FINANCIAL REVIEW

Second Quarter Ended June 30, 2019

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2019

(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

RADIUS GOLD INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
(Expressed in Canadian Dollars)

As at:		**June 30, 2019**		**December 31, 2018**
ASSETS				
Current assets				
Cash and cash equivalents (Note 5)	$	1,493,529	$	1,605,190
Equity investments (Note 6)		2,687,449		3,110,932
Derivative investments (Note 7)		96,469		69,136
Receivables (Note 8)		176,618		240,257
Prepaid expenses and deposits (Note 15)		57,088		254,689
		4,511,153		5,280,204
Non-current assets				
Long-term deposits (Note 15)		123,098		123,098
Property and equipment (Note 9)		39,714		48,536
Right-of-use asset (Note 10)		333,149		-
Mineral and royalty interests (Note 12)		1,377,322		1,377,322
Investment in associate (Note 11)		1		1
		1,873,284		1,548,957
TOTAL ASSETS	**$**	**6,384,437**	**$**	**6,829,161**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (Note 15)	$	54,443	$	70,489
Current portion of lease liability (Note 10)		43,495		-
		97,938		70,489
Non-current liabilities				
Lease liability (Note 10)		300,772		-
Total liabilities		398,710		70,489
Shareholders' equity				
Share capital (Note 13)		56,613,144		56,599,289
Other equity reserve		6,973,479		6,979,084
Deficit		(54,135,815)		(53,912,942)
Accumulated other comprehensive income		(3,465,081)		(2,906,759)
Total shareholders' equity		5,985,727		6,758,672
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$**	**6,384,437**	**$**	**6,829,161**

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS AND AUTHORIZED FOR ISSUE ON AUGUST 20, 2019 BY:

"Simon Ridgway", Director
Simon Ridgway

"William Katzin", Director
William Katzin

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

RADIUS GOLD INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND OTHER COMPREHENSIVE INCOME (LOSS) (UNAUDITED)
(Expressed in Canadian Dollars)

	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Exploration expenditures	$ 76,954	$ 359,379	$ 193,259	$ 513,585
General and administrative expenses				
Amortization (Note 9)	3,676	4,434	8,822	9,197
Depreciation of right-of-use asset (Note 10)	15,076	-	29,820	-
Interest expense on lease liability (Note 10)	8,363	-	16,757	-
Legal and audit fees	23,446	2,367	23,446	5,560
Management fees (Note 15)	10,500	10,500	21,000	21,000
Office and miscellaneous (Note 15)	3,924	29,519	14,248	56,582
Salaries and benefits (Note 15)	28,772	31,355	52,346	65,022
Share-based compensation (Note 14)	-	112,933	-	112,933
Shareholder communications (Note 15)	1,809	458	6,502	5,636
Transfer agent and regulatory fees (Note 15)	3,154	3,095	11,337	10,001
Travel and accommodation (Note 15)	1,058	1,973	6,388	8,212
	99,778	196,634	190,666	294,143
Loss from operations	(176,732)	(556,013)	(383,925)	(807,728)
Investment income	2,146	3,999	4,951	7,796
Foreign currency exchange loss	(7,586)	(6,549)	(7,402)	(2,662)
Gain from mineral property option agreement (Note 12)	199,170	-	199,170	-
Fair value loss on derivative investments (Note 7)	(90,649)	(28,560)	(35,667)	(56,361)
Net loss for the period	**$ (73,651)**	**$ (587,123)**	**$ (222,873)**	**$ (858,955)**
Other comprehensive income (loss)				
Items that will not be reclassified subsequently to profit or loss:				
Gains on sale of equity investments (Note 6)	8,201	9,588	8,201	27,688
Fair value gains (losses) on equity investments (Note 6)	(954,966)	2,380,884	(566,523)	2,510,498
Total comprehensive income (loss)	**$ (1,020,416)**	**$ 1,803,349**	**$ (781,195)**	**$ 1,679,231**
Basic and diluted loss per share	$(0.00)	$(0.01)	$(0.00)	$(0.01)
Weighted average number of common shares outstanding	86,784,855	86,675,617	86,767,424	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 six months ended June 30, 2019 and 2018
(Expressed in Canadian Dollars)

	Number of common shares	Share capital	Other equity reserve	Accumulated other comprehensive income (loss)	Deficit	Total
Balance, December 31, 2017	86,675,617	$ 56,592,613	$ 6,849,808	$ 872,770	$ (54,326,100)	$ 9,989,091
Impact of adopting IFRS 9 on January 1, 2018	-	-	-	(1,978,852)	1,978,852	-
Balance, January 1, 2018	86,675,617	56,592,613	6,849,808	(1,106,082)	(52,347,248)	9,989,091
Loss for the period	-	-	-	-	(858,955)	(858,955)
Equity investments	-	-	-	2,538,186	-	2,538,186
Share-based compensation	-	-	112,933	-	-	112,933
Balance, June 30, 2018	86,675,617	56,592,613	6,962,741	1,432,104	(53,206,203)	11,781,255
Loss for the period	-	-	-	-	(706,739)	(706,739)
Shares issued for mineral property acquisition	74,183	6,676	-	-	-	6,676
Equity investments	-	-	-	(4,338,863)	-	(4,338,863)
Share-based compensation	-	-	16,343	-	-	16,343
Balance, December 31, 2018	86,749,800	56,599,289	6,979,084	(2,906,759)	(53,912,942)	6,758,672
Loss for the period	-	-	-	-	(222,873)	(222,873)
Options exercised	55,000	8,250	-	-	-	8,250
Transfer of other equity reserve on exercise of options	-	5,605	(5,605)	-	-	-
Equity investments	-	-	-	(558,322)	-	(558,322)
Balance, June 30, 2019	**86,804,800**	**$ 56,613,144**	**$ 6,973,479**	**$ (3,465,081)**	**$ (54,135,815)**	**$ 5,985,727**

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 June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Cash provided by (used in):				
OPERATING ACTIVITIES				
Net loss for the period	$ (73,651)	$ (587,123)	$ (222,873)	$ (858,955)
Items not involving cash:				
Amortization	3,676	4,434	8,822	9,197
Gain from mineral property option agreement	(199,170)	-	(199,170)	-
Depreciation of right-of-use asset	15,076	-	29,820	-
Interest expense on lease liability	8,363	-	16,757	-
Fair value loss on derivative investments	90,649	28,560	35,667	56,361
Share-based compensation	-	112,933	-	112,933
	(155,057)	(441,196)	(330,977)	(680,464)
Changes in non-cash working capital items:				
Receivables	2,317	(4,228)	63,639	19,775
Prepaid expenses and deposits	(29,251)	(8,292)	197,601	(2,732)
Accounts payable and accrued liabilities	(38,827)	77,962	(16,046)	(10,293)
Cash used in operating activities	(220,818)	(375,754)	(85,783)	(673,714)
FINANCING ACTIVITY				
Proceeds on issuance of common shares	8,250	-	8,250	-
Repayment of lease obligation	(17,730)	-	(35,459)	-
Cash used for financing activity	(9,480)	-	(27,209)	-
INVESTING ACTIVITIES				
Purchase of equity investments	-	(8,678)	(210,000)	(18,064)
Expenditures on exploration and evaluation asset acquisition costs	-	-	-	(57,732)
Proceeds from mineral property option agreement	199,170	-	199,170	-
Proceeds from sale of equity investments	12,161	13,588	12,161	39,488
Cash provided by (used for) investing activities	211,331	4,910	1,331	(36,308)
Decrease in cash and cash equivalents	**(18,967)**	**(370,844)**	**(111,661)**	**(710,022)**
Cash and cash equivalents, beginning of period	1,512,496	2,978,489	1,605,190	3,317,667
Cash and cash equivalents, end of period	**$ 1,493,529**	**$ 2,607,645**	**$ 1,493,529**	**$ 2,607,645**

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 under the laws of British Columbia.

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

2. BASIS OF PREPARATION

Statement of Compliance

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

Basis of Measurement

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

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

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

Nature of Operations

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

Basis of Consolidation

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

Details of the Company's principal subsidiaries at June 30, 2019 are as follows:

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

3. SIGNIFICANT ACCOUNTING POLICIES AND ADOPTION OF NEW ACCOUNTING STANDARDS

IFRS 16 Leases

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

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

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

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

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

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

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

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

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

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

(Expressed in Canadian Dollars)

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

Adoption of IFRS 16 Leases

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

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

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

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

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

Adoption of IFRIC 23 Uncertainty Over Income Tax Treatments

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

a) Where the Company holds the largest shareholding in an investment and has the power to exercise significant influence through common officers and board members, such an investment is treated as an associate. The Company can exercise significant influence over Rackla Metals Inc. (“Rackla”);

b) The functional currency for each of the Company’s subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders functional currency of its entities if there is a change in events and conditions which determined the primary economic environment;

c) The application of the Company’s accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company.

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

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

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

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

5. CASH AND CASH EQUIVALENTS

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

(Expressed in Canadian Dollars)

6. EQUITY INVESTMENTS

The Company's equity investments consist of the following:

Number of common shares held as at:

	June 30, 2019	**December 31, 2018**
CROPS Inc. (formerly Focus Ventures Ltd.) ("CROPS")	6,764,027	2,564,027
Fortuna Silver Mines Inc. ("Fortuna")	239,385	239,385
GrowMax Resources Corp. ("GrowMax")	1,150,000	1,150,000
Medgold Resources Corp. ("Medgold")	10,126,500	10,126,500
Metalla Royalty and Streaming Ltd. (formerly ValGold Resources Ltd.) ("Metalla")	166,700	166,700
Southern Silver Exploration Corp. ("Southern Silver")	1,210,000	1,259,500
Volcanic Gold Mines Inc. ("Volcanic")	460,412	460,412
Warrior Gold Inc. (formerly War Eagle Mining Company Inc. and Champagne Resources Limited) ("Warrior")	233,781	233,781

	CROPS	**Fortuna**	**GrowMax**	**Medgold**	**Metalla**
Balance, December 31, 2017	$ 256,403	$ 1,570,366	$ 126,000	$ 1,606,400	$ 70,000
Acquisition of shares	-	-	-	18,064	-
Disposition of shares	-	-	(7,036)	-	-
Net change in fair value recorded in other comprehensive income	(166,662)	(373,441)	(26,964)	(358,651)	70,028
Balance, December 31, 2018	89,741	1,196,925	92,000	1,265,813	140,028
Acquisition of shares	147,000	-	-	-	-
Disposition of shares	-	-	-	-	-
Net change in fair value recorded in other comprehensive income	(101,460)	(304,019)	11,500	(253,163)	33,340
Balance, June 30, 2019	**$ 135,281**	**$ 892,906**	**$ 103,500**	**$ 1,012,650**	**$ 173,368**

	Southern Silver	**Volcanic**	**Warrior**	**Total**
Balance, December 31, 2017	$ 534,660	$ 725,149	$ 50,000	$ 4,938,978
Acquisition of shares	-	-	-	18,064
Disposition of shares	(11,800)	-	-	(18,836)
Net change in fair value recorded in other comprehensive income	(277,258)	(660,691)	(33,635)	(1,827,274)
Balance, December 31, 2018	245,602	64,458	16,365	3,110,932
Acquisition of shares	-	-	-	147,000
Disposition of shares	(3,960)	-	-	(3,960)
Net change in fair value recorded in other comprehensive income	(29,893)	73,666	3,506	(566,523)
Balance, June 30, 2019	**$ 211,749**	**$ 138,124**	**$ 19,871**	**$ 2,687,449**

(Expressed in Canadian Dollars)

6. EQUITY INVESTMENTS – (cont'd)

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

During the period ended June 30, 2019:

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

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

i) Purchased 4,200,000 units of a CROPS private placement at a cost of $210,000. Each unit consists of one common share of CROPS and one share purchase warrant; each full warrant entitling the Company to purchase one additional common share of CROPS at $0.05 for one year. Of the private placement cost, $147,000 was recorded as the cost of the common shares and $63,000 was allocated as the fair value of the warrants; and

ii) Sold in the open market 49,500 common shares of Southern Silver for net proceeds of $12,161.

Subsequent to the period ended June 30, 2019, the Company sold in the open market 210,000 common shares of Southern Silver for net proceeds of $51,709.

The Company also held 3,973,275 free trading common shares of Rackla with a fair value of $556,259 as of June 30, 2019, which are recorded as an investment in associate (Note 11).

7. DERIVATIVE INVESTMENTS

Number of share purchase warrants held as at:

	June 30, 2019	**December 31, 2018**
CROPS	4,885,675	685,675
Metalla	166,700	166,700
Volcanic	160,714	160,714
Warrior[(1)]	116,890	116,890

[(1)] Subsequent to June 30, 2019, the share purchase warrants of Warrior expired unexercised.

	CROPS	**Metalla**	**Volcanic**	**Warrior**	**Total**
Balance, December 31, 2017	$ 30,717	$ 58,301	$ 107,712	$ 7,522	$ 204,252
Net change in fair value recorded in net income	(27,131)	5,632	(106,312)	(7,305)	(135,116)
Balance, December 31, 2018	3,586	63,933	1,400	217	69,136
Acquisition of warrants	63,000	-	-	-	63,000
Net change in fair value recorded in net income	(53,621)	14,629	3,542	(217)	(35,667)
Balance, June 30, 2019	**$ 12,965**	**$ 78,562**	**$ 4,942**	**$ -**	**$ 96,469**

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

(Expressed in Canadian Dollars)

7. DERIVATIVE INVESTMENTS – (cont'd)

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

	Volatility factor	**Risk-free interest rate**	**Expected Life (years)**	**Expected dividend yield**
CROPS	103% – 133%	1.42% – 1.68%	0.55 – 2.73	0%
Metalla	100%	1.67%	0.27	0%
Volcanic	104%	1.42%	2.69	0%
Warrior	88%	1.68%	0.11	0%

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

8. RECEIVABLES

	June 30, 2019	**December 31, 2018**
Royalty receivable	$ 784,180	$ 784,180
Provision for impairment	(784,180)	(784,180)
Royalty revenue receivable, net	-	-
Sales taxes	72,999	61,572
Exploration expenditure recoveries	103,327	174,003
Other receivables	292	4,682
	$ 176,618	**$ 240,257**

The provision for impairment of the royalty receivable was included in profit or loss during the 2016 fiscal year. Uncollectable amounts included in the provision are written off against the provision when there is no expectation of recovery. The royalty revenue receivable was uncollected as of June 30, 2019 as the Company has allowed 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.

(Expressed in Canadian Dollars)

9. PROPERTY AND EQUIPMENT

	Leasehold improvements	Trucks	Computer equipment	Furniture and equipment	Geophysical equipment	Field equipment	Total
Cost							
Balance, December 31, 2017	$ 62,762	$ 253,095	$ 252,068	$ 62,656	$ 84,882	$ 2,480	$ 680,486
Balance, December 31, 2018	62,762	253,095	252,068	62,656	84,882	2,480	717,943
Balance, June 30, 2019	**$ 62,762**	**$ 253,095**	**$ 252,068**	**$ 62,656**	**$ 84,882**	**$ 2,480**	**$ 717,943**
Accumulated amortization							
Balance, December 31, 2017	$ 54,967	$ 219,811	$ 242,211	$ 53,896	$ 73,699	$ 2,306	$ 646,890
Charge for year	6,300	9,098	2,957	1,751	2,237	174	22,517
Balance, December 31, 2018	61,267	228,909	245,168	55,647	75,936	2,480	669,407
Charge for period	1,495	4,697	1,035	701	894	-	8,822
Balance, June 30, 2019	**$ 62,762**	**$ 233,606**	**$ 246,203**	**$ 56,348**	**$ 76,830**	**$ 2,480**	**$ 678,229**
Carrying amounts							
At December 31, 2018	$ 1,495	$ 24,186	$ 6,900	$ 7,009	$ 8,946	$ -	$ 48,536
At June 30, 2019	**$ -**	**$ 19,489**	**$ 5,865**	**$ 6,308**	**$ 8,052**	**$ -**	**$ 39,714**

10. RIGHT-OF-USE ASSET AND LEASE LIABILITY

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

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

Right-of-use asset	
Value of right-of-use asset as at January 1, 2019	$ 362,969
Depreciation	(29,820)
Value of right-of-use asset as at June 30, 2019	**$ 333,149**

Lease liability	
Lease liability recognized as of January 1, 2019	$ 362,969
Lease payments	(35,459)
Lease interest	16,757
Lease liability recognized as of June 30, 2019	**$ 344,267**
Current portion	$ 43,495
Long-term portion	300,772
	$ 344,267

(Expressed in Canadian Dollars)

11. INVESTMENT IN ASSOCIATE

Rackla

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

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

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

Balance, December 31, 2017	$	1
Balance, December 31, 2018		1
Balance, June 30, 2019	**$**	**1**

Prior to the 2015 fiscal year the Company's share of losses in Rackla exceeded the carrying value of its interest and therefore the Company discontinued recognizing its share of further losses. The cumulative unrecognized share of losses for the associate as of June 30, 2019 is $636,482.

The financial statement balances of Rackla are as follows:

		June 30, 2019		**December 31, 2018**
Total current assets	$	39,225	$	97,012
Total assets	$	101,162	$	160,173
Total liabilities	$	231,804	$	176,068
Net loss	$	176,818[(1)]	$	175,739[(2)]

[(1)] Net loss for six month period ended June 30, 2019.
[(2)] Net loss for the year ended December 31, 2018.

At June 30, 2019, the fair value of the 3,973,275 common shares of Rackla was $556,259 (December 31, 2018: $357,595).

(Expressed in Canadian Dollars)

12. MINERAL PROPERTY AND ROYALTY INTERESTS

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

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history, characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

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

Amalia Project - Mexico

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

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

13. SHARE CAPITAL AND RESERVES

a) Common Shares

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

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

(Expressed in Canadian Dollars)

14. SHARE-BASED PAYMENTS

a) Option Plan Details

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

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

				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	10,000	-	-	-	10,000	10,000
Dec 13, 2012	Dec 12, 2022	$0.20	1,585,000	-	-	-	1,585,000	1,585,000
Oct 19, 2016	Oct 18, 2026	$0.15	1,540,000	-	(30,000)	-	1,510,000	1,510,000
May 22, 2018	May 21, 2028	$0.15	1,515,000	-	(25,000)	-	1,490,000	1,490,000
Nov 5, 2018	Nov 4, 2028	$0.15	200,000	-	-	-	200,000	200,000
			4,850,000	**-**	**(55,000)**	**-**	**4,795,000**	**4,795,000**
Weighted average exercise price			$0.17	-	$0.15	-	$0.17	$0.17

b) Fair Value of Options Issued During the Period

No options were granted during the period ended June 30, 2019.

The weighted average remaining contractual life of the options outstanding at June 30, 2019 is 6.60 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)

14. SHARE-BASED PAYMENTS – (cont'd)

c) Expenses Arising from Share-based Payment Transactions

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

15. RELATED PARTY TRANSACTIONS

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

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

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 June 30, 2019 and 2018:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
General and administrative expenses:				
Salaries and benefits	$ 4,000	$ 6,400	$ 7,200	$ 12,000
Exploration expenditures:				
Salaries and benefits	4,012	-	8,000	-
	$ 8,012	**$ 6,400**	**$ 15,200**	**$ 12,000**

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 June 30, 2019 and 2018, the Company reimbursed Gold Group the following:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
General and administrative expenses:				
Office and miscellaneous	$ 7,080	$ 10,090	$ 14,670	$ 19,767
Shareholder communications	1,268	-	4,885	1,210
Salaries and benefits	27,128	29,012	48,811	56,941
Transfer agent and regulatory fees	1,887	1,986	2,669	1,986
Travel and accommodation	603	1,018	3,253	3,458
	$ 37,966	**$ 42,106**	**$ 74,288**	**$ 83,362**
Exploration expenditures	**$ -**	**$ 1,918**	**$ 2,399**	**$ 1,918**

(Expressed in Canadian Dollars)

15. RELATED PARTY TRANSACTIONS – (cont'd)

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

During the period ended June 30, 2019, the Company was reimbursed $Nil (2018: $12,079) from Medgold, a company which has a common director with the Company, for shared exploration personnel costs.

Prepaid expenses and deposits include an amount of $6,760 (December 31, 2018: $9,887) paid to Gold Group for shared office and administrative services.

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

Accounts payable and accrued liabilities include $3,995 (December 31, 2018: $Nil) payable to Gold Group for shared administrative costs.

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

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

Key management compensation

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

	Three months ended June 30,		Six months ended June 30,	
	2019	**2018**	**2019**	**2018**
Management fees	$ 10,500	$ 10,500	$ 21,000	$ 21,000
Geological fees included in exploration expenditures	15,000	15,000	30,000	30,000
Salaries, benefits and fees*	8,708	7,792	15,583	14,209
Share-based payments (value of stock option grants)	-	22,691	-	22,691
	$ 34,208	**$ 55,983**	**$ 66,583**	**$ 87,900**

*Included in reimbursements to Gold Group

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

(Expressed in Canadian Dollars)

16. SEGMENTED INFORMATION

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

Period ended June 30, 2019	**Canada**	**USA**	**Guatemala**	**Mexico**	**Other**	**Consolidated**
Exploration expenditures	$ -	$ 50,986	$ 62,496	$ 36,979	$ 42,798	$ 193,259
Investment income	4,951	-	-	-	-	4,951
Amortization	4,126	-	-	4,696	-	8,822
Depreciation on right-of-use asset	29,820	-	-	-	-	29,820
Interest expense on lease liability	16,757	-	-	-	-	16,757
Net income (loss)	(214,311)	(50,986)	(62,496)	152,443	(47,523)	(222,873)
Capital expenditures*	-	-	-	26,626	-	26,626

Period ended June 30, 2018	**Canada**	**USA**	**Guatemala**	**Mexico**	**Other**	**Consolidated**
Exploration expenditures	$ -	$ 368,064	$ 23,554	$ 85,813	$ 36,154	$ 513,585
Investment income	7,796	-	-	-	-	7,796
Amortization	6,935	-	-	2,262	-	9,197
Net loss	(218,592)	(462,287)	(26,815)	(115,107)	(36,154)	(858,955)
Capital expenditures*	-	57,732	-	-	-	57,732

*Capital expenditures consists of additions of exploration and evaluation assets

As at June 30, 2019	**Canada**	**USA**	**Guatemala**	**Peru**	**Mexico**	**Other**	**Consolidated**
Total current assets	$ 4,347,218	$ -	$ 50,785	$ -	$ 96,702	$ 16,448	$ 4,511,153
Total non-current assets	476,474	117,816	-	1,259,505	19,489	-	1,873,284
Total assets	**$ 4,823,692**	**$ 117,816**	**$ 50,785**	**$ 1,259,505**	**$ 116,191**	**$ 16,448**	**$ 6,384,437**
Total liabilities	**$ 394,501**	**$ -**	**$ 3,358**	**$ -**	**$ 851**	**$ -**	**$ 398,710**

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

(Expressed in Canadian Dollars)

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

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

General Objectives, Policies and Processes

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

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

a) Market Risk

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

Foreign Currency Risk

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

	June 30, 2019			**December 31, 2018**			
	US Dollar	**Mexican Peso**	**Guatemala Quetzal**	**US Dollar**	**Mexican Peso**	**Guatemala Quetzal**	**Nicaragua Cordoba**
	(CDN equivalent)	(CDN equivalent)	(CDN equivalent)	(CDN equivalent)	(CDN equivalent)	(CDN equivalent)	(CDN equivalent)
Cash	$ 255,913	$ 812	$ 73	$ 16,426	$ 138	$ 77	$ 646
Receivables	-	64,850	-	-	49,294	-	-
Current liabilities	(25,128)	(851)	(3,358)	(19,359)	(1,346)	(3,524)	-
	$ 230,785	**$ 64,811**	**$ (3,285)**	**$ (2,933)**	**$ 48,086**	**$ (3,447)**	**$ 646**

Based on the above net exposures at June 30, 2019, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in an approximate $29,200 (December 31, 2018: $4,200) increase or decrease in profit or loss, respectively.

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

Commodity Price Risk

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

Interest Rate Risk

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

Equity Price Risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company's equity investments consisting of common shares and derivative investments consisting of share purchase warrants are exposed to significant equity price risk due to the potentially volatile and speculative nature of the businesses in which the investments are held. The Company's equity investments are monitored by the Board with decisions on sale or exercise taken by Management. A 10% decrease in fair value of the shares and warrants would result in an approximate $278,000 decrease in comprehensive income and shareholders' equity.

b) Credit Risk

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

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. At June 30, 2019, the Company had working capital of $4.46 million (December 31, 2018: $5.21 million) available to apply against short-term business requirements. All of the Company's financial liabilities have contractual maturities of less than 45 days and are subject to normal trade terms.

Determination of Fair value

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

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

(Expressed in Canadian Dollars)

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

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

	June 30, 2019 Book value	June 30, 2019 Fair value
Financial assets		
Shares held in Rackla (Note 11)	$ 1	$ 556,259

Fair Value Hierarchy

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

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

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

18. CAPITAL MANAGEMENT

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

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

19. EVENTS AFTER THE REPORTING DATE

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

i) The Company granted 150,000 stock options exercisable for up to three years at a price of $0.24 per share.

RADIUS GOLD INC.

(the "Company")

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

For the Six Months Ended June 30, 2019

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 six months ended June 30, 2019. The following information, prepared as of August 20, 2019, should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for six months ended June 30, 2019 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, 2018 and the related MD&A. All amounts are expressed in Canadian dollars unless otherwise indicated. The June 30, 2019 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 equity and derivative 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 equity and derivative investments as needed;
- royalty payments from the Tambor Project to begin being received again;
- due diligence investigations on potential investments will reveal all relevant facts;
- expected trends and specific assumptions regarding commodity prices and currency exchange rates; and
- prices for and availability of fuel, electricity, equipment and other key supplies remaining consistent with current levels.

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

Business of the Company

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

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

Investments

For a description of the Company's equity investments activity during the period from January 1, 2018 to date, please see Note 6 of the Company's condensed interim consolidated financial statements for the six months ended June 30, 2019.

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

CROPS Inc. ("CROPS") 6,764,027 shares Current market value: $135,000 Plus: warrants to purchase an additional 4,885,675	CROPS is a Canadian-listed exploration company which has a 70% interest in the Bayovar 12 sedimentary phosphate resource in northern Peru.
Fortuna Silver Mines Inc. ("Fortuna") 239,385 shares Current market value: $1,213,000	Fortuna is a growth oriented, precious metal producer with its primary assets being the Caylloma silver mine in southern Peru, the San Jose silver-gold mine in Mexico and the Lindero gold project, currently under construction, in Argentina.
GrowMax Resources Corp ("GrowMax") 1,150,000 shares Current market value: $97,000	GrowMax is a TSXV listed company which owns phosphate and potassium-rich brine resources on its Bayovar concessions in northwestern Peru, and is focusing on leveraging its strong cash position to make new investments in other industries.
Medgold Resources Corp. ("Medgold") 10,126,500 shares (10+% of issued) Current market value: $1,215,000	Medgold is a TSX-V listed, project generator company targeting early-stage gold properties in southern Serbia.

Metalla Royalty and Streaming Ltd. (“Metalla”) 166,700 shares Current market value: $200,000 Plus: warrants to purchase an additional 166,700 shares	Metalla is a silver and gold royalty company created to generate leveraged precious metal exposure by acquiring royalties and streams, with a goal of accumulating a diversified portfolio of royalties and streams with attractive returns.
Rackla Metals Inc. (“Rackla”) 3,973,275 shares (10+% of issued) Current market value: $476,000	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 Exploration Corp. (“Southern Silver”) 1,000,000 shares Current market value: $215,000	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 Gold Mines Inc. (“Volcanic”) 460,412 shares Current market value: $133,000 Plus: warrants to purchase an additional 160,714 shares	Volcanic is a TSXV listed company focused on building multi-million ounce gold resources in underexplored countries.
Warrior Gold Inc. (“Warrior Gold”) 233,785 shares Current market value: $16,000	Warrior Gold is a TSXV listed company engaged in the exploration of mineral resource properties in northern Ontario with a focus on gold deposits. It has a significant land position in the world class Kirkland Lake Gold Camp five kilometres from the Town of Kirkland Lake and adjacent to Kirkland Lake Gold Inc.’s high grade producing gold mine.

Property Interests

Mexico – Amalia Project

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

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

The Project is located approximately 25 kilometres SW of the historic Guadalupe y Calvo mining district in Chihuahua, Mexico. During due diligence evaluation the Company's geologists sampled bonanza grade outcrop containing 20.4 g/t Au and 5,360 g/t Ag from a 1.2 metre chip. The Company established a camp at Amalia and completed an initial exploration program comprising geological mapping, prospecting and channel sampling of the three main targets: San Pedro (San Pedro now combined with Campamento), Guadalupe and Dulces. Epithermal Au-Ag mineralization has been sampled by the Company in several veins, vein breccias and disseminated zones over 3.5 kilometres of strike length and a 600 metre vertical interval following the trace of a large regional fault zone. See Company news release of September 19, 2017 for details of previously announced sampling results.

Initial Drill Program

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

Five drill holes (AMDD-001 / 003 / 007 / 008 / 009) were drilled within the San Pedro structural corridor, intercepting gold and silver mineralization in all holes and defining a 650 metre strike length of epithermal banded veining, stockworks and multiphase breccia with significant gold and silver mineralization. A table of results is listed below. This initial drill program was designed to test the targets between 50 and 150 metres below ground surface. Considering the topography, the drill holes cut mineralization in a range between 1,988 metres above sea level (asl) and 1,882 metres asl, effectively testing the mineralization over a 100 metre vertical interval. AMDD-001 cut the zone highest in the system at 1,988 metres asl and was still within the upper rhyolite host. AMDD-009 cut the system at the deepest level (1,908 metres als) and recorded the best widths (26 metres) and highest grades with bonanza intervals, including 5 metres at 14.71 g/t Au and 1,378 g/t Ag.

Maps and sections of the Amalia Stage 1 drilling are available on the Company's website at: http://www.radiusgold.com/s/amalia.asp

On strike from San Pedro, along the Amalia regional fault system, high grade gold and silver mineralization outcrops at intervals vertically at least 600 metres below San Pedro. Similar style major epithermal mines of the Sierra Madre (e.g. Palmerejo, Pinos Altos, La Cienega) located in the same regional volcanic belt as Amalia are known to have mineralization occurring over large vertical intervals between 600 and 750 metres, indicating the potential for a significant discovery with further drilling.

Stage 2 Drill Program

During January and February 2019, the Company completed access agreements with the landowners at Amalia to allow for a second drill program. The Company submitted a new environmental permit with 52 proposed drill pad locations and has constructed a new and permanent camp. SEMARNAT, the permitting authority in Chihuahua, gave its approval in early April 2019, and Stage 2 drilling commenced at Amalia on April 11, 2019 which was designed to follow-up the high grade drill intercepts from Stage 1 drilling within the San Pedro zone.

The Company has now completed the Stage 2 drill program with six diamond holes, AMDD19-010 to AMDD19-015, drilled totalling 1,743 metres. Assay results are provided below.

AMDD19-010 intersected 44 metres grading 12.38 g/t Au and 309 g/t Ag with estimated true width of 34 metres. Mineralization is hosted within the hanging wall of the San Pedro fault with disseminated fine black sulphides and sulphide veining commencing within rhyolitic ignimbrites, and transitioning to intense silicification, stockwork veining and brecciation.

AMDD19-011 was drilled approximately 100 metres south of 010 and 50 metres below 003 (hole 003 returned 30 metres at 0.3g/t Au and 65 g/t Ag) targeting the San Pedro structure. Hole 011 intersected multiple zones of variable white chalcedonic stockworks, amythyst, silicification, hydrothermal breccias and diorite dykes and returned a broad zone of anomalous Au and Ag in the hanging wall of the fault; however no economic grade mineralization was encountered.

AMDD19-012 was drilled 200 metres south of 010 targeting the San Pedro structure approximately 50 metres below 008 (hole 008 returned two intervals within a 33 metre wide mineralized zone (1 metre at 2.28 g/t Au and 521 g/t Ag and 5 metres at 0.59 g/t Au and 571 g/t Ag)). Hole 012 intersected 5 metres at 647 g/t Ag and 1 metre at 0.35 g/t Au and 140 g/t Ag within a zone of variable white chalcedonic stockworks, silicification and hydrothermal breccias.

AMDD19-013 was drilled 100 metres north of 010. The hole cut 17 metres of moderate to strong silica and adularia alteration, brecciation and traces of fine black sulphides; however, no potentially economic mineralization was encountered.

AMDD19-014 was drilled 50 metres north of 010. Hole 014 intersected 28 metres at 2.3 g/t Au and 126 g/t Ag, including 3 metres at 9.85 g/t Au and 761 gt/ Ag within a zone of strong silicification, brecciation, and stockwork veining with moderate fine disseminated black sulphides and quartz sulphide veinlets. Estimated true thickness is 24 metres.

AMDD19-015 was drilled on section of 009 - 010 and 50 metres down dip from 010. Hole 015 intersected an interval of 81 metres (from 216.7 to 297.7 metres) at 3.75 g/t Au and 61 g/t Ag, including 21 metres at 7.91 g/t Au and 65 g/t Ag, within a zone of strong silica adularia alteration, brecciation and stockwork veining. Estimated true thickness is 65 metres, although the hole remains open to expansion. From 297.7 metres to the end of the hole at 322.5 metres (an interval of 24 metres) the hole transitions from vein breccia into the lower Tarahumara formation andesites which visually appeared to be un-mineralized, hence initially was not completely sampled. The final 24 metres of hole 015 (297.7 to 322.05 EOH) assayed 1.14 g/t Au and 16 g/t Ag. While this does not alter the main reported interval of 81 metres at 3.75 g/t Au and 61 g/t Ag and the hole remains in mineralization to the end, these additional results indicate that subsequent drilling should be deeper and account for potential “blind” mineralization.

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

Hole	Collar, WGS84		From	To	Interval	Estimated TRUE	Au g/t	Ag g/t
	UTM E	UTM N	(m)	(m)	(m)	width (m)		
AMDD18-001	295,998	2,863,234	44.4	56.4	12m	9.5m	0.1	44
AMDD18-003	296,025	2,863,269	107.4	137.4	30m	24m	0.3	65
AMDD18-007	296,234	2,862,867	129.1	133.1	4m	3m	0.29	229
AMDD18-008	296,077	2,863,172	98.7	99.7	1m	0.8m	2.28	521

and			126.7	131.7	5m	4m	0.59	571
AMDD18-009	295,988	2,863,347	144.4	170.4	26m	22m	7.08	517
including			165.4	170.4	5m	4m	14.71	1378
AMDD19-010	295,978	2,863,560	210.7	254.7	44m	34m	12.38	309
AMDD19-011	296,019	2,863,477	170.5	176.5	6m	4	1.05	24
AMDD19-012	296,090	2,863,401	176.9	181.9	5m	4	-	647
AMDD19-013	295,878	2,863,631	no significant result					
AMDD19-014	295,964	2,863,626	235.7	263.7	28	24	2.3	126
including			256.7	259.7	3	2.6	9.85	761
AMDD19-015	295,978	2,863,560	216.7	297.7	81	65	3.75	61
including			234.7	255.7	21	17	7.91	65

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

The Stage 2 drill program has expanded multiphase gold and silver mineralization with two high grade mineralized shoots identified to date along the San Pedro structure. Geological controls on the mineralization are complex with multiple events of gold and silver mineralization within veins, stockworks and hydrothermal breccias. The dominant San Pedro structure trends 320/60E and can be traced for several kilometers. The San Pedro is a large robust fault zone separating Tertiary rhyolitic ignimbrites from the Late Cretaceous Tarahumara formation with gold and silver mineralization typically occurring within the hanging wall. High grade shoot control is still uncertain but appears to be located by cross faults. Exploration drilling at this stage is wide spaced and large areas remain untested. With drilling on just five sections covering 850 metres strike and testing a vertical component limited to approximately 200 metres down dip, the Company believes the system is still wide open and shows potential for a significant discovery.

The Company and Pan American are planning to return to field work at Amalia within the coming weeks, initially commencing with detailed structural mapping and re-logging of the core in preparation for a Stage 3 drill program later this year.

Cross-sections, long-section, plan map and core photos are available on the Company's website (http://www.radiusgold.com/s/amalia.asp).

Quality Assurance / Quality Control

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

Company's Option Terms

The Company can earn a 100% interest in the Amalia Project by making cash payments to the property owner staged payments over a period of five years totaling US$845,000 (US$45,000 paid to date) and, subject to stock exchange approval, US$15,000 in shares of the Company (US$5,000 in shares issued to date).

Pan American's Option Terms

In July 2018, the Company granted to Pan American the option to earn an initial 65% interest in the Amalia Project by making cash payments to the Company totaling US$1.5 million (of which US$250,000 has been received to date) and expending US$2 million on exploration over four years. Pan American may earn an additional 10% by advancing the property to preliminary feasibility. Initially the Company is the project operator.

Mexico – Rambler Project

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

Mexico – Lithium Brine Project

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

USA – Nevada – Bald Peak Property

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

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

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

Sinters are formed at the surface by deposition of amorphous silica from a hot spring vent in active geothermal areas. They represent the paleo-surfaces of epithermal systems and are normally barren of gold and silver. Gold grades above 0.05 g/t Au within sinters are highly anomalous and gold grades above 1 g/t Au are extremely rare. The Company's management discovered the San Martin gold deposit in Honduras, and the Cerro Blanco gold deposit in Guatemala, both of which are significant gold deposits that occur beneath sinters anomalous in gold. The Company's team has been specifically searching for these unique systems since those early discoveries. The Bald Peak property covers a 6 kilometre strike length of multiple sinter and epithermal vein targets and is one of the few hot spring sinter epithermal targets where the sinter carries relatively high-grade gold along with cross cutting veins and breccias. Combined with a large and deeply penetrating resistive root zone, the Bald Peak project is a uniquely attractive target.

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

In 2018 the Company conducted a 128 station CSAMT survey, more rock and soil sampling, and planned for drill holes.

In July 2019, the Company announced it had sampled a 21 metre wide vein stockwork and hydrothermal breccia zone grading 1.32 g/t Au at Bald Peak. Significantly, the vein zone outcrops ~40 metre uphill of the Beauty Peak sinter. Combined with the recently completed CSAMT survey, the sampling shows the vein zone and sinter occur above a large and robust ~450 metre long resistive body that extends to at least an ~1,225 metre depth (the maximum depth of the survey). The vein and hot spring sinter outcrops, combined with the robust and deeply penetrating resistive zone, define compelling drill and exploration targets described below. Maps showing the property and the targets have been placed on the Company's website.

Beauty Peak Sinter

The vein and sinter outcrops at the Beauty Peak sinter target cover an area of roughly 300 x 200 metres before going under cover. The extensive sinter outcrops are frequently brecciated and cut by stockwork veins. Grades within the sinter have returned a maximum of 1.91 g/t Au and the banded vein float around the sinter runs up to 8.12 g/t Au.

Great Wall Vein

The Great Wall is a zone of robust outcropping stockwork of parallel quartz vein and vein breccias hosted in trachyandesite. Samples from this vein returned up to 5.36 g/t Au with a 2 metre chip-channel sample at 3.19g/t Au. This vein is surrounded by multiple veins and anomalous soil and rock geochemical anomalies. The target is associated with a 2 kilometre NE trending gold in soil anomaly.

Central Gold Soil Anomaly

An approximately 2 kilometre by 150 metre wide well-defined gold in soil anomaly with values up to 1.24 g/t Au.

Northern Sinters

A 0.5 square kilometre area of sinter outcrops and float with clay alteration and soil anomalies in mercury, arsenic, and antimony.

Bald Peak Drill Permits

The Company is currently permitting a plan of operations with the United States Forest Service ("USFS"). Archeological, cultural, biological and botany surveys have been completed by the USFS, and the process is advancing well. It is expected that the permitting process will run through 2019 before drilling is authorized.

Quality Assurance / Quality Control

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

Guatemala - Southeast Guatemala Ag-Au Epithermal Fields

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

Royalty Interests

Guatemala – Tambor Project Royalty

In 2012, the Company sold its interest in its subsidiary, Exploraciones Mineras de Guatemala S.A., which holds the Tambor gold project in Guatemala, to Kappes, 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, and a result, KCA has commenced legal proceedings against the Guatemalan government to overturn the suspension of operations and seek compensation from the Guatemalan authorities, from which the Company would benefit as well. Until these proceedings are concluded, the Company is allowing KCA to defer payment of the remaining balance owing to the Company. Due to these circumstances, for accounting purposes, a provision was recorded against the KCA receivable in the 2016 fiscal year.

Mexico - Tlacolula Property Royalty

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

Peru – Bayovar 12 Project Royalty

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

Outlook

The Company has completed a second phase of drill-testing at its Amalia Project and is currently planning for a Stage 3 drilling program. Teams are also active in the field on property evaluations and grassroots prospecting on properties in various jurisdictions and with various commodities but with a focus on gold and silver in the United States and Mexico. The Company's geologists are using a low cost and effective method of field testing targets that are generated through desktop research and through submittals.

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

Quarterly Information

The following table provides information for the eight fiscal quarters ended June 30, 2019:

Quarter ended	June 30, 2019 ($)	Mar. 31, 2019 ($)	Dec. 31, 2018 ($)	Sep. 30, 2018 ($)	June 30, 2018 ($)	Mar. 31, 2018 ($)	Dec. 31, 2017 ($)	Sep. 30, 2017 ($)
Investment and other income	2,146	2,805	3,754	3,822	3,999	3,797	2,213	1,973
Exploration expenditures	76,954	116,305	289,095	131,754	359,379	154,206	373,698	421,265
Net income (loss)	(73,651)	(149,222)	(538,965)	(167,774)	(587,123)	(271,832)	(620,477)	1,024,002
Basic and diluted income (loss) per share	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)	0.01

The quarter ended September 30, 2017 recorded a net income due to a gain of $1,658,928 on the sale of the Tlacolula property.

Results of Operations

Quarter ended June 30, 2019

The quarter ended June 30, 2019 had a net loss of $73,651 compared to $587,123 for the quarter ended June 30, 2018, a decrease of $513,472. The current quarter's loss was lower primarily due to net exploration expenditures of $76,954 compared to $359,379 for the comparative quarter and a current quarter gain of $199,170 from a mineral property option agreement. Both the current and comparative quarters recorded a loss on derivative investments, with those losses being $90,649 and $28,560, respectively. Derivative investments consist of share purchase warrants that were acquired along with common shares in private placement investments and the fair value gains and losses on such are charged to profit or loss.

General and administrative expenses for the quarter ended June 30, 2019 were $99,778, compared to $196,634 for the comparative quarter, a decrease of $96,856. This decrease was due to a share-based compensation expense of $112,933 relating to the fair value of stock options granted during the comparative quarter whereas there was no such expense in the current quarter. A notable cost decrease in the current quarter was in office and miscellaneous which was due to the Company's office lease costs being partially offset by reimbursements from other companies that share the office space. Notable differences between the quarters are new expense items for the current quarter consisting of $15,076 for depreciation of a right-of-use asset and $8,363 for interest expense on a lease liability. These two expense items are related to the adoption of a new accounting standard regarding leases (see *Changes in Accounting Policies* section below) that was effective January 1, 2019. A notable cost increase in the current quarter was in legal fees relating to the preparation of a definitive property option agreement.

Six month period ended June 30, 2019

The six month period ended June 30, 2019 had a net loss of $222,873 compared to $858,955 for the six month period ended June 30, 2018, a decrease of $636,082. Similar to the quarterly comparison, this decrease is due in part to the current period recording a gain of $199,170 from a mineral property option agreement compared to no such gain for the comparative period. The current period also recorded lower net exploration expenditures of $193,259 compared to $513,585 for the comparative period. Both the current and comparative periods recorded a loss on derivative investments, with those losses being $35,667 and $56,361, respectively.

General and administrative expenses for the six month period ended June 30, 2019 were $190,666, compared to $294,143 for the comparative period, a decrease of $103,477. As with the quarterly comparison, this difference is due to the comparative period recording a share-based compensation expense of $112,933 compared to no such expense for the current period. The current period also recorded significantly less office and miscellaneous costs for the same reason provided in the quarterly comparison. These differences were partially offset by the current period recording the new depreciation of a right-to-use asset expense and interest expense on a lease liability of $29,820 and $16,757, respectively.

Mineral Properties Expenditures

A summary of the Company's expenditures on its mineral properties during the six months ended June 30, 2019 is as follows:

United States – A total of $50,986 was incurred on exploration, property investigation, and miscellaneous administrative costs, of which $46,241 was on the Bald Peak property and $4,745 on general exploration.

Mexico – A total of $382,020, excluding cost recoveries, was incurred on exploration, property investigation, and miscellaneous administrative costs, of which $289,318 was incurred on the Amalia property, $30,368 on the Rambler property, and $62,334 on general exploration. A cost recovery of $345,041 relating to funding from the optionee on the Amalia property resulted in net recovery costs of $55,723 for that property.

Guatemala – A total of $62,496 was incurred on property investigation and care and maintenance related costs.

Other – A total of $42,798 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 June 30, 2019 and 2018 are provided in the schedules at the end of this Interim MD&A.

Liquidity and Capital Resources

The Company's cash and cash equivalents were $1.49 million at June 30, 2019 compared to $1.61 million at December 31, 2018. As at June 30, 2019, working capital was $4.46 million compared to $5.21 million at December 31, 2018. Included in working capital is the fair value of the Company's equity investments which as at June 30, 2019 was $2.69 million compared to $3.11 million as at December 31, 2018.

The Company held 3,973,275 common shares in Rackla with a fair value of $556,259 as at June 30, 2019; however, the investment is being accounted for as an investment in associate, using the equity method, since the Company may be able to exercise significant influence on Rackla.

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

The Company intends to use the proceeds from any sales of its equity and derivative investments, option payments received and royalty income payments received to fund its exploration programs, investment opportunities, and general working capital requirements. The Company expects its current capital resources to be sufficient to carry out its exploration and investment plans and operating costs for the next twelve months.

Related Party Transactions

See Note 15 of the condensed interim consolidated financial statements for the six months ended June 30, 2019 for details of 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 August 20, 2019, the Company's outstanding share position is 86,804,800 common shares and the following incentive stock options are outstanding:

STOCK OPTIONS

Number of options	Exercise price	Expiry date
10,000	$0.29	January 7, 2020
150,000	$0.24	December 1, 2022
1,585,000	$0.20	December 12, 2022
1,510,000	$0.15	October 18, 2026
1,490,000	$0.15	May 21, 2028
200,000	$0.15	November 4, 2028
4,945,000		

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 11 of the condensed interim consolidated financial statements for the six months ended June 30, 2019 for details regarding the Company's investment in associate.

Changes in Accounting Policies

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

IFRS 16 Leases

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

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

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

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

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

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

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

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

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

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

Adoption of IFRS 16 Leases

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

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

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

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

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

Adoption of IFRIC 23 Uncertainty Over Income Tax Treatments

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

Risks and Uncertainties

Royalty revenue

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

Competition

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

Inability to dispose of illiquid securities

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

Due diligence

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

Mineral property exploration and mining

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

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

Joint venture funding

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

Commodity price

The Company is exposed to commodity price risk. Declines in the market price of gold, silver, 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 has been 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 precious and base metals discovered. Metal prices have historically fluctuated widely. Consequently, the economic viability of the Company's property and royalty interests cannot be accurately predicted and may be adversely affected by fluctuations in metal prices.

Financing and share price fluctuation

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

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

Political, regulatory and currency

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

Insurance

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

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

Environmental and social

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

Mineral Properties Expenditure Detail (see following page)

Mineral Properties Expenditure Detail

INTERIM CONSOLIDATED SCHEDULE OF EXPLORATION EXPENDITURES
For the six months ended June 30, 2019

	USA		Guatemala		Mexico		Other	
	General Exploration	Mineral Properties	General Exploration	Mineral Properties	General Exploration	Mineral Properties	General Exploration	Total
Exploration administration	$ 1,025	$ 429	$ 11,163	$ 294	$ 12,234	$ 5,064	$ 4,009	$ 34,218
Field and camp	-	-	-	-	-	13,814	-	13,814
Geochemistry	371	-	-	-	431	8,286	-	9,088
Geological services	3,349	30,979	15,833	17,809	25,807	213,795	38,789	346,361
Legal and accounting	-	-	2,910	-	5,565	696	-	9,171
Licenses, rights and taxes	-	7,520	-	-	4,152	5,054	-	16,726
Travel and accommodation	-	7,313	6,694	7,793	14,145	72,977	-	108,922
	4,745	46,241	36,600	25,896	62,334	319,686	42,798	538,300
Expenditures recovered	-	-	-	-	-	(345,041)	-	(345,041)
	$ 4,745	**$ 46,241**	**$ 36,600**	**$ 25,896**	**$ 62,334**	**$ (25,355)**	**$ 42,798**	**$ 193,259**

INTERIM CONSOLIDATED SCHEDULE OF EXPLORATION EXPENDITURES
For the six months ended June 30, 2018

	USA		Guatemala		Mexico		Other	
	General Exploration	Mineral Properties	General Exploration	Mineral Properties	General Exploration	Mineral Properties	General Exploration	Total
Exploration administration	$ 2,061	$ 1,732	$ 11,249	$ 6,362	$ -	$ 4,570	$ 1,917	$ 27,891
Geochemistry	-	29,957	-	-	-	2,008	-	31,965
Geological services	5,535	283,304	4,220	-	4,164	26,476	32,800	356,499
Legal and accounting	-	-	1,723	-	-	9,874	-	11,597
Licenses, rights and taxes	-	8,033	-	-	-	29,116	-	37,149
Travel and accommodation	2,258	35,184	-	-	498	9,107	1,437	48,484
	$ 9,854	**$ 358,210**	**$ 17,192**	**$ 6,362**	**$ 4,662**	**$ 81,151**	**$ 36,154**	**$ 513,585**