from Contracts with Customers* (“IFRS 15”). IFRS 15 specifies how and when revenue should be recognized as well as requiring more informative and relevant disclosures. The standard supersedes IAS 18 *Revenue*, IAS 11 *Construction Contracts*, and a number of revenue-related interpretations. The Company adopted IFRS 15 using a modified retrospective approach however the adoption did not have an impact on the Company’s consolidated financial statements.

Future Changes in Accounting Policies

The following new standard has been issued by the IASB but is not yet effective:

IFRS 16 Leases

On January 13, 2016, the IASB issued IFRS 16 – *Leases* (“IFRS 16”) of which requires lessees to recognize assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 *Leases*. The new standard will be effective for annual periods beginning on or after January 1, 2019.

The Company is in the process of assessing the impact the adoption of IFRS 16 will have on its consolidated financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments (“IFRIC 23”)

This new Interpretation, issued by the International Accounting Standards Board (IASB) in June 2017, clarifies how to apply the recognition and measurement requirements in IAS 12 *Income Taxes* when there is uncertainty over income tax treatments.

The main features of IFRIC 23 are as follows:

- An entity considers an uncertain tax treatment separately or together with other uncertain tax treatments depending on which approach better predicts the resolution of the uncertainty.
- Taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates are determined based on whether it is probable that a taxation authority will accept an uncertain tax treatment.
- An entity reassesses judgments or estimates relating to uncertain tax treatments when facts and circumstances change.

The interpretation is effective for the Company’s annual period beginning January 1, 2019. The adoption of IFRIC 23 will not have a material impact on the Company’s consolidated financial statements.

Risks and Uncertainties

Royalty revenue

The Company cannot predict future revenues from or operating results of mining activity. Management expects future royalty revenues from the Tambor Project to fluctuate depending on the level of future production and the price of gold. The owner of the Tambor Project is not obligated to continue production from the Tambor Project and the Company will not be entitled to any compensation if this mining operation does not meet its forecasted gold production targets or if the mine operations are discontinued on a temporary or permanent basis. Risks that could negatively affect a mine’s operations include, but are not limited to economics, lack of financial capital, floods, fire, mechanical malfunctions, social unrest, expropriation, environmental regulations, and legal and/or political changes. The Tambor Project is currently subject to a suspension of operations imposed by the Supreme Court of Guatemala.

Competition

The Company faces competition from other capital providers, all of which compete with it for investment opportunities. These competitors may limit the Company's opportunities to acquire interests in investments that are attractive to the Company. The Company may be required to invest otherwise than in accordance with its Investment Policy and strategy in order to meet its investment objectives. If the Company is required to invest other than in accordance with its Investment Policy and strategy, its ability to achieve its desired rates of return on its investments may be adversely affected.

Inability to dispose of illiquid securities

There is a possibility that the Company will be unable to dispose of illiquid securities held in its portfolio and if the Company is unable to dispose of some or all of its investments at the appropriate time, a return on such investment may not be realized.

Due diligence

The due diligence process undertaken by the Company in connection with investments that it makes or wishes to make may not reveal all relevant facts in connection with an investment. Before making investments, the Company will conduct due diligence investigations that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. The due diligence investigations that are carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

Mineral property exploration and mining

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing; and obtaining permits for drilling and other exploration activities.

If the Company does not satisfactorily complete its contribution requirements to any joint ventures it may be a party to, the Company's interest in a joint venture can be diluted to a point where all interest in the joint venture is forfeited.

Joint venture funding

The Company's strategy includes seeking partners through joint ventures to fund exploration and project development. The main risk of this strategy is that funding partners may not be able to raise sufficient capital in order to satisfy exploration and other expenditure terms in a particular joint venture agreement. As a result, exploration and development of one or more of the Company's property interests may be delayed depending on whether the Company can find another partner or has enough capital resources to fund the exploration and development on its own.

Commodity price

The Company is exposed to commodity price risk. Declines in the market price of gold, base metals and other minerals may adversely affect the Company's ability to raise capital or attract joint venture partners in order to fund its ongoing operations. Commodity price declines could also reduce the amount the Company would receive

on the disposition of one of its mineral properties to a third party. 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.

Financing and share price fluctuation

The Company had a limited source of operating cash flow in the form of royalty revenue from the Tambor property; however, that property is currently subject to suspension of operations. There is no assurance that additional funding from this or other sources will be available to the Company when needed for further exploration and development of its projects. Further exploration and development of one or more of the Company's projects may be dependent upon the Company's ability to obtain financing through equity or debt financing or other means. Failure to obtain this financing could result in delay or indefinite postponement of further exploration and development of its projects which could result in the loss of one or more of its properties.

Securities markets have at times in the past experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as the Company, have experienced wide fluctuations in share prices which have not necessarily been related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues or the value of the Company's equity and derivative investments and corresponding effect on the Company's financial position.

Political, regulatory and currency

Some of the Company's mineral property interests are located in emerging nations. Properties in emerging nations may be subject to a higher level of risk compared to developed countries. Operations, the status of mineral property rights, title to the properties and the recoverability of amounts shown for mineral properties in emerging nations can be affected by changing economic, regulatory and political situations. The Company's equity financings are sourced in Canadian dollars but for the most part it incurs its exploration and property maintenance expenditures in US dollars, Guatemalan quetzals, and Mexican pesos. At this time there are no currency hedges in place. Therefore a weakening of the Canadian dollar against the US dollar, Guatemalan quetzal, or Mexican peso could have an adverse impact on the amount of exploration conducted.

Insurance

In the course of exploration, development and production of mineral properties, the Company is subject to a number of hazards and risks in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in damage to the Company's properties or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and a decline in the value of the securities of the Company.

Environmental and social

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present. Social risks are fairly significant in some of the Company's areas of operations. Violence, kidnapping, theft and other criminal activities could disrupt supply chains and discourage qualified individuals from being involved with the Company's operations.

Mineral Properties Expenditure Detail (see following page)

Mineral Properties Expenditure Detail

CONSOLIDATED SCHEDULE OF EXPLORATION EXPENDITURES

For the year ended December 31, 2018

	USA		Guatemala		Mexico		Other	Total
	General Exploration	Mineral Properties	General Exploration	Mineral Properties	General Exploration	Mineral Properties	General Exploration	
Drilling	\$ -	\$ 117,957	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117,957
Exploration administration	3,224	2,163	22,263	13,432	5,201	61,641	6,972	114,896
Field and camp	524	3,716	-	-	1,033	19,715	-	24,988
Geochemistry	6,972	36,464	-	-	7,639	2,518	-	53,593
Geological services	16,652	417,202	29,009	-	36,084	119,660	80,100	698,707
Legal and accounting	-	-	5,298	-	14,120	12,639	-	32,057
Licenses, rights and taxes	-	63,295	-	-	4,765	26,534	-	94,594
Travel and accommodation	6,539	56,732	-	-	12,941	53,568	5,438	135,218
	33,911	697,529	56,570	13,432	81,783	296,275	92,510	1,272,010
Expenditures recovered	-	-	-	-	-	(334,876)	(2,700)	(337,576)
	\$ 33,911	\$ 697,529	\$ 56,570	\$ 13,432	\$ 81,783	\$ (38,601)	\$ 89,810	\$ 934,434

CONSOLIDATED SCHEDULE OF EXPLORATION EXPENDITURES

For the year ended December 31, 2017

	USA		Guatemala		Mexico		Other	Total
	General Exploration	Mineral Properties	General Exploration	Mineral Properties	General Exploration	Mineral Properties	General Exploration	
Exploration administration	\$ 1,028	\$ 637	\$ 19,843	\$ 12,919	\$ 3,741	\$ 11,121	\$ 6,986	\$ 56,333
Field and camp	-	17,603	-	-	4,511	30,431	-	52,545
Geochemistry	230	84,306	-	-	17,078	17,240	-	118,854
Geological services	11,130	309,781	5,540	-	121,943	128,368	77,668	654,430
Legal and accounting	-	-	2,899	700	25,128	-	-	28,727
Licenses, rights and taxes	-	28,308	-	-	41,938	9,747	-	79,993
Travel and accommodation	3,339	36,629	8,933	-	34,221	70,483	1,943	155,490
	15,727	477,264	37,215	13,619	248,560	267,390	86,597	1,146,372
Expenditures recovered	-	-	-	-	(5,940)	-	-	(5,940)
	\$ 15,727	\$ 477,264	\$ 37,215	\$ 13,619	\$ 242,620	\$ 267,390	\$ 86,597	\$ 1,140,432