RADIUS GOLD INC.

FINANCIAL REVIEW

First Quarter Ended March 31, 2017

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2017

(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 three months ended March 31, 2017. 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:		March 31, 2017		December 31, 2016
ASSETS				
Current assets				
Cash and cash equivalents (Note 5)	$	4,361,448	$	5,130,064
Available-for-sale investments (Note 6)		5,460,017		2,793,962
Receivables (Note 7)		51,700		194,586
Due from related parties (Note 13)		142,966		16,800
Prepaid expenses and deposits (Note 13)		41,759		188,833
Total current assets		10,057,890		8,324,245
Non-current assets				
Long-term deposits (Note 13)		123,098		123,098
Property and equipment (Note 8)		49,456		53,354
Mineral and royalty interests (Note 10)		1,394,197		1,348,165
Investment in associate (Note 9)		1		1
Total non-current assets		1,566,752		1,524,618
TOTAL ASSETS	**$**	**11,624,642**	**$**	**9,848,863**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (Note 13)	$	98,095	$	107,884
Total liabilities		98,095		107,884
Shareholders' equity				
Share capital (Note 11)		56,592,613		56,592,613
Other equity reserve		6,849,808		6,849,808
Deficit		(54,160,441)		(54,520,103)
Accumulated other comprehensive income		2,244,567		818,661
Total shareholders' equity		11,526,547		9,740,979
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$**	**11,624,642**	**$**	**9,848,863**

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS AND AUTHORIZED FOR ISSUE ON MAY 29, 2017 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 INCOME (LOSS) AND OTHER COMPREHENSIVE INCOME (LOSS) (UNAUDITED)
(Expressed in Canadian Dollars)

	Three months ended March 31, 2017	2016
Royalty revenue	$ -	$ 221,407
Exploration expenditures	84,567	118,473
General and administrative expenses		
Amortization	3,898	7,862
Legal and audit fees	8,764	17,323
Management fees (Note 13)	10,500	10,500
Office and miscellaneous (Note 13)	30,139	45,472
Salaries and benefits (Note 13)	25,767	26,651
Shareholder communications (Note 13)	3,957	1,599
Transfer agent and regulatory fees (Note 13)	7,406	6,753
Travel and accommodation (Note 13)	12,670	4,331
	103,101	120,491
Loss from operations	(187,668)	(17,557)
Gain on property assignment	606,664	-
Investment income	4,049	685
Foreign currency exchange gain (loss)	1,642	(64,596)
Gain on sale of available-for-sale investments	12,475	172,328
Impairment on available-for-sale investments	(77,500)	(141,920)
Share of post-tax losses of associates (Note 9)	-	(44,000)
Net income (loss) for the period	**$ 359,662**	**$ (95,060)**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Fair value gains on available-for-sale investments (Note 6)	1,425,906	1,694,208
Total comprehensive income	**$ 1,785,568**	**$ 1,599,148**
Basic and diluted earnings (loss) per share	$0.00	$(0.00)
Weighted average number of common shares outstanding	86,675,617	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 three months ended March 31, 2017 and 2016
(Expressed in Canadian Dollars)

	Number of common shares	Share capital	Other equity reserve	Accumulated other comprehensive income (loss)	Deficit	Total
Balance, December 31, 2015	86,675,617	$ 56,592,613	$ 6,636,658	$ 134,708	$ (56,382,369)	$ 6,981,610
Loss for the period	-	-	-	-	(95,060)	(95,060)
Available-for-sale investments	-	-	-	1,694,208	-	1,694,208
Balance, March 31, 2016	86,675,617	56,592,613	6,636,658	1,828,916	(56,477,429)	8,580,758
Income for the period	-	-	-	-	1,957,326	1,957,326
Available-for-sale investments	-	-	-	(1,010,255)	-	(1,010,255)
Share-based compensation	-	-	213,150	-	-	213,150
Balance, December 31, 2016	86,675,617	56,592,613	6,849,808	818,661	(54,520,103)	9,740,979
Income for the period	-	-	-	-	359,662	359,662
Available-for-sale investments	-	-	-	1,425,906	-	1,425,906
Balance, March 31, 2017	**86,675,617**	**$ 56,592,613**	**$ 6,849,808**	**$ 2,244,567**	**$ (54,160,441)**	**$ 11,526,547**

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 March 31, 2017	2016
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net income (loss) for the period	$ 359,662	$ (95,060)
Items not involving cash:		
Amortization	3,898	7,862
Gain on property assignment	(606,664)	-
Impairment of available-for-sale investments	77,500	141,920
Gain on sale of available-for-sale investments	(12,475)	(172,328)
Share of post-tax losses of associates	-	44,000
	(178,079)	(73,606)
Changes in non-cash working capital items:		
Receivables	142,886	8,372
Prepaid expenses and deposits	147,074	8,060
Due from related parties	(126,166)	(550)
Accounts payable and accrued liabilities	(9,789)	43,840
Cash used in operating activities	(24,074)	(13,884)
INVESTING ACTIVITIES		
Purchase of available-for-sale investments	(712,235)	-
Expenditures on exploration and evaluation asset acquisition costs	(46,032)	-
Proceeds from sale of available-for-sale investments	13,725	872,328
Cash provided by (used for) investing activities	(744,542)	872,328
Increase (decrease) in cash and cash equivalents	**(768,616)**	**858,444**
Cash and cash equivalents, beginning of period	5,130,064	151,861
Cash and cash equivalents, end of period	**$ 4,361,448**	**$ 1,010,305**

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

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.

The Company is domiciled in Vancouver, Canada and is engaged in acquisition and exploration of mineral properties or investment in companies which hold mineral property interests. The address of the Company's head office 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. 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 available-for-sale financial assets.

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 March 31, 2017 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

3. STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

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

IFRS 9 Financial Instruments

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- *Classification and measurement of financial assets:*

  Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: “amortized cost”, “fair value through other comprehensive income”, or “fair value through profit or loss” (default). Equity instruments are classified and measured as “fair value through profit or loss” unless upon initial recognition elected to be classified as “fair value through other comprehensive income”.

- *Classification and measurement of financial liabilities:*

  When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity’s own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.

- *Impairment of financial assets:*

  An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at “amortized cost” or “fair value through other comprehensive income”, lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.

- *Hedge accounting:*

  Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

Effective for the Company's annual period beginning January 1, 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15, *Revenue from Contracts with Customers* 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. Application of the standard is mandatory and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 is effective for annual periods starting on or after January 1, 2018, with earlier application permitted.

IFRS 16 Leases

On January 13, 2016, the IASB issued IFRS 16 Leases 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. Early application is permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as IFRS 16.

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 determination of when an investment is impaired requires significant judgment. In making this judgment, the Company evaluates, amongst other things, the duration and extent to which the fair value of the investment is less that its original cost at each reporting period;

c) 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;

d) 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

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

The key estimate 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) 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.

(Expressed in Canadian Dollars)

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. Cash at banks and on hand earns interest at floating rates based on daily bank deposit rates.

6. AVAILABLE-FOR-SALE INVESTMENTS

	B2Gold	Focus	Southern Silver	Medgold	Advantage	Volcanic	GrowMax	Champagne	Total
Balance, December 31, 2015	$3,626,000	$ 326,417	$ 300,000	$ -	$ -	$ -	$ -	$ -	$ 4,252,417
Acquisition of shares	-	172,958	-	300,000	225,000	-	70,355	50,000	818,313
Disposition of shares	(3,626,000)	-	(225,000)	-	-	-	-	-	(3,851,000)
Impairment adjustment	-	(205,321)	-	-	-	-	-	-	(205,321)
Reclassification as investment in associate	-	-	-	1,095,600	-	-	-	-	1,095,600
Net change in fair value recorded in other comprehensive income	-	(14,192)	412,500	261,000	17,500	-	7,145	-	683,953
Balance, December 31, 2016	-	279,862	487,500	1,656,600	242,500	-	77,500	50,000	2,793,962
Acquisition of shares	-	137,135	-	-	-	1,181,764	-	-	1,318,899
Disposition of shares	-	-	(1,250)	-	-	-	-	-	(1,250)
Impairment adjustment	-	-	-	-	(77,500)	-	-	-	(77,500)
Net change in fair value recorded in other comprehensive income	-	52,869	236,500	451,800	(17,500)	719,737	(17,500)	-	1,425,906
Balance, March 31, 2017	**$ -**	**$ 469,866**	**$ 722,750**	**$2,108,400**	**$ 147,500**	**$ 1,901,501**	**$ 60,000**	**$ 50,000**	**$ 5,460,017**

Available-for-sale investments that are publicly traded are recorded at fair value and investments in which there is no quoted market price in an active market is carried at cost. As of March 31, 2017, available-for-sale investments consisted of 7,831,106 (December 31, 2016: 5,088,406) common shares of Focus Ventures Ltd. (“Focus”), 1,475,000 (December 31, 2016: 1,500,000) common shares of Southern Silver Exploration Corp. (“Southern Silver”), 10,040,000 (December 31, 2016: 10,040,000) common shares of Medgold, 250,000 (December 31, 2016: 250,000) common shares of Advantage Lithium Corp. (“Advantage”), 3,222,883 (December 31, 2016: Nil) common shares of Volcanic Gold Mines Inc. (“Volcanic”), and 500,000 (December 31, 2016: 500,000) common shares of GrowMax Resources Corp. (“GrowMax”), all of which are publicly listed companies and 625,000 (December 31, 2016: 625,000) common shares of Champagne Resources Limited (“Champagne”), a private company.

As at March 31, 2017, the fair value based on published market prices of the available-for-sale investments that are publicly listed was $5,410,017 (December 31, 2016: $2,743,962) and the cost of the Champagne available-for-sale investment is $50,000.

During the period ended March 31, 2017, an impairment charge of $77,500 was charged against the Advantage shares due to their fair value declining significantly below its initial cost base. (2016: an impairment charge of $141,920 was charged against the Focus shares due to the fair value of the shares being less than the adjusted cost base).

6. AVAILABLE-FOR-SALE INVESTMENTS – (cont'd)

During the period ended March 31, 2017, the Company completed the following transactions:

i) Sold 25,000 shares of Southern Silver for net proceeds of $13,725 and recorded a gain of $12,475;

ii) Purchased 2,742,700 units of a Focus private placement at a cost of $137,135. Each unit consists of one common share of Focus and one share purchase warrant; each full warrant entitling the Company to purchase one additional common share of Focus at $0.10 for five years. The Focus share purchase warrants are not tradable on an exchange;

iii) Received 1,263,883 common shares of Volcanic Gold Mines Inc. ("Volcanic"), a publicly listed company, with a fair value of $606,664 at the time of issuance, pursuant to a mineral property assignment agreement described below;

iv) Purchased 834,000 units of a Volcanic private placement at a cost of $125,100. Each unit consists of one common share of Volcanic and one-half share purchase warrant; each full warrant entitling the Company to purchase one additional common share of Volcanic at $0.25 for one year. The Volcanic share purchase warrants are not tradable on an exchange; and

v) Purchased 1,125,000 units of a Volcanic private placement at a cost of $450,000. Each unit consists of one common share of Volcanic and one share purchase warrant; each full warrant entitling the Company to purchase one additional common share of Volcanic at $0.80 for five years. The Volcanic share purchase warrants are not tradable on an exchange.

Subsequent to the period ended March 31, 2017, the Company purchased 25,000 common shares of Focus in the open market at a cost of $1,250.

In 2016, the Company entered into an assignment agreement with Volcanic, pursuant to which the Company assigned to Volcanic a purchase agreement to acquire the Mandiana project, a gold property located in Guinea, from Sovereign Mines of Africa PLC ("SMA"). During the period ended March 31, 2017, the transaction was completed and Volcanic acquired all of the outstanding share capital of SMA's wholly owned subsidiary, Sovereign Mines of Africa Ltd. ("Sovereign Mines"). In consideration for the assignment by the Company, Volcanic issued 1,263,883 of its common shares to the Company upon completion of the transaction. Volcanic also agreed to reimburse the Company for certain expenses incurred in the development of the transaction and granted to the Company certain rights to participate in future equity financings completed by Volcanic. Each of SMA, Sovereign Mines and Volcanic were at arm's length to the Company at the time of the transaction. As at March 31, 2017, the Company and Volcanic have certain common officers.

The Company also holds 2,973,275 free trading common shares of Rackla with a fair value of $401,392 as of March 31, 2017 but they are recorded as an investment in associate (Note 9).

(Expressed in Canadian Dollars)

7. RECEIVABLES

		March 31, 2017		December 31, 2016
Royalty revenue receivable	$	784,180	$	784,180
Provision for impairment		(784,180)		(784,180)
Royalty revenue receivable, net		-		-
Sales taxes		38,606		34,253
Other receivables		13,094		160,333
	$	**51,700**	**$**	**194,586**

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 March 31, 2017 as the Company has allowed the property owner, Kappes, Cassiday & 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.

8. PROPERTY AND EQUIPMENT

	Leasehold improvements	Trucks	Computer equipment	Furniture and equipment	Geophysical equipment	Field equipment	Total
Cost							
Balance, December 31, 2015	$ 62,762	$ 215,638	$ 252,068	$ 62,656	$ 84,882	$ 2,480	$ 680,486
Balance, December 31, 2016	62,762	215,638	252,068	62,656	84,882	2,480	680,486
Balance, March 31, 2017	**$ 62,762**	**$ 215,638**	**$ 252,068**	**$ 62,656**	**$ 84,882**	**$ 2,480**	**$ 680,486**
Accumulated amortization							
Balance, December 31, 2015	$ 42,367	$ 208,680	$ 232,085	$ 49,653	$ 67,409	$ 2,126	$ 602,320
Charge for period	6,300	6,958	5,901	2,052	3,495	106	24,812
Balance, December 31, 2016	48,667	215,638	237,986	51,705	70,904	2,232	627,132
Charge for period	1,575	-	1,056	551	698	18	3,898
Balance, March 31, 2017	**$ 50,242**	**$ 215,638**	**$ 239,042**	**$ 52,256**	**$ 71,602**	**$ 2,250**	**$ 631,030**
Carrying amounts							
At December 31, 2016	$ 14,095	$ -	$ 14,082	$ 10,951	$ 13,978	$ 248	$ 53,354
At March 31, 2017	**$ 12,520**	**$ -**	**$ 13,026**	**$ 10,400**	**$ 13,280**	**$ 230**	**$ 49,456**

(Expressed in Canadian Dollars)

9. INVESTMENT IN ASSOCIATE

Rackla

As at March 31, 2017, the Company held 2,973,275 (December 31, 2016: 2,973,275) common shares of Rackla, representing 19.7% of Rackla's outstanding common shares. The Company also held 1,000,000 share purchase warrants entitling it to purchase an additional 1,000,000 common shares of Rackla until October 18, 2017 at a price of $0.05 per share. The Rackla share purchase warrants are not tradable on an exchange.

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, 2016 to March 31, 2017:

Balance, December 31, 2015	$	1
Balance, December 31, 2016		1
Balance, March 31, 2017	**$**	**1**

Prior to the 2015 fiscal year, the Company's share of losses in Rackla exceeded its interest and therefore the Company discontinued recognizing its share of further losses. The cumulative unrecognized share of losses for the associate is $597,982.

The financial statement balances of Rackla are as follows:

		March 31, 2017		**December 31, 2016**
Total current assets	$	32,932	$	36,537
Total assets		100,380		104,597
Total liabilities		158,228		133,476
Net loss		31,219(1)		219,288(2)

(1) Net loss for three month period ended March 31, 2017.
(2) Net loss for the year ended December 31, 2016.

At March 31, 2017, the fair value of the 2,973,275 common shares of Rackla was $401,392 (December 31, 2016: $445,991).

(Expressed in Canadian Dollars)

10. MINERAL PROPERTY AND ROYALTY INTERESTS

Acquisition costs	**Peru**	**United States**	**Guatemala**	**Mexico**	**Total**
Balance, December 31, 2015	$ 1,259,505	$ -	$ 1	$ -	$ 1,259,506
Additions - cash	-	88,659	-	23,748	112,407
Acquisition costs recovered	-	-	-	(23,748)	(23,748)
Balance, December 31, 2016	1,259,505	88,659	1	-	1,348,165
Additions - cash	-	46,032	-	-	46,032
Balance, March 31, 2017	**$ 1,259,505**	**$ 134,691**	**$ 1**	**$ -**	**$ 1,394,197**

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, 2016. Significant exploration and evaluation asset transactions that have occurred since December 31, 2016 are as follows:

USA

Bald Peak Property

During the period ended March 31, 2017, the Company acquired a 100% interest in the Bald Peak gold property from Nevada Select Royalty, Inc. ("Nevada Select") in consideration of a cash payment of $46,032 (US$35,115), the granting to Nevada Select and/or a former property owner, of a total 3% NSR royalty, and making annual advance royalty payments to Nevada Select of US$25,000. The advance royalty payments become payable on the date the Company receives a drill permit for the property and on each annual anniversary thereof so long as the Company holds title to the property. The Company has the right to reduce either royalty by 1% by paying US$1.0 million to Nevada Select, and/or US$500,000 to the former owner.

Mexico

i) *Lithium Brine Projects*

In 2016, the Company submitted applications for mineral concessions totalling 37,000 hectares covering four lithium brine projects in northern Mexico at a cost of $23,748.

In September 2016, the Company entered into an option agreement with Advantage, an unrelated party, whereby Advantage had an option to earn up to a 70% interest in the projects. The Company received $25,000 in cash upon signing of the option agreement and a further $50,000 in cash and 250,000 common shares of Advantage with a fair value of $225,000 upon stock exchange approval of the option agreement.

Subsequent to March 31, 2017, Advantage advised the Company that it has decided to focus its efforts in countries other than Mexico and therefore terminated the option agreement.

10. MINERAL PROPERTY AND ROYALTY INTERESTS – (cont'd)

Mexico – (cont'd)

ii) *Tlacolula Property*

The Company owns a 100% interest in the Tlacolula Property which consists of one granted exploration concession covering 12,642 hectares.

By an agreement signed in September 2009 and subsequently amended in December 2012 and then again on November 10, 2014, the Company granted to Fortuna Silver Mines Inc. ("Fortuna") the option to earn a 60% interest in the Tlacolula Property by spending US$2 million on exploration of the Property and making staged payments totaling US$300,000 cash and US$250,000 in common stock no later than January 31, 2017 and according to the following schedule:

a) US$20,000 cash and US$20,000 cash equivalent in shares upon regulatory approval (received);
b) US$30,000 cash and US$30,000 cash equivalent in shares by the first year anniversary (received);
c) US$50,000 cash and US$50,000 cash equivalent in shares by the second year anniversary (received);
d) US$50,000 cash and US$50,000 cash equivalent in shares by the third year anniversary (received);
e) US$50,000 cash within ten days after TSXV approval of the November 10, 2014 amending agreement (received $60,661 January 2015);
f) incurring US$2 million on exploration of the Property within 12 months of receipt of a drill permit, such work to include at 1,500 metres of drilling; and
g) US$100,000 cash and US$100,000 cash equivalent in shares within 90 days of completion of the 1,500 metres of drilling.

Prior to the current period, Fortuna advanced the property with sampling and trenching but was unsuccessful in obtaining a social license to conduct a drill testing program. In January 2017 the deadline for meeting the required exploration expenditures lapsed. The Company and Fortuna have agreed to amend the option so that Fortuna will acquire a 100% interest in the property by paying to the Company US$150,000 in cash, issuing such number of Fortuna shares that is equal to 250,000 Fortuna shares less such number of Fortuna shares that is equal to US$50,000, and granting the Company a 2% NSR royalty. Fortuna will retain the right to purchase one-half of the royalty (equal to 1%) by paying the Company US$1.5 million. This amendment is subject to stock exchange approval.

The Company and Fortuna have two common directors.

11. SHARE CAPITAL AND RESERVES

a) Common Shares

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

There was no share capital activity during the three month periods ended March 31, 2017 and 2016.

b) Share Purchase Warrants

There was no share purchase warrant activity during the three month periods ended March 31, 2017 and 2016 and as at March 31, 2017, no share purchase warrants were outstanding.

(Expressed in Canadian Dollars)

12. 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 March 31, 2017:

				During the period				
Grant date	**Expiry date**	**Exercise price**	**Opening balance**	**Granted**	**Exercised**	**Forfeited / expired**	**Closing balance**	**Vested and exercisable**
Jan 08, 2010	Jan 07, 2020	$0.29	1,245,000	-	-	-	1,245,000	1,245,000
May 26, 2010	May 25, 2020	$0.36	100,000	-	-	-	100,000	100,000
Sep 24, 2010	Sep 23, 2020	$0.69	100,000	-	-	-	100,000	100,000
Dec 13, 2012	Dec 12, 2022	$0.20	1,885,000	-	-	-	1,885,000	1,885,000
Oct 19, 2016	Oct 18, 2026	$0.15	1,740,000	-	-	-	1,740,000	1,740,000
			5,070,000	**-**	**-**	**-**	**5,070,000**	**5,070,000**
		Weighted average exercise price	$0.22	-	-	-	$0.22	$0.22

b) Fair Value of Options Issued During the Period

No options were granted during the period ended March 31, 2017.

The weighted average remaining contractual life of the options outstanding at March 31, 2017 is 6.21 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 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.

(Expressed in Canadian Dollars)

12. SHARE-BASED PAYMENTS – (cont'd)

c) Expenses Arising from Share-based Payment Transactions

No expenses arose from share-based payment transactions recognized during the periods ended March 31, 2017 and 2016 as part of share-based compensation expense.

As of March 31, 2017 there was no amount (December 31, 2016: $Nil) of total unrecognized compensation cost related to unvested share-based compensation awards.

d) Amounts Capitalized Arising from Share-based Payment Transactions

No expenses arose from the share-based payment transactions that were capitalized during the periods ended March 31, 2017 and 2016 as part of exploration and evaluation asset acquisition costs.

13. RELATED PARTY TRANSACTIONS

The Company had transactions during the periods ended March 31, 2017 and 2016 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
Fortuna	Shared general and administrative expenses
Focus	Investment and shared general and administrative expenses
Medgold	Investment and shared general and administrative expenses
Volcanic	Investment and shared general and administrative expenses
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 March 31, 2017 and 2016:

	Three months ended March 31, 2017	Three months ended March 31, 2016
General and administrative expenses:		
Salaries and benefits	$ 4,800	$ 6,347
Exploration expenditures:		
Geological fees	15,100	-
Salaries and benefits	4,258	-
	$ 24,158	**$ 6,347**

(Expressed in Canadian Dollars)

13. 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 March 31, 2017 and 2016, the Company reimbursed Gold Group the following:

	Three months ended March 31,	
	2017	**2016**
General and administrative expenses:		
Office and miscellaneous	$ 9,302	$ 10,329
Shareholder communications	1,290	1,149
Salaries and benefits	24,467	23,740
Transfer agent and regulatory fees	500	-
Travel and accommodation	5,115	4,331
	$ 40,674	**$ 39,549**

Gold Group salary and benefits costs for the periods ended March 31, 2017 and 2016 include those for the Chief Financial Officer and Corporate Secretary.

Prepaid expenses and deposits include an amount of $3,390 (December 31, 2016: $5,797) paid to Gold Group for shared office and administrative services.

Long-term deposits include an amount of $60,000 (December 31, 2016: $60,000) paid to Gold Group as a deposit on the shared office and administrative services agreement.

Due from related parties consist of $23,608 (December 31, 2016: $13,693) is due from Medgold, a company which has a common director with the Company, and arose from shared personnel costs, $53,386 (December 31, 2016: $Nil) is due from Volcanic, a company which has common officers with the Company, and arose from costs incurred on Volcanic's behalf (Note 6) and $65,972 (December 31, 2016: $3,107) is due from Focus, a company which has two common directors with the Company, and arose from an overpayment on a private placement subscription and refunded to the Company subsequent to the period end. These amounts were unsecured, non-interest bearing and due on demand.

Accounts payable and accrued liabilities include $14,602 (December 31, 2016: $4,033) to a Director of the Company for geological fees and $Nil (December 31, 2016: $2,828) payable to Gold Group for shared administrative costs.

During the period ended March 31, 2017, the following transactions also occurred:

i) Purchased 2,742,700 units of a Focus private placement at a cost of $137,135. Each unit consists of one common share of Focus and one share purchase warrant; each full warrant entitling the Company to purchase one additional common share of Focus at $0.10 for five years. The Focus share purchase warrants are not tradable on an exchange;

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 March 31,	
	2017	**2016**
Geological fees included in exploration expenditures	$ 15,000	$ 15,000
Management fees	10,500	10,500
Salaries, benefits and fees	7,792	6,417
	$ 33,292	**$ 31,917**

(Expressed in Canadian Dollars)

14. 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, Nicaragua, and Caymans. Details of identifiable assets by geographic segments are as follows:

Period ended March 31, 2017	**Canada**	**USA**	**Guatemala**	**Mexico**	**Other**	**Consolidated**
Exploration expenditures	$ -	$ 18,942	$ 14,463	$ 25,332	$ 25,830	$ 84,567
Gain on property assignment	606,664	-	-	-	-	606,664
Gain on sale of available-for-sale investments	12,475	-	-	-	-	12,475
Investment income	4,049	-	-	-	-	4,049
Amortization	3,898	-	-	-	-	3,898
Net income (loss)	502,785	-	(58,602)	(53,247)	(31,274)	359,662
Capital expenditures*	-	46,032	-	-	-	46,032

Period ended March 31, 2016	**Canada**	**Guatemala**	**Mexico**	**Other**	**Consolidated**
Royalty revenue	$ -	$ 221,407	$ -	$ -	$ 221,407
Exploration expenditures	-	16,969	51,564	49,940	118,473
Gain on sale of available-for-sale investments	172,328	-	-	-	172,328
Investment income	685	-	-	-	685
Amortization	4,668	3,194	-	-	7,862
Net income (loss)	(389,135)	391,914	(16,022)	(81,817)	(95,060)

*Capital expenditures consists of additions of property and equipment and exploration and evaluation assets

As at March 31, 2017	**Canada**	**USA**	**Guatemala**	**Peru**	**Mexico**	**Other**	**Consolidated**
Total current assets	$ 9,939,646	$ -	$ 11,184	$ -	$ 37,126	$ 69,934	$ 10,057,890
Total non-current assets	172,553	134,691	3	1,259,505	-	-	1,566,752
Total assets	**$ 10,112,199**	**$ 134,691**	**$ 11,187**	**$ 1,259,505**	**$ 37,126**	**$ 69,934**	**$ 11,624,642**
Total liabilities	**$ 84,440**	**$ -**	**$ 1,644**	**$ -**	**$ 4,382**	**$ 7,629**	**$ 98,095**

As at December 31, 2016	**Canada**	**USA**	**Guatemala**	**Peru**	**Mexico**	**Other**	**Consolidated**
Total current assets	$ 8,211,529	$ -	$ 10,945	$ -	$ 32,161	$ 69,610	$ 8,324,245
Total non-current assets	176,454	88,659	-	1,259,505	-	-	1,524,618
Total assets	**$ 8,387,983**	**$ 88,659**	**$ 10,945**	**$ 1,259,505**	**$ 32,161**	**$ 69,610**	**$ 9,848,863**
Total liabilities	**$ 94,130**	**$ -**	**$ 1,609**	**$ -**	**$ 4,439**	**$ 7,706**	**$ 107,884**

(Expressed in Canadian Dollars)

15. 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 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 March 31, 2017, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

Foreign Currency Risk – (cont'd)

	March 31, 2017				**December 31, 2016**			
	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	$ 24,495	$ 1,814	$ 25	$ 520	$ 20,012	$ 930	$ 24	$ 525
Receivables	-	30,529	2,935	-	-	27,047	2,872	-
Current liabilities	(5,923)	(4,382)	(1,644)	(7,629)	(11,507)	(4,439)	(1,609)	(7,706)
	$ 18,572	**$ 27,961**	**$ 1,316**	**$ (7,109)**	**$ 8,505**	**$ 23,538**	**$ 1,287**	**$ (7,181)**

Based on the above net exposures at March 31, 2017, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in approximately an $4,100 (December 31, 2016: $2,600) increase or decrease in profit or loss, respectively.

15. 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.

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 available-for-sale investments 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 available-for-sale investments held in Medgold, Focus, Southern Silver, Advantage, Volcanic, GrowMax, and Champagne are monitored by the Board with decisions on sale taken by Management. A 10% decrease in fair value of the shares would result in an approximate $546,000 decrease in 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, available-for-sale 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 available-for-sale investments that are invested in asset based commercial paper. For 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 March 31, 2017, the Company had working capital of $9.96 million (December 31, 2016: $8.22 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, investments in available-for-sale investments, receivables, receivable derivatives, amounts due from related parties, deposits, and accounts payables and accrued liabilities are assumed to approximate their fair values.

(Expressed in Canadian Dollars)

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

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

	March 31, 2017 Book value	March 31, 2017 Fair value
Financial assets		
Shares held in Rackla and recorded as investment in associate (Note 9)	$ 1	$ 401,392

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 available-for-sale investments for Focus, Southern Silver, Medgold, Advantage, Volcanic, and GrowMax are based on quoted prices and are therefore considered to be Level 1. The available-for-sale investment for Champagne is based on inputs other than quoted prices and therefore considered to be Level 2. As of March 31, 2017, 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.

There were no transfers between Levels in the current period.

16. 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, available-for-sale 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 March 31, 2017. 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.

(the "Company")

**INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS –
QUARTERLY HIGHLIGHTS**

For the Three Months Ended March 31, 2017

General

This interim Management's Discussion and Analysis ("Interim MD&A") supplements, but does not form part of, the unaudited condensed interim consolidated financial statements of the Company for the three months ended March 31, 2017. The following information, prepared as of May 29, 2017, should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for three months ended March 31, 2017 and the related notes contained therein. 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"). In addition, the following should be read in conjunction with the Consolidated Financial Statements of the Company for the year ended December 31, 2016 and the related MD&A. All amounts are expressed in Canadian dollars unless otherwise indicated. The March 31, 2017 financial statements have not been reviewed by the Company's auditors.

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 Interim 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 Interim MD&A include, without limitation, statements relating to:

- the Company's planned exploration activities for its mineral properties;
- The Company's available-for-sale 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 Interim MD&A.

Forward-looking Statements contained in this Interim 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 available-for-sale and 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 Latin America 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.

Since commencement of commercial production at the Tambor Project, Guatemala in December 2014 and until suspension of operations in May 2016, the Company has received royalty payments from the project owner. To date, the Company has recognized net royalty income of $1,530,555, of which $746,375 has been received to date. For further details on this royalty, see "Royalty Interests – Guatemala-Tambor Project Royalty" below.

In order to give the Company more flexibility in the way it is allowed to put its capital to work, the Company completed in April 2015 a change of business from a Tier 2 Mining Issuer to a Tier 1 Investment Issuer in accordance with the rules and policies of the TSX Venture Exchange ("TSXV"). There have been no changes in the Company's management or Board members as a result of the change of business. The Company remains involved only in the resource sector and is not seeking to become solely a royalty company or investment fund. The change of business has simply given the Company more flexibility to apply its working capital to a wider range of projects within the resource sector.

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

Investments

The following is a summary of investment activities since January 1, 2017 and until the date of this report:

- 25,000 shares of Southern Silver Exploration Corp. ("Southern Silver") were sold, for net proceeds of $13,725.
- 2,742,700 shares of Focus Ventures Ltd. ("Focus") were purchased at a cost of $137,135 by way of a private placement.
- 1,263,883 common shares of Volcanic Gold Mines Inc. ("Volcanic") were received with a fair value of $606,664 at the time of issuance, pursuant to a mineral property assignment agreement.
- 1,959,000 common shares of Volcanic were acquired by way of private placements at a cost of $575,100.
- 25,000 common shares of Focus were purchased on the open market at a cost of $1,250.

The Company's current cash and cash equivalents on hand is approximately $4.2 million and its current investments consist of:

Advantage 250,000 shares Current market value: $122,000	Advantage is a resource company specializing in the strategic acquisition, exploration and development of lithium properties.

Champagne 625,000 shares Current market value: N/A Plus: warrants to purchase an additional 312,500 shares	Champagne is a private 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.
Focus 7,856,106 shares Current market value: $353,000 Plus: warrants to purchase an additional 4,573,700 shares	Focus is a Canadian-listed exploration company developing the Bayovar 12 sedimentary phosphate resource in northern Peru.
GrowMax 500,000 shares Current market value: $60,000	GrowMax is a TSXV listed company focused on exploration and development of phosphate and potassium-rich brine resources on its Bayovar concessions in northwestern Peru.
Medgold 10,040,000 shares (10+% of issued) Current market value: $1,807,000	Medgold is a European-focused TSXV listed gold exploration and development company, focussing on the orogenic gold provinces of northwest Iberia and the under-explored provinces of southern Europe.
Rackla Metals Inc. ("Rackla") 2,973,275 shares (10+% of issued) Current market value: $401,000 Plus: warrants to purchase an additional 1,000,000 shares	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.
Southern Silver 1,475,000 shares Current market value: $597,000	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.
Volcanic 3,222,883 shares Current market value: $1,901,000 Plus: warrants to purchase an additional 1,542,000 shares	Volcanic is a TSXV listed company focused on consolidating an under-explored gold district in West Africa.

Property Interests

USA – Nevada – Bald Peak Property

In March 2017, the Company purchased the Bald Peak gold property from Ely Gold & Minerals Inc. (TSX-V: ELY) and its wholly owned subsidiary, Nevada Select Royalty Inc. ("Nevada Select"), adding to the Company's portfolio of epithermal gold prospects in the Aurora gold camp, Nevada.

The Bald Peak Property consists of 38 unpatented mining claims in Mineral County, Nevada and one mineral prospecting licence in Mono County, California. The Property overlies a 6 kilometres long, NE-trending zone of gold-bearing quartz-chalcedony veins, stockworks and hot spring silica sinters that has seen minimal historical exploration work.

Bald Peak Mountain is a rhyolite dome complex located 7 kilometres WNW of the historic Aurora Gold mine that was recently acquired by Klondex Mines Inc. The high level gold bearing veins/stockworks and sinters discovered on the Property occur in a rhyolitic sedimentary unit intermittently exposed beneath more recent volcanic flows along a NE-trending depression, potentially a graben structure. Previous explorers in the area collected rock chip samples along this trend. Historical exploration documentation shows that within the Property boundaries, 201 rock chip samples from exposed outcrops returned assay values ranging from trace to 7 g/t Au, with 40 samples returning assay values above 1 g/t Au. Rock chip samples also contain highly anomalous levels of Hg, Sb, and As, elements typical of shallowly-exposed epithermal systems. The historical geochemical data suggest that these outcrops may represent the upper portions of a productive hydrothermal system.

The Company intends to leverage its prior experience in these high level environments to advance the Bald Peak Property, exploring for bonanza epithermal gold-silver veins similar to those seen within the Bodie-Aurora-Borealis district. Initial work on the Property will entail geological mapping, rock sampling and the establishment of a soil sampling grid over the entire claim group with multi-element I.C.P. This program will likely be followed by a geophysical survey.

The historical results given here are from previous explorers' exploration summary documents, and have not been independently verified by a Qualified Person. The exploration work summarized appears to have been done to an appropriate technical standard, however, and the Company's Qualified Person believes them to be reliable. The Company will be selectively resampling surface outcrop as part of its due diligence exploration work.

Acquisition Terms

The Company has acquired a 100% interest in the Bald Peak Property in consideration of the payment to Nevada Select of US$35,115, the granting to Nevada Select and/or a former property owner, of a total 3% NSR royalty, and making annual advance royalty payments to Nevada Select of US$25,000. The Company has the right to reduce either royalty by 1% by paying US$1.0 million to Nevada Select, and/or US$500,000 to the former owner.

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 terms of the option agreement are described in the Company's December 31, 2016 annual consolidated financial statements.

The Spring Peak Property consists of 37 contiguous United States Federal Mineral Claims comprising 309 hectares located approximately 37 kilometres southwest of the town of Hawthorne, Nevada. The Property is situated in the historic Aurora-Borealis-Bodie mining district which lies within the Walker Lane gold trend of western Nevada. The gold deposits in the Aurora-Borealis-Bodie district occur as both high grade vein-hosted low sulphidation deposits (Aurora, Bodie), and as high-sulphidation alunite-kaolinite gold-deposits (Borealis). Total historical precious metal production along this trend, from the mid-19th century to the mid-1990s, has been estimated at 4.0 million ounces Au, and 11.2 million ounces Ag (MDA, 2002).

The Spring Peak Property is approximately 6 kilometres southeast of the historical open pit mines at Aurora. At Spring Peak, a sinter terrace is exposed overlying altered volcaniclastic deposits and basement Cretaceous granites (USGS, 2012). The sinter system contains anomalous concentrations of Au, Ag, Hg, Sb, and As. Recent ash fall deposits cover much of the area, but frequent vein float with multi-ppm gold concentrations can be found across the Property. The area was drilled with shallow holes in the 1980s, the majority of which were vertical. The sinter terrace and potential structures beneath it were never adequately drill tested. The Company believes the Property has the potential to host subvertical high grade veins as feeders to the sinter terraces.

The Company has completed a 13-line CSAMT survey (see news release dated October 19, 2016) and has generated new drill targets on the Spring Peak Property. Previous exploration activities by the Company include due diligence sampling of sinter terraces, and vein float on the Property, prospecting along the structure of interest, and conducting a soil sampling survey (100m x 25m grid oriented orthogonal to the NE-SW targeted structure).

The Company is currently preparing a Plan of Operations for a drilling program at Spring Peak, to be submitted to the United States Forest Service. Drill-testing of the Property is planned once the Plan of Operations has been approved, anticipated for mid- to late-2017.

USA - Nevada – ABC Property

During the year ended December 31, 2016, the Company staked 122 contiguous United States federal mining claims covering approximately 992 hectares in in the historic Walker Lane Gold Trend in Mineral County, Nevada. The ABC Property is located along the structural trend that hosts the historical Aurora mining district, the Borealis mine and the historical Bodie mining camp in California. The gold deposits in the Aurora-Borealis-Bodie district occur as both high grade vein-hosted low sulphidation deposits (Aurora, Bodie), and as high-sulphidation alunite-kaolinite gold-deposits (Borealis). Total historical precious metal production along this approximately 32 kilometre trend, from the mid-19th century to the mid-1990s, has been estimated at 4.0 million ounces Au, and 11.2 million ounces Ag [(1)].

The Aurora-Borealis-Bodie district hosts both oxidized and gold-sulphide deposits. From studies of the mineralized deposits of the Borealis mine, gold-sulphide mineralization is observed at the bottom of most pits, the most significant of which is beneath the Freedom Flats deposit [(4)]. Previous operators of the Borealis mine also believe that potential high-grade feeder structures remain beneath existing pits. Drilling of these zones has intercepted thick zones of high-grade, in particular, the Freedom Flats area, including [(4)]:

- FF-50 with 18.3 m averaging 7.95 g/t Au
- FF-173 with 16.8 m averaging 17.55 g/t Au
- FF-223 with 6.2 m averaging 16.11 g/t Au
- FF-229 with 33.5 m averaging 29.35 g/t Au

The results from the Borealis mine above are solely displayed to illustrate the existence of high-grade feeder structures in the Aurora-Borealis-Bodie district.

The drill results quoted above are not within the ABC Property claims, but are historical results from adjacent properties within the Aurora-Borealis district. The Company's Qualified Person has been unable to verify the above information, and it is not necessarily indicative that similar mineralization will be found on the ABC Property.

The ages of mineralization within the district span 6 million years (Ma) (Bodie 8.5 Ma, Aurora 10.5 Ma [(2)] and Borealis 4.5 Ma [(3)], evidencing a long-lived structure that has facilitated significant fluid flow and produced three significant gold deposits. The Company believes the long-lived and well-mineralized nature of this structure make the covered untested sections compelling areas to explore for blind high-grade gold deposits.

The ABC Property covers seven kilometres of what management believes to be an untested portion of the structure that acted as the conduit system for these gold deposits, and is covered by thin extrusive trachyandesites of the Aurora Volcanic Field. It is the Company's belief that no previous operator in the area has attempted to identify the regional structure beneath these extrusive flows. The Company is targeting relatively shallow high-grade prospects, similar to those observed at the Freedom Flats deposit, using IP to delineate new targets. IP has been successfully used in the area to identify buried targets in the Borealis mine area.

References:

1) *Technical Report on the Esmeralda Project, Mineral County, Nevada USA. P. Knudsen & N. Prenn, Mine Development Associates (MDA). Prepared for Metallic Ventures Inc., 2002.*
2) *Gold-Silver Mining Districts, Alteration Zones, and Paleolandforms in the Miocene Bodie Hills Volcanic Field, California and Nevada. USGS Scientific Investigations Report 2015-2012.*
3) *Geologic Discussion of the Borealis Gold Deposit, Mineral County, Nevada. Strachan D. G. USGS Bull. 1982.*
4) *NI 43-101 Pre-Feasibility Study Update of the Mineral Resources of the Borealis Gold Project Located in Mineral County, Nevada, USA. J. D. Welsh & J. M. Brown. Prepared for Gryphon Gold Corp., 2011.*

Mexico – Lithium Brine Projects

During 2016, the Company submitted applications for mineral concessions totaling 37,000 hectares covering four lithium brine projects in the States of Chihuahua and Coahuila in northern Mexico.

While working in northern Mexico, the Company's exploration team recognized the potential of the large salar basins and compiled a database from historic lithium exploration conducted by the Mexican geological survey between 1987 and 1993. Highlights of the Company's lithium projects include:

- The projects are located in large, salar closed basins, in geological settings analogous to the Clayton Valley Basin, Nevada, host of Albemarle's Silver Peak lithium producing mine operation.
- Historical work in the area by the Mexican Geologic Survey included a 1982 drill hole at La Union which returned a brine sample of 283 ppm Li.
- The Company conducted controlled surface samples which delivered numerous anomalous lithium results including 189 ppm Li at La Viesca.
- Region is underexplored.
- Mexico is considered a mining friendly jurisdiction. The area has excellent infrastructure and is road accessible, allowing for potentially low exploration costs.

Key geographical highlights similar to Clayton Valley and/or associated with brine deposits:

- Located in a desert climate with historic evaporate ponds.
- Large closed basin salar targets.
- Geothermal hotsprings observed at two of the salars.
- Suitable lithium source-rocks.
- Subsurface highly saline aquifers described in historic data.

In September 2016, the Company granted to Advantage an option to earn up to a 70% interest in the projects. However, prior to commencing any exploration work on the projects, Advantage has recently advised the

Company that it has decided to focus its efforts in countries other than Mexico and therefore will be terminating its option agreement. The Company is identifying other lithium companies to initiate discussions on a joint venture on the projects.

Mexico - Tlacolula Property

The Company discovered silver mineralization in 2005 following a regional stream geochemical survey in various areas of the state of Oaxaca. An initial trenching program on the Tlacolula property defined a broad low grade silver/gold anomaly associated with opaline silica, indicating a high level system. In late 2009, the Company optioned the Tlacolula silver project to Fortuna Silver Mines Inc. (TSX-FVI) ("Fortuna") and the option agreement was amended in December 2012 and in November 2014. The 12,642 hectare property is located 14 kilometres east-southeast of the city of Oaxaca and 30 kilometres northeast of Fortuna's 100%-owned San Jose silver-gold mine.

Pursuant to the option agreement as amended, Fortuna had the right until January 2017 to earn a 60% interest in the Tlacolula project by making certain cash payments and share issuances to the Company and by spending US$2.0 million on exploration, which includes a commitment to drill 1,500 metres within 12 months of issuance of a drill permit for the project. To date, the Company has received US$200,000 in cash and 34,589 shares of Fortuna.

Fortuna advanced the property with sampling and trenching but has been unsuccessful to date in obtaining social licence to conduct a drill testing program. As the deadline for meeting the required expenditures under the option agreement has lapsed, the Company and Fortuna have agreed to amend the option so that Fortuna will acquire a 100% interest in the property by paying to the Company US$150,000 in cash, issuing such number of Fortuna shares that is equal to 250,000 Fortuna shares less such number of Fortuna shares that is equal to US$50,000, and granting the Company a 2% NSR royalty. Fortuna will retain the right to purchase one-half of the royalty (equal to 1%) by paying the Company US$1.5 million. This amendment is subject to stock exchange approval.

The Company and Fortuna are related parties.

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.

<u>Royalty Interests</u>

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, Cassiday & 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:

Gold Price (US$)	Per Ounce of Gold
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:

Gold Price (US$)	Per Ounce of Gold
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. The Company has allowed KCA to defer payment of the remaining receivable balance while KCA prepares a legal strategy to overturn the suspension of operations and seek compensation from the Guatemalan authorities, from which the Company would benefit as well. Due to these circumstances, for accounting purposes, a provision was recorded against the KCA receivable for the year ended December 31, 2016.

Peru – Bayovar 12 Project Royalty

In April 2015, the Company purchased from Focus a production royalty, equivalent to a 2% net smelter return, on Focus's 70% interest in future phosphate production from the Bayovar 12 project located in the Sechura district of northern Peru. The purchase price for the royalty was US$1.0 million. Focus had the right until April 15, 2016 to buy back one-half of the royalty for US$1.0 million, but did not elect to make such purchase. Should the Company decide at any time in the future to sell the royalty, Focus will retain a first right of refusal. In May 2016, Focus published a pre-feasibility study for production of phosphate rock concentrate from the Bayovar 12 project. The Company and Focus are related parties.

Nicaragua – San Jose Royalty

In 2013, an agreement was reached whereby the Company would sell to B2Gold its 40% interest in the San Jose and La Magnolia properties in consideration of a 2% NSR royalty on each property, and B2Gold would have the right to purchase one-half of each royalty for US$1.0 million. The Company and B2Gold subsequently decided to relinquish the La Magnolia concession. Closing of the San Jose sale, and the royalty grant to the Company, took place on in 2015.

Outlook

The Company continues to conduct its property investigations in various jurisdictions and with various commodities but with a focus on gold and silver in Nevada 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: David Clark, M.Sc., P.Geo., a member of the Association of Professional Engineers and Geoscientists of British Columbia, is the Company's Qualified Person as defined by National Instrument 43-101, and has approved the disclosure of the technical information in this Interim MD&A.

Quarterly Information

The following table provides information for the eight fiscal quarters ended March 31, 2017:

Quarter ended	Mar. 31, 2017 ($)	Dec. 31, 2016 ($)	Sep. 30, 2016 ($)	June 30, 2016 ($)	Mar. 31, 2016 ($)	Dec. 31, 2015 ($)	Sep. 30, 2015 ($)	June 30, 2015 ($)
Royalty revenue, net	-	47,960	26,973	135,303	221,407	343,350	267,729	487,833
Investment and other income	4,049	4,689	4,764	2,930	685	18	34	412
Exploration expenditures	84,567	102,932	215,591	107,590	118,473	132,381	114,923	194,966
Net income (loss)	359,662	(1,101,528)	738,793	2,320,061	(95,060)	(842,842)	(1,287,262)	58,318
Basic and diluted income (loss) per share	(0.00)	(0.01)	0.01	0.02	(0.00)	(0.01)	(0.02)	0.00

The Company started to record royalty revenue from production at the Tambor Project during the quarter ended June 30, 2015 and continued to the quarter ended June 30, 2016, the period in which mining operations were suspended. The royalty revenue recorded in the following two quarters was due to adjustments to income recorded in a prior period. The quarter ended March 31, 2017 recorded a net income due to a gain of $606,664 from a property assignment agreement. The quarter ended September 30, 2016 recorded a net income due to a gain on the sale of available-for-sale investments of $697,610 resulting from the disposition of B2Gold and Southern Silver shares and a gain of $311,252 from mineral property option agreement payments consisting of cash and common shares received from Advantage. The quarter ended June 30, 2016 recorded a net income due to the disposition of B2Gold and Southern Silver shares resulting in a gain of $1,818,398 and a gain of $520,727 on the reclassification of an investment.

Results of Operations

Quarter ended March 31, 2017

The quarter ended March 31, 2017 had a net income of $359,662 compared to a net loss of $95,060 for the quarter ended March 31, 2016, a difference of $454,722. The current quarter resulted in a net income position due to a gain of $606,664 on a property assignment agreement with Volcanic. Due to the suspension of Tambor operations in May 2016, no royalty income was recorded in the current quarter compared to $221,407 recorded in the comparative quarter. The current quarter recorded a gain on sale of available-for-sale investments of $12,475 compared to a gain of $172,328 in the comparative quarter. Both quarters also recorded an impairment charge on available-for-sale investments, with the current quarter amount being $77,500 compared to $141,920 for the comparative quarter. Exploration expenditures in the current quarter totaled $84,567 compared to $118,473 in the comparative quarter, a decrease of $33,906. Exploration expenditures include property investigation costs which relate to evaluating new opportunities, and exploration activities on properties held by the Company.

General and administrative expenses for the quarter ended March 31, 2017 were $103,101 compared to $120,491 for the comparative quarter, a decrease of $17,390. Notable cost decreases in the current quarter were in office and miscellaneous and legal and audit fees. Office costs were higher in the comparative quarter due to higher office lease costs. Legal and audit fees were lower in the current quarter due to the timing of audit fees.

Mineral Properties Expenditures

A summary of the Company's expenditures on its mineral properties during the period ended March 31, 2017 is as follows:

United States – A total of $18,942 on property investigation and exploration related costs were incurred, of which $7,290 was on general property investigation, $2,190 on the Spring Peak property, and $5,100 on the Bald Peak property. Acquisition costs of $46,032 were also incurred on the Bald Peak property.

Mexico - A total of $25,332 was incurred on exploration, property investigation, and miscellaneous administrative costs.

Guatemala – A total of $14,463 was incurred on property investigation and care and maintenance related costs.

Other – A total of $25,830 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 periods ended March 31, 2017 and 2016 are provided in the schedules at the end of this Interim MD&A.

Liquidity and Capital Resources

The Company's cash and cash equivalents decreased from $5.13 million at December 31, 2016 to $4.36 million at March 31, 2017. As at March 31, 2017, working capital was $9.96 million compared to $8.22 million at December 31, 2016. Included in working capital is the value of the Company's available-for-sale investments which as at March 31, 2017, had a fair value of $5.46 million compared to $2.79 million as at December 31, 2016. The decrease in cash and cash equivalents and increase in total available-for-sale investment value during the current period is due to the acquisition of 2,742,700 shares of Focus at a cost of $137,135 and 1,959,000 common shares of Volcanic at a cost of $575,100 by way of private placements. Available-for-sale investments also increased in the current period due to the receipt of 1,263,883 common shares of Volcanic with a fair value of $606,664 at the time of issuance, pursuant to a mineral property assignment agreement.

During the period ended March 31, 2017, the Company sold 25,000 Southern Silver shares for net proceeds of $13,725, leaving a current balance of 1,475,000 Southern Silver shares held.

The Company holds 2,973,275 common shares in Rackla with a fair value as at March 31, 2017 of $401,392; 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 previously held Tambor Project during the current period as the operations at Tambor continue to be suspended.

The Company intends to use the proceeds from sales of its equity investments, option payments received and any royalty income payments it may receive 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 also rents space to other companies related by common directors and officers on a month to month basis, the amounts of which are netted against rental expense; however, there are no commitments from these companies and thus the amounts presented below are the gross commitments. The annual commitments under the lease are as follows:

2017	$	142,956
2018		190,608
2019		190,608
	$	**524,172**

Related Party Transactions

See Note 13 of the condensed interim consolidated financial statements for the three months ended March 31, 2017 for details of other related party transactions which occurred in the normal course of business.

Other Data

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

Share Position and Outstanding Options

As at May 29, 2017, the Company's outstanding share position is 86,675,617 common shares and the following incentive stock options are outstanding:

STOCK OPTIONS

Number of options	Exercise price	Expiry date
1,245,000	$0.29	January 7, 2020
100,000	$0.36	May 25, 2020
100,000	$0.69	September 23, 2020
1,885,000	$0.20	December 12, 2022
1,740,000	$0.15	October 18, 2026
5,070,000		

Investments in Associate

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

See Note 9 of the condensed interim consolidated financial statements for the three months ended March 31, 2017 for details regarding the Company's investment in associate.

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 has a limited source of operating cash flow which depends on royalty revenue from a property that is subject to suspension of operations and has no assurance that additional funding will be available to it 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 available-for-sale investments and corresponding effect on the Company's financial position.

Political, regulatory and currency

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

INTERIM CONSOLIDATED SCHEDULE OF EXPLORATION EXPENDITURES
For the three months ended March 31, 2017

	USA		Guatemala		Mexico	Other	
	General Exploration	Mineral Concessions	General Exploration	Mineral Concessions	General Exploration	General Exploration	Total
Exploration administration	$ 234	$ -	$ 4,902	$ 4,321	$ 551	$ 992	$ 11,000
Geochemistry	230	-	-	-	729	-	959
Geological services	11,130	7,290	3,838	-	19,615	24,838	66,711
Legal and accounting	-	-	701	-	3,147	-	3,848
Travel and accommodation	58	-	701	-	7,668	-	8,427
	11,652	7,290	10,142	4,321	31,710	25,830	90,945
Expenditures recovered	-	-	-	-	(6,378)	-	(6,378)
	$ 11,652	**$ 7,290**	**$ 10,142**	**$ 4,321**	**$ 25,332**	**$ 25,830**	**$ 84,567**

INTERIM CONSOLIDATED SCHEDULE OF EXPLORATION EXPENDITURES
For the three months ended March 31, 2016

	Guatemala		Mexico	Other	
	General Exploration	Mineral Concessions	General Exploration	General Exploration	Total
Exploration administration	$ 6,516	$ 2,253	$ 568	$ 2,336	$ 11,673
Geochemistry	-	-	5,264	-	5,264
Geological services	4,878	-	31,912	47,250	84,040
Legal and accounting	525	-	1,403	354	2,282
Licenses, rights and taxes	543	876	-	-	1,419
Travel and accommodation	1,378	-	12,417	-	13,795
	$ 13,840	**$ 3,129**	**$ 51,564**	**$ 49,940**	**$ 118,473**