RIO2 LIMITED
(FORMERLY PROSPECTOR RESOURCES CORP.)

Consolidated Financial Statements
For the years ended December 31, 2017 and 2016

Independent auditor's report

Grant Thornton LLP
Suite 1600, Grant Thornton Place
333 Seymour Street
Vancouver, BC
V6B 0A4

T +1 604 687 2711
F +1 604 685 6569
www.GrantThornton.ca

To the Shareholders of Rio2 Limited

We have audited the accompanying consolidated financial statements of Rio2 Limited, which comprise the consolidated statement of financial position as at December 31, 2017 and December 31, 2016 and the consolidated statements of comprehensive loss, cash flows and changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Rio2 Limited as at December 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company incurred a net and comprehensive loss of $5,675,805 and negative cashflows from operations of $3,777,776 for the year ended December 31, 2017. As at December 31, 2017, the Company had an accumulated deficit of $19,361,555. These conditions, along with other matters as set forth in Note 1, indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Other matter

The consolidated financial statements of Rio2 Limited for the year ended December 31, 2016, were audited by another auditor who expressed an unmodified opinion on those consolidated statements on March 15, 2017.

Grant Thornton LLP

Vancouver, Canada
March 12, 2018

Chartered Professional Accountants

RIO2 LIMITED (FORMERLY PROSPECTOR RESOURCES CORP.)
Consolidated Statements of Financial Position
As at December 31, 2017 and 2016
(Expressed in Canadian dollars)

		December 31, 2017		December 31, 2016
ASSETS				
Current Assets				
Cash and cash equivalents *(Note 6)*	$	1,337,760	$	1,780,119
Short term investments *(Note 7)*		4,000,000		-
Input taxes recoverable *(Note 8)*		188,372		9,078
Interest receivable		54,449		-
Prepaid expenses		77,685		-
Total current assets		5,658,266		1,789,197
Property and equipment *(Note 9)*		6,542		2,547
Exploration and evaluation assets (*Note 10)*		13,901		13,901
	$	5,678,709	$	1,805,645
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities *(Note 12)*	$	351,073	$	51,831
Loan due to related party *(Note 17c)*		-		100,000
		351,073		151,831
SHAREHOLDERS' EQUITY				
Capital stock *(Note 14)*		22,064,823		14,625,411
Reserves *(Note 14)*		2,624,368		714,153
Deficit		(19,361,555)		(13,685,750)
		5,327,636		1,653,814
	$	5,678,709	$	1,805,645

Nature of operations and going concern uncertainty *(Note 1)*

See accompanying notes to the consolidated financial statements

Approved by the Board of Directors and authorized for issue on March 12, 2018.

"Alexander Black"	*"Klaus Zeitler"*
Alexander Black, CEO, President and Director	**Klaus Zeitler, Chairman and Director**

RIO2 LIMITED (FORMERLY PROSPECTOR RESOURCES CORP.)
Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)
For the years ended December 31, 2017 and 2016
(Expressed in Canadian dollars)

	2017	2016
Expenses		
Stock based compensation *(Note 14)*	$ 1,910,215	$ -
Exploration costs *(Note 15)*	1,514,557	19,216
Employment costs *(Note 17)*	1,191,907	8,000
Legal and accounting	569,374	124,583
Travel expense	318,742	-
Office	112,997	884
Filing and transfer agent fees	74,762	31,602
Investor relations	22,518	-
Meals and entertainment	21,357	-
Amortization	662	156
	(5,737,091)	(184,441)
Other income (expense)		
Gain on debt settlement *(Note 13)*	-	671,806
Gain on write off of accounts payable	-	87,754
Property investigation cost *(Note 11)*	-	(79,405)
Interest income (expense) *(Note 16)*	62,652	(59,894)
Foreign exchange (loss) gain	(1,366)	8,869
Impairment of exploration and evaluation assets *(Note 9)*	-	(1)
Net Income (Loss) and Comprehensive Income (Loss) for the Year	$ (5,675,805)	$ 444,688
Basic and Diluted Earnings (Loss) per Common Share	(0.10)	0.07
Weighted Average Number of Common Shares Outstanding	59,694,362	6,374,608

See accompanying notes to the consolidated financial statements

RIO 2 LIMITED (FORMERLY PROSPECTOR RESOURCES CORP.)
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

For the years ended December 31, 2017 and 2016
(Expressed in Canadian dollars)

	Capital Stock								
	Number of shares		Amount		Reserves		Deficit		Total shareholders' equity (deficiency)
Balance, as at December 31, 2015	1,804,362	$	12,493,379	$	714,153	$	(14,130,438)	$	(922,906)
Private placement, net of issuance costs *(Note 14)*	42,890,000		2,132,032		-		-		2,132,032
Net income for the year	-		-		-		444,688		444,688
Balance, as at December 31, 2016	44,694,362	$	14,625,411	$	714,153	$	(13,685,750)	$	1,653,814
Private placement, net of issuance costs *(Note 14)*	15,000,000	$	7,439,412	$	-	$	-	$	7,439,412
Options	-		-		1,529,819		-		1,529,819
Restricted Stock Units (RSU)	-		-		380,396		-		380,396
Net loss for the period	-		-		-		(5,675,805)		(5,675,805)
Balance, as at December 31, 2017	59,694,362	$	22,064,823	$	2,624,368	$	(19,361,555)	$	5,327,636

See accompanying notes to the consolidated financial statements

RIO 2 LIMITED (FORMERLY PROSPECTOR RESOURCES CORP.)
Consolidated Statements of Cash Flows
For the years ended December 31, 2017 and 2016
(Expressed in Canadian dollars)

	2017	2016
Operating activities		
Net income (loss) for the year	$ (5,675,805)	$ 444,688
Items not involving cash		
Stock based compensation	1,910,215	-
Amortization	662	156
Impairment of exploration and evaluation assets	-	1
Interest expense	-	59,894
Gain on write off accounts payable	-	(87,754)
Gain on debt settlement	-	(671,806)
Property investigation cost	-	79,405
Change in non-cash components of working capital		
Input taxes recoverable	(179,294)	(6,952)
Interest receivable	(54,449)	-
Prepaid expenses	(77,685)	-
Accounts payable and accrued liabilities	298,580	7,812
Cash used in operating activities	(3,777,776)	(174,556)
Financing activities		
Net proceeds from private placement	7,439,412	2,132,032
Repayment of loan to related party	(100,000)	(200,000)
Cash provided by financing activities	7,339,412	1,932,032
Investing activities		
Short term investments	(4,000,000)	-
Cash received on acquisition of subsidiary	-	20,597
Property and equipment	(3,995)	(3,900)
Cash provided by (used in) investing activities	(4,003,995)	16,697
Decrease (increase) in cash and cash equivalents	(442,359)	1,774,173
Cash and cash equivalents-beginning of the year	1,780,119	5,946
Cash and cash equivalents-end of the year	$ 1,337,760	$ 1,780,119

See accompanying notes to the consolidated financial statements

1. Nature of Operations and Going Concern

Rio2 Limited ("Rio2" or the "Company") is the parent company of a consolidated group. The Company was incorporated under of the laws of the province of British Columbia on February 13, 1990 under the name of Prospector Consolidated Resources Inc. The Company changed its name to Prospector Resources Corp. on January 31, 2011 and its shares began trading on the TSX Venture Exchange ("TSX-V") effective November 28, 2016 under the symbol PRR.

The Company continued from the Province of British Columbia to the Province of Ontario pursuant to a resolution passed by shareholders of the company at the Company's Annual General and Special Meeting (the "Meeting") held on April 21, 2017. In addition to the Continuance, the Company changed its name to Rio2 Limited ("Rio2") on April 27, 2017 pursuant to a resolution passed by the shareholders of the Company at the Meeting. Commencing at the opening of trading on Friday, April 28, 2017, the common shares of the Company began to trade on the TSX-V under the symbol "RIO".

The Company's registered office is located at Suite 6000, 1 First Canadian Place, 100 King St. West, Toronto, ON, M5X 1E2.

Rio2 is building a multi-asset, multi-jurisdiction, precious metals company focused in the Americas. With projects in Peru and Nicaragua, Rio2 will continue pursuing additional strategic acquisitions to compile a portfolio of precious metals assets where it can deploy its operational excellence and responsible mining practices to create value for its shareholders.

The Company has not yet determined whether the properties they hold contain mineral reserves which are economically recoverable. The business of exploring for minerals involves a high degree of risk and there can be no assurance that any of the Company's current or future exploration programs will result in profitable mining operations. The Company has no source of revenue. These consolidated financial statements were prepared on a "going concern" basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As of December 31, 2017, the Company had a working capital surplus of $5,307,193 (December 31, 2016 – $1,637,366). The Company does not currently hold any revenue-generating properties and thereby continues to incur losses. The Company incurred a net and comprehensive loss for the year ended December 31, 2017 of $5,675,805 (December 31, 2016 – net and comprehensive income of $444,688) and negative cash flows from operations of $3,777,776 for the year ended December 31, 2017 (December 31, 2016 – $174,556). As at December 31, 2017, the Company had an accumulated deficit of $19,361,555 (December 31, 2016 – $13,685,750). The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to repay its liabilities when they become due. External financing, predominately by the issuance of equity, will be sought to finance the operations of the Company and enable the Company to continue its efforts towards the exploration and development of its mineral properties. This condition, along with other matters set forth above, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

(Expressed in Canadian dollars)

2. Basis of Presentation

Statement of Compliance

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

These consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on March 12, 2018.

Basis of Presentation

These financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, the financial statements have been prepared using the accrual basis of accounting, except for certain cash flow information.

Principles of Consolidation

Effective April 27, 2017, the Company's name change from Prospector Resources Corp. to Rio2 Limited by way of an amalgamation of the Company and its wholly-owned subsidiary Rio2 Limited, pursuant to which the amalgamated company was named Rio2 Limited. These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries as follows:

Name	Location	Ownership by the Company at December 31,	
		2017	2016
Rio2 Limited	Canada	-	100%
Rio2 S.A.C.	Peru	100%	-
Rio2 Exploraciones S.A.C.	Peru	100%	-
Rio2 S.A.	Nicaragua	100%	-

All material inter-company transactions and balances have been eliminated upon consolidation.

Use of Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions which affect the reported amount of the Company's assets, liabilities, expenses, and related disclosures. Assumptions and estimates are based on historical experience, expectations, current trends, and other factors that management believes to be relevant at the time at which the Company's financial statements are prepared.

Management reviews, on a regular basis, the Company's accounting policies, assumptions, estimates, and judgements in order to ensure that the financial statements are presented fairly and in accordance with IFRS.

2. Basis of Presentation (continued)

Critical accounting estimates are those that have a significant risk of causing material adjustment and are often applied to matters or outcomes that are inherently uncertain and subject to change. As such, management cautions that future events often vary from forecasts and expectations and that estimates routinely require adjustments.

Use of Judgements

The preparation of financial statements in accordance with IFRS requires management to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include the assumptions of going concern and functional currency, as well as the determination of whether deferred tax assets are likely to be realized.

3. Significant Accounting Policies

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand.

Property and Equipment

Property and equipment are recorded at cost and are amortized over their estimated useful lives under the declining balance method at the following rates:

Office equipment	30% per annum

Financial Instruments

All financial instruments are classified as one of the following: held-to-maturity, loans and receivables, fair value through profit or loss ("FVTPL"), available-for-sale, or other financial liabilities. Financial assets and liabilities FVTPL are measured at fair value with gains and losses recognized in net income. Financial assets held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income and reported in shareholders' equity.

Transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as held-to-maturity, loans and receivables, or other financial liabilities are included in the initial carrying value of such instruments and amortized using the effective interest method. Transaction costs classified as FVTPL are expensed when incurred, while those classified as available for sale are included in the initial carrying value.

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

3. Significant Accounting Policies (continued)

- Level 1 – quoted prices (unadjusted) 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).

Exploration and Evaluation Assets

The Company accounts for mineral property interests in accordance with IFRS 6 – Exploration for and evaluation of mineral properties ("IFRS 6"). Exploration expenditures are costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Prospecting and initial exploration costs to define and delineate a mineral deposit that has no demonstrable reserves are expensed.

The carrying values of capitalized amounts are reviewed annually, or when there are indications of potential impairment.

Exploration and evaluation expenditures are expensed until it is probable that future economic benefits will flow to the Company. The following criteria is used to assess the economic recoverability and probability of future economic benefits:

- Viability: A Mineral Reserve, as defined by NI 43-101, has been established that demonstrates a positive finance return, and/or where there is a history of conversion to Mineral Reserves at operating mines; and
- Authorizations: Necessary permits, access to critical resources, and environmental programs exist or are reasonably attainable.

Once future economic benefits are expected, further exploration and evaluation expenditures are capitalized at cost and recognized as an exploration and evaluation asset. Capitalized costs are considered to be tangible assets as they form part of the underlying mineral property.

Site Rehabilitation Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is certain that a reimbursement will be received and the amount receivable can measured reliably.

3. Significant Accounting Policies (continued)

At present, the Company has determined an estimated environmental liability of $10,000. This has been recognized in accrued liabilities in the consolidated financial statements for the year ended December 31, 2017.

Impairment of Long-Lived Assets

Property and equipment and mineral properties are reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less direct costs to sell and the asset value in use (being the present value of the expected future cash flows of the asset). An impairment loss is recognized for the amount by which the carrying amount exceeds its recoverable amount.

Foreign Currency Translation

The Company's functional and presentation currency is the Canadian Dollar. The functional currency of the Company's subsidiaries Rio2 Exploraciones SAC (Peru) and Rio2 SAC (Peru) is the United States Dollar. The functional currency of the Company's subsidiary Rio2 SA (Nicaragua) is the Nicaraguan Cordoba. The accounts recorded in foreign currencies have been translated into Canadian Dollars on the following basis:

(a) monetary assets and liabilities at the rate of exchange in effect at the balance sheet date;
(b) non-monetary assets and liabilities at the rates of exchange in effect on the respective dates of transactions; and
(c) revenue and expenses at the exchange rates prevailing of the date of the transaction.

Gains and losses on translation are included in income or expense in the period in which they occur.

Share Issuance Costs

Share issue costs, which include commissions, facilitation payments, professional fees, and regulatory fees, are charged directly to share capital.

Share-based Payments

The Company uses a fair value-based method of accounting for stock options to employees, including directors and non-employees. The fair value is determined using the Black-Scholes Option Pricing Model on the date of grant, with assumptions for risk-free interest rate, volatility, expected forfeiture and life of the options or warrants. The cost is measured at the date of grant and each tranche is recognized on a graded-vesting basis over the applicable vesting period as an increase in share-based payments expense and the reserves account. On the exercise of the stock options, the proceeds received by the Company, together with the respective amount from reserves, are credited to share capital.

3. Significant Accounting Policies (continued)

Restricted Share Units (RSUs)

The Company uses a fair value-based method of accounting for Restricted Share Units ("RSUs") which are assumed to settle on an equity basis. The fair of Equity settled awards are measured at using a 5-day Volume Weighted Average Price ("VWAP") with market related inputs as of the date of the grant. The cost is recorded over the vesting period of the award to the same expense category of the award recipient's compensation costs and the corresponding entry is recorded in equity.

Income Taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred tax is recognized using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

3. Significant Accounting Policies (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Income (Loss) per Share

Basic loss per share is calculated by dividing the net loss by the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common shares. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions including the exercise of options and warrants that would be anti-dilutive. For the periods presented, the calculation of the diluted loss per share proved to be anti-dilutive. Accordingly, there is no difference in the amounts presented for the basic and diluted loss per share.

Financial Instruments

Financial Assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

This category involves financial instruments held for the purpose of selling them in the short term. All of the financial instruments in this category meet the definition of financial assets held for trading. Derivatives are included in this category, unless they are designated as hedges. The instruments classified in this category are classified in current assets and include cash. The financial instruments included in this category are initially recognized at fair value and the transaction costs are expensed to the Statement of Loss and Comprehensive Loss. Subsequently, financial assets at fair value through profit or loss are measured at fair value and all gains and losses, realized and unrealized, measured on the basis of market transactions, are recognized directly in the Statement of Loss and Comprehensive Loss. As at December 31, 2017 and 2016, the Company has no financial instruments classified as fair value through profit or loss.

3. Significant Accounting Policies (continued)

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. The Company has reported cash in this category.

Held-to-maturity investments

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the Statement of Loss and Comprehensive Loss. The Company has no held to maturity investments as at December 31, 2017 and 2016.

Available-for-sale

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is reclassified from other comprehensive income to profit or loss in the Statement of Loss and Comprehensive Loss. The Company has no available-for-sale assets as at December 31, 2017 and 2016.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial Liabilities

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

Fair value through profit or loss

This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the Statement of Financial Position at fair value with changes in fair value recognized in the Statement of Loss and Comprehensive Loss.

Other financial liabilities

This category includes accounts payable and amounts due to related parties, all of which are measured at amortized cost.

(Expressed in Canadian dollars)

3. Significant Accounting Policies (continued)

Accounting Standards Issued But Not Yet Applied

IFRS 9 – Financial Instruments: Classification and Measurement

The IASB issued IFRS 9, Financial Instruments, which replaced IAS 39, Financial Instrument: Recognition and Measurements, on November 12, 2009. The new standard provides guidance on the classification and measurement of financial asset and financial liabilities. In November 2013, the IASB amended IFRS 9, IAS 39 and IFRS 7, Financial Instruments: Disclosures, to include the new hedge accounting requirements. The new amendments have a mandatory effective date of January 1, 2018. The full impact of the changes in accounting for financial instruments will not be known until the IASB's project has been completed.

The Company is currently in the process of reviewing the standard to determine the impact on the consolidated financial statements.

IFRS 16 – Leases

IFRS 16 replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15. The Company has not yet assessed the future impact of this new standard on its financial statements.

4. Financial Instruments

The Company's financial instruments consist of cash, short term investments, accounts payable, due to related parties, and loans payable. The carrying values of the Company's financial instruments approximate their fair value due to the short term to maturity.

The Company has made the following designations of its financial instruments:

Cash and cash equivalents	Fair value through profit or loss
Short term investments	Fair value through profit or loss
Accounts payable	Other financial liabilities
Due to related parties	Other financial liabilities
Loans payable	Other financial liabilities

(Expressed in Canadian dollars)

4. Financial Instruments (continued)

As at December 31, 2017, the levels in the fair value into which the Company's financial assets and liabilities are measured and recognized in the statement of financial position at fair value are categorized as follows:

	Level 1	Level 2	Level 3	Total
Assets				
Cash	$ 1,337,760	$ -	$ -	$ 1,337,760
Short term investments	4,000,000	-	-	4,000,000
Total	$ 5,337,760	$	$ -	$ 5,337,760

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks and, when appropriate, takes steps to mitigate such risks. These risks may include credit risk, liquidity risk, and market risk.

Credit Risk

Credit risk is the risk that a party to the Company's financial assets will fail to discharge its obligation causing the Company financial loss. The Company's exposure to credit risk is in its cash and receivables. Cash is held in major financial institutions and the major components of amounts receivable are GST receivable from the Government of Canada, and interest receivable from a major Canadian financial institution. Accordingly, the Company believes it has no significant credit risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial obligations associated with its financial liabilities as they fall due. The Company's objective is to ensure that there are sufficient committed financial resources to meet its short-term business requirements for a minimum of twelve months. The Company has sufficient funds on hand to meet current liabilities and the expected operations for the coming year. As of December 31, 2017, the Company has cash totalling of $1,337,760 (December 31, 2016 - $1,780,119), short term investments of $4,000,000 (December 31, 2016 – $0) and current liabilities of $351,073 (December 31, 2016 - $151,831). The current liabilities are as follows:

(a) Accounts payable of $293,105 due on demand and accrued liabilities of $57,968 (December 31, 2016 - $51,831);

(b) Loan due to related party of $0 (December 31, 2016 - $100,000). This loan was settled on June 30, 2017.

The Company has no formal credit facilities at this time and given the Company's current stage of development, it is not expected that such credit facilities would be available to the Company.

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 risk is comprised of three types of risk: foreign currency risk, interest rate risk, and commodity price risk.

4. Financial Instruments (continued)

Foreign Currency Risk

Foreign exchange risk is the risk arising from changes in foreign currency fluctuations. The Company's functional currency is the Canadian Dollar. The Company operates in more than one country. As a result, a portion of the Company's expenditures, amounts receivable, accounts payable and accruals are denominated in U.S. Dollars, Peruvian Soles, and Nicaraguan Cordobas and are therefore subject to fluctuation in exchange rates. The Company does not use any derivative instruments to reduce its exposure to fluctuations in foreign currency rates.

Interest Rate Risk

The Company is not exposed to interest rate risk due to the short-term nature of its cash held in a bank account. The Company's loans payable accrued interest at fixed rates and as such the Company was not exposed to interest rate risk in relation to its interest-bearing debt.

Commodity Price Risk

The value of the Company's interests in mineral properties is related to the price of tungsten and gold and the outlook for these minerals. Mineral prices have historically fluctuated widely and are impacted by numerous factors outside of the Company's control, including, but not limited to: industrial and retail demand, forward sales by producers and speculators, level of worldwide production, short-term changes in supply and demand because of speculators, hedging activities, and certain other factors. The Company is not actively managing its commodity risk.

Sensitivity Analysis

The Company has accounts payable which are denominated in United States Dollars. A 10% change in the foreign exchange rate would impact comprehensive loss for the period by $26,615 (December 31, 2016 – $0).

5. Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral property interests and to maintain flexible capital structure for its projects for the benefit of its stakeholders. There have been no changes in the Company's objectives for managing capital or in what it considers capital from the prior year. In the management of capital, the Company includes the following components of shareholders' equity.

		December 31, 2017		December 31, 2016
Share capital	$	22,064,823	$	14,625,411
Reserves		2,624,368		714,153
	$	24,689,191	$	15,339,564

5. Capital Risk Management (continued)

The properties in which the Company currently have 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 any planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. To maintain or adjust the capital structure, the Company may be required to issue new shares or debt or acquire or dispose of assets. The Company will continue to assess new properties and seek to acquire additional properties, if it feels there is sufficient geological or economic potential, and if it has adequate financial resources to do so. The Company is not subject to externally imposed capital requirements. The Company's overall capital management strategy remains unchanged from the prior year.

6. Cash

Cash and cash equivalents, expressed in CAD, include cash in bank accounts as follows:

	December 31, 2017	December 31, 2016
Canadian dollars	$ 916,414	$ 1,780,119
United States dollars (i)	399,446	-
Peruvian Nuevo Sol (ii)	21,706	-
Nicaraguan Cordoba	194	-
	$ 1,337,760	$ 1,780,119

i. The Company held 316,866 United States dollars, translated at an exchange rate of 1.2606
ii. The Company held 55,797 Peruvian Nuevo Soles, translated at an exchange rate of 0.3890
iii. The Company held 5,000 Nicaraguan Cordobas, translated at an exchange rate of 0.0389

7. Short term investments

As a December 31, 2017, the Company had $4,000,000 (2016 – $0) invested in Canadian dollar denominated guaranteed investment certificates ("GIC") at a major Canadian financial institution. Interest is accrued during the GIC term and is recorded in interest receivable.

8. Input taxes recoverable

Input taxes recoverable consist of the following:

	December 31, 2017	December 31, 2016
Canadian GST/HST receivable	$ 72,946	$ 9,078
Nicaragua IVA receivable	1,629	-
Peruvian IGV receivable	113,797	-
	$ 188,372	$ 9,078

(Expressed in Canadian dollars)

8. Input taxes recoverable (continued)

Canadian Goods and Services Tax/Harmonized Sales Tax ("GST/HST") was applied for and received after December 31, 2017 in full.

The Peruvian Impuestos General a las Ventas ("IGV") receivable consists of input taxes recoverable for expenses incurred for an Agreement (the "Agreement") with Compañía Minera Milpo S.A.A. ("Milpo"). See Note 15 for further details of the Agreement. The Agreement was signed on April 10, 2017, but is still awaiting to be registered with the Peruvian Public Registry. Once this registration is complete, the Company will apply for an accelerated IGV refund.

9. Property and Equipment

		Office Equipment		Land		Total
Amortized cost:						
Balance, December 31, 2016	$	1,049	$	2,501	$	3,550
Additions		4,909		-		4,909
Disposals		(1,049)		-		(1,049)
Balance, December 31, 2017	$	4,909	$	2,501	$	7,410
Accumulated depreciation:						
Balance, December 31, 2016	$	(1,003)	$	-	$	(1,003)
Additions		(914)		-		(914)
Disposals		1,049		-		1,049
Balance, December 31, 2017	$	(868)	$	-	$	(868)
Net book value at December 31, 2017	$	4,041	$	2,501	$	6,542

(Expressed in Canadian dollars)

10. Exploration and Evaluation Assets

		Kalzas Yukon	Beowawe Nevada	Total
Acquisition Costs				
Balance, December 31, 2015	$	1	1	2
Additions		13,900	-	13,900
Impairment		-	(1)	(1)
Balance, December 31, 2016	$	13,901	-	13,901
Additions		-	-	-
Impairment		-	-	-
Balance, December 31, 2017	$	13,901	-	13,901

Kalzas Property (Yukon)

Pursuant to an agreement dated August 8, 2007, the Company obtained an option to acquire a 100% interest in Kalzas Property located in the Mayo Mining District, Yukon from Redtail Metals Corp. (“Redtail”) formerly Copper Ridge Explorations Inc. Under the agreement, the Company agreed to pay $25,000 in cash, incur $4,080,000 in expenditures on or before December 31, 2010 and issue 6,000,000 shares on earlier of completion of the feasibility study and January 1, 2014. The Company sought an extension of time for the exercise of its option from Redtail to allow time for the investigation into certain title issues. Redtail declined to grant such an extension and the Company therefore terminated the Kalzas option in January 2010.

During the year ended December 31, 2009, the Company wrote off its interest in the Kalzas property totalling $595,404 which included $141,800 in acquisition costs and $453,604 in deferred exploration costs.

In April 2012, the Company and Redtail reached an agreement whereby the Company purchased 100% interest in the Kalzas Property in consideration for 2% royalty of annual profits as defined in the Yukon Quartz Mining Act and Yukon Quartz Mining Royalty Regulation. In addition, the Company has a right to purchase from Redtail the 2% royalty of annual profits for $500,000. Further, the Company has the sole right to purchase from the former property owners one-half (1%) of the 2% net smelter returns royalty for $500,000.

In March 2013, an amended royalty agreement was signed between the Company and the former property owners. Both parties agreed the following:

- Nothing will be developed unless the First Nations Selkirk First Nation (and possibly other First Nations of the Yukon) are included in the development.

- If and when the Company puts out a news release that it wishes to proceed with putting the Property into production, the Company shall either pay the former property owner $14,000 in cash or $14,000 worth of stock based on the market price of the stock on the day of the news release being issued. Such election is to be in the sole discretion of the former property owner.

(Expressed in Canadian dollars)

10. Exploration and Evaluation Assets (continued)

The Kalzas property consists of a group of mining claims in the Yukon which have been explored for tungsten over the past 30 years. Former explorers include Union Carbide. The Company realizes that a new tungsten project in the Yukon will entail a long-term commitment but given the shortage of near-term supply of this strategic metal, management is convinced that this acquisition has the potential to enhance shareholder value.

The interest was written-down to a nominal value of $1 in 2015 upon cessation of work on the property. The Company recommenced activities in respect of the property in the year ended December 31, 2016. In addition, an asset retirement obligation of $10,000 has been set up with respect to the property and has been capitalized to the asset.

Beowawe Property (Nevada)

In 2004, the Company entered into an option agreement with a related party, Alpha Oil Inc. (“Alpha”), whereby it could acquire a 100% interest in various unpatented mining claims and patented fee lands in Nevada. The interest was written down to a nominal value of $1 in 2007 upon cessation of work on the property. The Company retained an option interest in one patented mining claim under the agreement, which was maintained for the cost of property taxes. Alpha reserved the right to take back the patented mining claim by reimbursement of past paid property taxes from 2005 to 2014. During the year ended December 31, 2016, the Company decided not to pursue this property, surrendered its interest in the option and recorded an impairment of $1.

11. Property Investigation Cost

On November 23, 2016, the Company purchased the one outstanding share of Rio2 Limited for $1. Rio2 Limited had no assets, no employees and no consultants. Prior to the acquisition, the sole activity of Rio2 was the identification and evaluation of mining assets and mining companies with a view to completing one or more acquisitions. Following the acquisition, the sole shareholder of Rio2 Limited purchased 20 million shares of the Company on a private placement basis and became the President, CEO and a Director of the Company.

The table below summarizes the acquisition of Rio2 Limited:

Consideration paid:		$ 1
Less: Net assets acquired		
Cash	$ 15,347	
Loan to Prospector	5,249	
Loan from shareholder	(100,000)	(79,404)
Property investigation cost	-	$ 79,405

The excess paid over the net assets acquired was expensed to the income statement during the year ended December 31, 2016.

The loan from shareholder was repaid on June 30, 2017.

(Expressed in Canadian dollars)

12. Accounts Payable and Accrued Liabilities

		December 31, 2017		December 31, 2016
Accounts payable	$	293,105	$	32,358
Accrued liabilities		57,968		19,473
	$	351,073	$	51,831

13. Loans Payable

On November 2, 2011, the Company completed a debt financing in the amount of $500,000. The loans were from a director and shareholders of the Company against promissory notes issued by the Company. These loans incurred interest at the rate of 15% per annum, were unsecured, and matured on November 2, 2014. The loans payable was measured at amortized cost using the effective interest method. During the year ended December 31, 2017, interest expense of $0 (December 31, 2016 - $59,894) was recorded. The Company settled the loans for $200,000 and a gain on debt settlement of $671,806 was recognized during the fourth quarter of the year ended December 31, 2016.

14. Capital Stock

Authorized

Unlimited common shares without par value.

Issued and Outstanding

On November 24, 2016, the Company completed a non-brokered private placement for gross proceeds of $2,144,500. A total of 42,890,000 common shares of the Company were issued at a price of $0.05 per share. Share issuance costs of $12,468 were incurred in connection with this private placement.

On February 24, 2017, the Company issued 15,000,000 common shares of the Company at a price of $0.50 per common share for aggregate gross proceeds of $7,500,000. Share issuance costs of $60,187 were paid in connection with this private placement.

At December 31, 2017, there were 59,694,362 issued and fully paid common shares (December 31, 2016 - 44,694,362).

Stock Options and RSUs

On March 1, 2017, the Company terminated its old stock option plan and adopted a new 10% rolling stock option plan and a share incentive plan, which provides for the grant of Restricted Share Units (“RSUs”).

Subsequently, on March 1, 2017, the Company issued 430,000 RSUs under the share incentive plan and 2,050,000 options under the new stock option plan. Of the 430,000 RSUs and 2,050,000 options, 330,000 RSUs and 1,300,000 options were granted to directors and officers of the Company.

(Expressed in Canadian dollars)

14. Capital Stock (continued)

On April 24, 2017, the Company issued 750,000 stock options under the new stock option plan to directors of the Company.

On May 30, 2017, the Company issued 100,000 RSUs under the share incentive plan and 250,000 stock options under the new stock option plan to an officer of the Company.

On September 1, 2017, the Company issued 250,000 RSUs under the share incentive plan and 650,000 stock options under the new stock option plan to employees of the Company.

The fair value of these stock options was estimated on the date of measurement using the Black-Scholes option pricing model.

	March 1, 2017	**April 24, 2017**	**May 30, 2017**	**September 1, 2017**
Number of Options	2,050,000	750,000	250,000	650,000
Exercise price ($)	1.02	1.50	1.71	1.11
Market price ($)	1.02	1.50	1.71	1.11
Expected Volatility (%)*	123	122	116	110
Risk-free interest rate (%)	0.98	1.03	0.94	1.59
Expected life (years)	5.00	5.00	5.00	5.00
Expected forfeiture rate (%)	-	-	-	-
Dividend yield (%)	-	-	-	-
Fair value of options	1,746,034	935,806	346,220	569,840

*Based on average volatility of industry comparable junior mining companies operating in Peru and other South American and Caribbean regions

The following table summarizes the continuity of the Company's stock options at December 31, 2017:

Outstanding				**Exercisable**	
Exercise price $	Number of Options	Weighted average remaining contractual years	Weighted average exercise price	Number of shares	Weighted average exercise price
$1.02	2,050,000	4.2	$1.02	-	$ -
$1.50	750,000	4.3	$1.50	-	$ -
$1.71	250,000	4.4	$1.71	-	$ -
$1.11	650,000	4.7	$1.11	-	$ -
	3,700,000	4.3	$1.18	-	$ -

(Expressed in Canadian dollars)

14. Capital Stock (continued)

Each option entitles the holder to purchase one Common Share for a period of five years from the date of grant. The options also vest 1/3 equally over a three-year period. The grant of the RSUs and options are subject to the terms of the Share Incentive Plan and the Stock Option Plan respectively, and final regulatory approval and if applicable, shareholder approval.

The following table summarizes the continuity of the Company's RSUs at December 31, 2017:

Expiry date	Number of instruments	Number of instruments vested	Weighted average number of years to expiry
December 15, 2020	780,000	-	2.96

The RSUs, which vest 1/3 equally over a three-year period, include a time-based and a performance-based component with a multiplier as determined by the Company's Board of Directors, and entitle the holder to an amount computed by the value of a notional number of Common Shares designated in the award.

The RSUs may be settled in equity instruments, or cash, at the sole discretion of the Company. The choice to settle in equity instruments does not have any commercial substance and the Company does not have a past practise of settling in cash.

The shareholders of the Company approved the Share Incentive Plan and the Stock Option Plan at a meeting held on April 21, 2017.

<u>Reserves</u>

Reserves recognizes stock-based compensation expense until such time that the stock options and RSUs are exercised, at which time the corresponding amount will be transferred to share capital.

15. Exploration

The Company's exploration expenditures consist of the following for the years ended December 31, 2017 and 2016:

				December 31, 2017	**December 31, 2016**
	Milpo Portfolio (Peru)	Nicaraguan Portfolio	Other Projects*	Total	Other Projects*
Technical consultants	$ 583,852	$ 137,828	$ 412,109	$ 1,133,789	$ 19,216
Geology	54,543	12,157	-	66,700	-
Community Relations	264,861	45,816	-	310,677	-
Environment	3,381	-	10	3,391	-
	$ 906,637	$ 195,801	$ 412,119	$ 1,514,557	$ 19,216

*Other projects relate to pre-exploration or project investigation of various projects.

(Expressed in Canadian dollars)

15. Exploration (continued)

Milpo Portfolio (Peru)

On April 10, 2017, the Company entered into the Agreement with Milpo pursuant to which it has the right and option, but not the obligation, to acquire all rights and interests in the Peruvian Portfolio. The material terms of the Agreement include the following:

- Rio2 is required to incur a total of US$5 million in exploration expenditures on the Peruvian Portfolio over a 36-month period.
- To exercise the option and acquire the Peruvian Portfolio, Rio2 is required to complete the US$5 million investment within the specified time period after which it will grant Milpo a two percent net smelter return royalty over the Peruvian Portfolio.
- If the 36-month option is exercised, Rio2 will have an additional 3 years to deliver a Feasibility Study or express its decision to start a mining project.

Nicaraguan Portfolio

Rio2 applied for 10,000 hectares of exploration concessions in May 2017 in Nicaragua, as the Company ranks the country highly as a destination to do business in the mining sector in Latin America. Recognizing the mining sector's potential to boost the country's gross domestic product and economic growth, the Nicaraguan government, through the Ministry of Energy and Mines, is actively promoting investments by having established a solid legal framework and facilitating the development of mining projects in the country.

All expenses related to Nicaragua have been expensed to the income statement, in accordance with the Company's Exploration and Evaluation Assets policy.

16. Finance Costs

The Company's finance costs (income) consist of the following for the years ended December 31, 2017 and 2016:

	Year ended December 31, 2017	2016
Loan interest expenses (*Note 13*)	$ -	$ 59,894
Interest income	(62,652)	-
	$ (62,652)	$ 59,894

(Expressed in Canadian dollars)

17. Related Party Transactions

Compensation of Key Management

Key management consists of the Board of Directors and senior management. Senior management is defined as the President & CEO, and Executive Vice Presidents. Key management compensation for the years ended 31, 2017 and 2016 was as follows:

	2017	2016
Senior management – consulting and employment costs	$ 649,535	$ 8,000
Share-based compensation	1,327,079	-
	$ 1,976,614	$ 8,000

In addition to the compensation paid to directors and officers, the Company had the following transactions with related parties:

(a) As at December 31, 2017, the Company owed $0 (2016 - $16,421) to a former director for advances to the Company, and $0 (2016 - $75,600) to a company controlled by an officer of the Company. These amounts were non-interest bearing, unsecured, and had no fixed terms of repayment.

(b) During the year ended December 31, 2017, the Company incurred legal fees of $251,321 (2016 - $78,468) to a firm in which a director of the Company is a partner.

(c) On November 23, 2016, the Company purchased Rio2 Limited, a company owned by the President, CEO and a Director of the Company, for $1. The Company repaid the loan from the shareholder of $100,000 on June 30, 2017. (See Note 11.)

(d) The Company terminated its stock option plan and adopted a new 10% rolling stock option plan and a share incentive plan on March 1, 2017. During the year ended December 31, 2017, the Company issued 780,000 Restricted Share Units (“RSUs”) and 3,700,000 options. Of the 780,000 RSUs and 3,700,000 options, 430,000 RSUs and 2,250,000 options were granted to the directors and officers of the Company.

(Expressed in Canadian dollars)

18. Deferred Income Taxes

		December 31, 2017		December 31, 2016
Tax rate		26%		26%
Income (Loss) before taxes	$	(5,572,036)	$	444,688
Expected income tax expense (recovery) at statutory rate		(1,448,730)		115,619
Adjusted in income taxes resulting from:				
Impact of differences of foreign tax rates		(35,270)		-
Items not deductible for tax purposes		498,522		(44,355)
Impact of change of tax rates		(109,804)		-
Effect of share issuance costs not recognized		(15,753)		(3,242)
Change in unrecognized deductible temporary differences and other		1,111,035		(68,022)
Income tax recovery	$	-	$	-

Deferred income taxes result primarily from differences in the recognition of certain revenue and expense items for financial and income tax reporting purposes. The temporary differences that give rise to deferred tax assets and liabilities at December 31, 2017 and 2016 are as follows:

		December 31, 2017		December 31, 2016
Deferred tax assets (liabilities)				
Non-capital losses carried forward	$	1,378,002	$	553,029
Resource related deductions		1,951,432		1,879,577
Property and equipment		437		20,471
Share issue costs		15,107		2,593
	$	3,344,978		2,455,670
Less: Change in unrecognized deferred tax asset		(3,344,978)		(2,455,670)
Net deferred income tax assets	$	-	$	-

The Company has non-capital losses totaling approximately $3,670,000 which are deductible against future taxes payable and expire in various years from 2027 to 2037 and has resource and tax pools available to reduce future taxable income that aggregate approximately $7,230,000 as at December 31, 2017.

(Expressed in Canadian dollars)

19. Segmented Information

The Company has three operating segments in three geographic areas: the corporate office in Canada, development of the Milpo Portfolio in Peru, and development of the Nicaraguan Portfolio in Nicaragua. Segmented disclosure and Company-wide information is as follows:

	December 31, 2017			
	Canada	Peru	Nicaragua	Total
Property and equipment	$ 2,501	$ -	$ 4,041	$ 6,542
Exploration and evaluation assets	13,901	-	-	13,901
Other assets	5,372,170	283,326	2,770	5,658,266
Total assets	$ 5,388,572	$ 283,326	$ 6,811	$ 5,678,709
Accounts payable and accrued liabilities	$ 185,594	$ 127,189	$ 38,290	$ 351,073
	$ 185,594	$ 127,189	$ 38,290	$ 351,073

	December 31, 2016			
	Canada	Peru	Nicaragua	Total
Property and equipment	$ 2,547	$ -	$ -	$ 2,547
Exploration and evaluation assets	13,901	-	-	13,901
Other assets	1,789,197	-	-	1,789,197
Total assets	$ 1,805,645	$ -	$ -	$ 1,805,645
Accounts payable and accrued liabilities	$ 51,831	$ -	$ -	$ 51,831
Loan due to related party	100,000	-	-	100,000
	$ 151,831	$ -	$ -	$ 151,831

(Expressed in Canadian dollars)

19. Segmented Information (continued)

	For the year ended December 31, 2017			
	Canada	Peru	Nicaragua	Total
Stock based compensation	$ 1,910,215	$ -	$ -	$ 1,910,215
Exploration costs	412,119	906,637	195,801	1,514,557
Employment costs	1,146,387	635	44,885	1,191,907
Legal and accounting	455,277	106,799	7,298	569,374
Travel expense	316,229	2,385	128	318,742
Office	80,899	3,256	28,842	112,997
Filing and transfer agent fees	74,762	-	-	74,762
Investor relations	22,518	-	-	22,518
Meals and entertainment	14,352	7,005	-	21,357
Amortization	46	-	616	662
Interest income	(62,652)	-	-	(62,652)
Foreign exchange loss (gain)	18,347	(15,928)	(1,053)	1,366
Net loss	$ 4,388,499	$ 1,010,789	$ 276,517	$ 5,675,805

	For the year ended December 31, 2016			
	Canada	Peru	Nicaragua	Total
Exploration costs	$ -	$ (19,216)	$ -	$ (19,216)
Employment costs	(8,000)	-	-	(8,000)
Legal and accounting	(124,583)	-	-	(124,583)
Office	(884)	-	-	(884)
Amortization	(156)			(156)
Filing and transfer agent fees	(31,602)	-	-	(31,602)
Gain on debt settlement	671,806	-	-	671,806
Gain on write off of accounts payable	87,754	-	-	87,754
Property investigation cost	-	(79,405)	-	(79,405)
Interest expense	(58,894)	-	-	(58,894)
Foreign exchange gain	8,869	-	-	8,869
Impairment of exploration and evaluation assets	(1)	-	-	(1)
Net income	$ 543,309	$ (98,621)	$ -	$ 444,688

(Expressed in Canadian dollars)

20. Commitments

In the normal course of business, the Company enters into contracts and conducts business activities that give rise to commitments for future minimum payments. The table below summarizes the maturity profile of the Company's commitments, based on contractual undiscounted payments. No other material commitments exist at December 31, 2017 and 2016. The following table summarizes the Company's commitments:

				December 31, 2017	**December 31, 2016**
	Within 1 year	2 to 5 years	Over 5 years	Total	Total
Accounts payable	$ 293,105	$ -	$ -	$ 293,105	$ 32,358
Accrued liabilities	47,968	-	10,000	57,968	19,473
Lease commitments	34,697	-	-	34,697	-
Kalzas Concession fees	10	38	48	96	95
	$ 375,780	$ 38	$ 10,048	$ 385,866	$ 51,926