

**Canamex Gold Corp.**  
**(formerly Canamex Resources Corp.)**  
**Consolidated Financial Statements**  
**For the Years Ended December 31, 2017 and 2016**

**Expressed in Canadian Dollars**



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## INDEPENDENT AUDITORS' REPORT

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To the Shareholders of  
Canamex Gold Corp.

We have audited the accompanying consolidated financial statements of Canamex Gold Corp. (formerly Canamex Resources Corp.) which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 our 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, we consider 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 audits 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 financial position of Canamex Gold Corp. as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### **Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Canamex Gold Corp. to continue as a going concern.

*Manning Elliott LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS  
Vancouver, British Columbia  
April 23, 2018

**Canamex Gold Corp.**

Consolidated Statements of Financial Position

As at December 31, 2017 and 2016

(Expressed in Canadian dollars)

	Note	December 31, 2017	December 31, 2016
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 458,709	\$ 1,449,508
Amounts receivable	4	24,438	92,465
Prepaid expenses		91,523	147,188
		574,670	1,689,161
<b>Non-current assets</b>			
Exploration and evaluation assets	5	10,677,667	8,302,131
Reclamation bond		27,290	5,789
		10,704,957	8,307,920
<b>TOTAL ASSETS</b>		<b>\$ 11,279,627</b>	<b>\$ 9,997,081</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables and accrued liabilities	6,9	\$ 335,180	\$ 355,575
<b>Non-current liabilities</b>			
Secured convertible debentures	7	3,893,649	3,476,501
<b>TOTAL LIABILITIES</b>		<b>4,228,829</b>	<b>3,832,076</b>
<b>EQUITY</b>			
Share capital	8	19,261,788	16,811,353
Subscription receivable		-	(241,000)
Reserves	7,8	3,536,721	3,325,480
Deficit		(15,747,711)	(13,730,828)
<b>TOTAL EQUITY</b>		<b>7,050,798</b>	<b>6,165,005</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 11,279,627</b>	<b>\$ 9,997,081</b>

Nature of operations and going concern (Note 1)

Subsequent events (Note 13)

Approved on behalf of the Board:

"David Vincent""Michael Stark"

The accompanying notes form an integral part of the consolidated financial statements

**Canamex Gold Corp.**

Consolidated Statements of Comprehensive Loss  
For the years ended December 31, 2017 and 2016  
(Expressed in Canadian dollars)

	Note	Years ended December 31,	
		2017	2016
<b>Expenses</b>			
Consulting	9	\$ 294,246	\$ 252,594
Interest and accretion expense	7	753,008	562,402
Management fees	9	273,218	206,977
Office and administrative		135,277	126,560
Professional fees		96,742	42,188
Share-based payments	8,9	211,241	-
Shareholder communications		187,153	86,829
Transfer agent and filing fees		41,067	58,319
Travel		24,931	20,356
<b>Loss before taxes</b>		<b>(2,016,883)</b>	<b>(1,356,225)</b>
Deferred income tax recovery	7	-	358,287
<b>Net loss and comprehensive loss</b>		<b>\$ (2,016,883)</b>	<b>\$ (997,938)</b>
<b>Loss per share – basic and diluted</b>		<b>\$ (0.04)</b>	<b>\$ (0.03)</b>
<b>Weighted average number of common shares outstanding</b>		<b>53,388,788</b>	<b>38,051,371</b>

The accompanying notes form an integral part of the consolidated financial statements

**Canamex Gold Corp.**  
Consolidated Statements of Changes in Equity  
For the years ended December 31, 2017 and 2016  
(Expressed in Canadian dollars)

	Share capital		Subscription receivable	Reserves	Deficit	Total
	Number of shares	Amount				
<b>Balance at January 1, 2016</b>	<b>33,299,933</b>	<b>\$ 16,113,601</b>	<b>\$ -</b>	<b>\$ 2,109,268</b>	<b>\$(12,732,890)</b>	<b>\$ 5,489,979</b>
Share issued for cash and subscriptions receivable	6,008,438	736,325	(241,000)	225,025	-	720,350
Finders' warrants	-	-	-	54,892	-	54,892
Equity component of convertible debentures	-	-	-	1,334,959	-	1,334,959
Deferred income tax recovery on convertible debentures	-	-	-	(358,287)	-	(358,287)
Issuance costs	-	(38,573)	-	(40,377)	-	(78,950)
Net loss for the year	-	-	-	-	(997,938)	(997,938)
<b>Balance at December 31, 2016</b>	<b>39,308,371</b>	<b>16,811,353</b>	<b>(241,000)</b>	<b>3,325,480</b>	<b>(13,730,828)</b>	<b>6,165,005</b>
Shares issued for cash and subscriptions received	20,741,350	2,488,960	241,000	-	-	2,729,960
Finders' shares and warrants	1,315,955	-	-	-	-	-
Issuance costs	-	(38,525)	-	-	-	(38,525)
Share-based payments	-	-	-	211,241	-	211,241
Net loss for the year	-	-	-	-	(2,016,883)	(2,016,883)
<b>Balance at December 31, 2017</b>	<b>61,365,676</b>	<b>\$ 19,261,788</b>	<b>\$ -</b>	<b>\$ 3,536,721</b>	<b>\$(15,747,711)</b>	<b>\$ 7,050,798</b>

The accompanying notes form an integral part of the consolidated financial statements

**Canamex Gold Corp.**

## Consolidated Statements of Cash Flows

For the years ended December 31, 2017 and 2016

(Expressed in Canadian dollars)

	<b>Years ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Operating activities</b>		
Net loss	\$ (2,016,883)	\$ (997,938)
Adjustments for non-cash items:		
Accretion expense (Note 7)	417,148	542,766
Deferred income tax recovery (Note 7)	-	(358,287)
Share-based payments (Note 8)	211,241	-
	(1,388,494)	(813,459)
Changes in non-cash working capital items:		
Amounts receivable	68,027	(82,135)
Prepaid expenses	55,665	(132,580)
Trade payables and accrued liabilities	(20,395)	(265,063)
<b>Net cash flows used in operating activities</b>	<b>(1,285,197)</b>	<b>(1,293,237)</b>
<b>Investing activities</b>		
Exploration and evaluation assets	(2,375,536)	(588,318)
Reclamation bond	(21,501)	14,715
<b>Net cash flows used in investing activities</b>	<b>(2,397,037)</b>	<b>(573,603)</b>
<b>Financing activities</b>		
Proceeds on issuance of common shares	2,488,960	720,350
Share issuance costs	(38,525)	(26,750)
Share subscriptions received	241,000	-
Proceeds on issuance of convertible debt	-	2,614,900
Convertible debt issuance costs	-	(102,052)
<b>Net cash flows from financing activities</b>	<b>2,691,435</b>	<b>3,206,448</b>
Change in cash	(990,799)	1,339,608
Cash, beginning	1,449,508	109,900
<b>Cash, ending</b>	<b>\$ 458,709</b>	<b>\$ 1,449,508</b>
<b>Non-cash transactions</b>		
Fair value of units issued to finders	\$ 157,915	\$ -
Fair value of warrants issued to finders	-	54,892
<b>Supplemental disclosures</b>		
Income taxes paid	\$ -	\$ -
Interest paid	296,730	-

The accompanying notes form an integral part of the consolidated financial statements

## **Canamex Gold Corp.**

Notes to the Consolidated Financial Statements  
For the years ended December 31, 2017 and 2016  
(Expressed in Canadian dollars)

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### **1. Nature of operations and going concern**

Canamex Gold Corp.'s (the "Company") head office and primary place of business is located at 750 West Pender Street, Suite 804, Vancouver, British Columbia, Canada, V6C 2T7. The Company is a Tier 2 mining issuer on the TSX Venture Exchange ("TSX-V").

The Company was incorporated under the laws of Alberta on May 26, 1987. On August 18, 2009, the shareholders approved both the continuation of the Company from the Business Corporations Act (Alberta) to the Business Corporations Act (British Columbia) and the new articles of the Company.

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. The Company is in the process of exploring mineral resource properties and has not yet determined whether the properties contain reserves that are economically recoverable. As at December 31, 2017, the Company had not advanced any property to commercial production and is not able to finance day to day activities through operations. As at December 31, 2017, the Company has incurred losses since its inception and has an accumulated deficit of \$15,747,711 which has been funded primarily by the issuance of debt and equity. There is a material uncertainty related to these conditions that casts significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern depends upon its ability to raise adequate financing and to generate profitable operations in the future. Although the Company has been successful in obtaining the necessary financing to continue operations in the past, there can be no assurance that it will be able to or do so on terms acceptable to the Company in the future.

### **2. Significant accounting policies and basis of preparation**

The Company's consolidated financial statements were authorized for issuance on April 23, 2018 by the Board of Directors.

#### ***Statement of compliance***

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

#### ***Basis of preparation***

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified for specific financial instruments carried at fair value where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted. Certain comparative figures may have been reclassified to conform to the current year's presentation.

#### ***Consolidation***

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Canamex Resources US Inc. ("Canamex US") and Canamex Guyana Inc. ("Canamex Guyana"). Canamex US was incorporated in the State of Nevada, USA and Canamex Guyana was incorporated in Guyana. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

**Canamex Gold Corp.**

Notes to the Consolidated Financial Statements  
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**2. Significant accounting policies and basis of preparation (cont'd)**

***Cash and cash equivalents***

The Company considers deposits with banks or highly liquid short-term interest bearing securities that are readily convertible to known amounts of cash and those that have maturities of 90 days or less when acquired to be cash equivalents.

***Significant accounting judgments, estimates and assumptions***

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from those estimates.

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

a) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

b) Impairment

The carrying value of non-financial assets is reviewed each reporting period upon the occurrence of events or changes in circumstances indicating that the carrying value of assets may not be recoverable and when criteria of assets held for sale are met to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is recognized in the consolidated statement of comprehensive loss. The assessment of fair values, including those of the cash generating units (the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflow from other assets or groups of assets) ("CGUs") for purposes of testing goodwill, require the use of estimates and assumptions for recoverable production, long-term commodity prices, discount rates, foreign exchange rates, future capital requirements and operating performance. Changes in any of the assumptions or estimates used in determining the fair value of goodwill or other assets could impact the impairment analysis.



**Canamex Gold Corp.**

Notes to the Consolidated Financial Statements  
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**2. Significant accounting policies and basis of preparation (cont'd)**

***Significant accounting judgments, estimates and assumptions (cont'd)***

c) Site Closure and Reclamation Provisions

The Company assesses its mineral properties' rehabilitation provision at each reporting date or when new material information becomes available. Exploration, development and mining activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation obligations requires management to make estimates of the future costs that the Company will incur to complete the reclamation work required to comply with existing laws and regulations at each location. Actual costs incurred may differ from those amounts estimated.

Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

d) Title to Mineral Properties

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

e) Share-Based Payments and finders' warrants

Management uses valuation techniques in measuring the fair value of share options and finders' warrants granted. The fair value is determined using the Black-Scholes option pricing model which requires management to make certain estimates, judgments, and assumptions in relation to the expected life, expected volatility, expected risk-free rate, and expected forfeiture rate (Note 8). Changes to these assumptions could have a material impact on the Company's consolidated financial statements.

f) Deferred Income Taxes

Judgment is required to determine which types of arrangements are considered to be a tax on income in contrast to an operating cost. Judgment is also required in determining whether deferred tax liabilities are recognized in the consolidated statement of financial position. Deferred tax assets, including those potentially arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable income in future periods, in order to recognize deferred tax assets. Assumptions about the generation of future taxable income depend on management's estimates of future operations and cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, and other capital management transactions) and judgment about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize deferred tax assets or offset these against any deferred tax liabilities recorded at the reporting date could be impacted.

**Canamex Gold Corp.**

Notes to the Consolidated Financial Statements  
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**2. Significant accounting policies and basis of preparation (cont'd)**

***Significant accounting judgments, estimates and assumptions (cont'd)***

g) Discount rate used for convertible debt

The carrying value of the convertible debt is subject to management's estimates in determining an appropriate discount rate based on similar instruments with no conversion features.

***Loss per share***

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted loss per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

***Share issue costs***

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred share issue costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. The Company charges share issue costs to share capital when the related shares are issued. Deferred share issue costs related to financing transactions that are not completed are charged to expenses.

***Foreign currency translation***

These consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentation currency. The functional currency of Canamex US and Canamex Guyana is also the Canadian dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the consolidated statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the consolidated statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

**2. Significant accounting policies and basis of preparation (cont'd)**

***Exploration and evaluation expenditures***

Amounts reported in exploration and evaluation expenditures include the costs of acquiring licenses, and costs associated with exploration and evaluation activity. Exploration and evaluation expenditures are capitalized and are classified as intangible assets. Costs incurred before the Company has obtained the legal rights to explore an area are expensed.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to the mineral resource property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

***Share-based payments***

The Company has adopted a 10% rolling stock option plan whereby it can grant options to directors, officers, employees, and consultants of the Company up to maximum of 10% of the issued and outstanding common shares at the time of grant. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

***Financial instruments***

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

**2. Significant accounting policies and basis of preparation (cont'd)**

***Financial instruments (cont'd)***

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within twelve months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not currently have any derivative financial assets and liabilities.

***Impairment of assets***

The carrying amounts of the Company's assets (which include exploration and evaluation assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the consolidated statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

**Canamex Gold Corp.**

Notes to the Consolidated Financial Statements  
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**2. Significant accounting policies and basis of preparation (cont'd)**

***Income taxes***

a) 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 countries 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 values positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Deferred income tax

Deferred income taxes are recorded using the asset and liability method of tax allocation. Under this method, deferred income tax assets and liabilities are determined based on temporary differences at the reporting date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

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.

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 set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

***Provisions***

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. At each financial position reporting date presented the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

***Convertible debentures***

Convertible debentures, where applicable, are separated into their liability and equity components and accounted for using the effective interest rate method. The fair value of the liability component at the time of issue is determined based on an estimated interest rate of the debentures without the conversion feature. The fair value of the equity component is determined as the difference between the face value and the fair value of the liability component. Issuance costs of the convertible debentures are applied as a reduction of proceeds and split pro-rata between the liability and equity components. The issuance costs applied to the liability component are recognized as accretion expense over the term of the debenture.

**Canamex Gold Corp.**

Notes to the Consolidated Financial Statements  
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**3. New accounting standards**

***Accounting standards and amendments adopted during the year***

The Company did not adopt any new or revised accounting standards during the year ended December 31, 2017 which had a significant impact on the Company's consolidated financial statements.

***Accounting standards and amendments issued but not yet effective***

New accounting standards effective for annual periods on or after January 1, 2018:

***IFRS 2 Share-based Payment*** – The amendments clarify the classification and measurement of share-based payment transactions.

***IFRS 9 Financial Instruments – Classification and Measurement***- IFRS 9 is the first step in the process to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities and carries over from the requirements of IAS 39.

***IFRS 15 Revenue from Contracts with Customers*** – IFRS 15 is a new standards which supersedes *IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

New accounting standards effective for annual periods on or after January 1, 2019:

***New standard IFRS 16 Leases*** - IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties of a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model.

The extent of the impact of adoption of these standards and interpretations on the consolidated financial statements of the Company has not been determined.

**4. Amounts receivable**

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Government sales tax recoverable	\$ 24,438	\$ 18,465
Other receivables (Note 7(b))	-	74,000
	<b>\$ 24,438</b>	<b>\$ 92,465</b>

**Canamex Gold Corp.**

Notes to the Consolidated Financial Statements  
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**5. Exploration and evaluation assets**

***Nye County, Nevada USA (“Bruner Property”)***

On May 28, 2010, the Company entered into a property option agreement (“Option Agreement”) with Provex Resources Inc. (“Provex”), a company with a director in common with the Company at the time, granting an exclusive right and option to acquire up to a 75% interest in certain mineral claims in the Bruner Property.

During the year ended December 31, 2017, the Company completed its acquisition of a 100% interest in the claims comprising the Bruner Property for a payment of US \$1,000,000.

Certain claims comprising the Bruner property are subject to a 2.0% - 3.5% net smelter return (“NSR”) royalty upon production.

***Silverton Property***

On October 17, 2017, the Company entered into a lease and option agreement (the “Agreement”) with Precious Metals LLC (“Precious Metals”), whereby Precious Metals agreed to lease the Silverton Property to the Company on an annual basis, on the following terms:

- (a) Precious Metals will stake and record an additional 50 lode mining claims as directed by the Company around the original Silverton Property mining claims of Precious Metals, the cost of which will be covered by the Company.
- (b) The Company will pay Precious Metals the following cash payments in U.S. dollars:
  - a. \$15,000 on execution of the Agreement (paid);
  - b. \$20,000 within 12 months from the date of the Agreement;
  - c. \$25,000 within 24 months from the date of the Agreement;
  - d. \$30,000 within 36 months from the date of the Agreement;
  - e. \$30,000 on each anniversary date of the Agreement thereafter until the claims are in production; and
  - f. 2.0% NSR

The Company has the right to acquire a 100% interest in and to the Silverton Property from Precious Metals prior to production on the Silverton Property, by paying Precious Metals US\$1,250,000 cash.

The Company has the option to purchase the 2% NSR, distinct and separate from the option to purchase the Silverton Property, by paying Precious Metals US\$1,250,000 cash.

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**5. Exploration and evaluation assets (cont'd)**

For the years ended December 31, 2017 and 2016, the Company incurred the following expenditures on the properties:

<b>Bruner Property, Nevada</b>	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b>Property acquisition costs</b>		
Balance, beginning of the year	\$ 1,040,698	\$ 1,040,698
Additions during the year	-	-
	<b>1,040,698</b>	<b>1,040,698</b>
<b>Exploration and evaluation costs</b>		
Balance, beginning of the year	7,261,432	6,673,114
Costs incurred during the year:		
Drilling and related costs	426,470	208,470
Field work	44,584	74,037
Geological	511,697	302,077
Mineral rights options payment	1,337,270	-
Travel and accommodation	8,227	3,734
	<b>9,589,680</b>	<b>7,261,432</b>
<b>Total - Bruner Property</b>	<b>\$ 10,630,378</b>	<b>\$ 8,302,130</b>
<b>Silverton Property, Nevada</b>		
<b>Exploration and evaluation costs</b>		
Balance, beginning of the year	\$ -	\$ -
Mineral rights options payment	47,288	-
<b>Total - Silverton Property</b>	<b>\$ 47,288</b>	<b>\$ -</b>
<b>Aranka North Property, Guyana</b>		
<b>Property acquisition costs</b>		
Balance, beginning of the year	\$ 1	\$ 1
<b>Total - Aranka North Property</b>	<b>\$ 1</b>	<b>\$ 1</b>
<b>Total exploration and evaluation assets</b>	<b>\$ 10,677,667</b>	<b>\$ 8,302,131</b>



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**6. Trade payables and accrued liabilities**

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Trade payables	\$ 140,650	\$ 200,991
Amounts due to related parties (Note 9)	73,956	56,166
Accrued liabilities	81,444	98,418
Interest payable	39,130	-
	<b>\$ 335,180</b>	<b>\$ 355,575</b>

**7. Secured convertible debentures**

During 2016 the Company completed a non-brokered private placement of secured convertible debentures ("2016 Convertible Debentures") that were issued in two tranches. These 2016 Convertible Debentures have a first ranking security over the Company's interest in the Bruner Gold Property (see Note 5) and by the general assets of the Company.

- a) In October 2016, the Company closed the first tranche of a non-brokered private placement for gross proceeds of \$4,239,000, under which the Company issued an aggregate principal amount of \$4,239,000 of secured convertible debentures (the "Debentures"), maturing in three years on October 25, 2019. The Debentures are convertible into common shares at the option of the holder at a conversion price of \$0.16 per Share (the "Conversion Price") until October 25, 2019.

In addition, the holders of the Debentures received a total of 26,493,750 warrants ("Debenture Warrants"). Each Debenture Warrant is exercisable into a common share on or before October 25, 2019 at an exercise price of \$0.20 per share. Interest on the Debentures shall be paid annually in arrears, at an annual rate of interest of 7% per annum or alternatively, if paid in shares the rate would be 10%.

A finder was issued 307,125 compensation warrants and each warrant is exercisable at \$0.20 per common share until expiry on October 25, 2019.

- b) In December 2016, the Company closed the second tranche of a non-brokered private placement for gross proceeds of \$559,000, under which the Company issued an aggregate principal amount of \$559,000 of secured convertible debentures (the "Debentures"), maturing in three years on December 23, 2019. The Debentures are convertible into common shares at the option of the holder at a conversion price of \$0.16 per share until December 23, 2019. As at December 31, 2016, \$74,000 of the proceeds from the second tranche were recorded in amounts receivable and were received in 2017.

In addition, the holders of Debentures received a total of 3,493,750 warrants ("Debenture Warrants"). Each Debenture Warrant will be exercisable into a common share on or before December 23, 2019 at an exercise price of \$0.20 per share. Interest on the Debentures shall be paid annually in arrears, at an annual rate of interest of 7% per annum or alternatively, if paid in shares the rate would be 10%.

A finder was issued 209,625 compensation warrants and each warrant is exercisable at \$0.20 per common share until expiry on December 23, 2019.

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**7. Secured convertible debentures (cont'd)**

The following table summarizes accounting for the convertible debentures and the amounts recognized in respect of the liability and equity components during the years ended December 31, 2017 and 2016:

<b>Principal</b>	
Issued during year ended December 31, 2016	\$ 4,798,000
<b>Liability</b>	
Gross proceeds received	\$ 4,798,000
Issuance costs	(104,743)
Equity component less issue costs allocated	(1,334,959)
Liability component initially recognized	3,358,298
Accretion and interest expense recognized during 2016	118,203
<b>Balance at December 31, 2016</b>	<b>3,476,501</b>
Accretion and interest expense recognized during 2017	753,008
Interest paid and payable during 2017	(335,860)
<b>Balance at December 31, 2017</b>	<b>\$ 3,893,649</b>
<b>Equity</b>	
Equity component initially recognized in reserves	\$ 1,334,959
Issuance costs	(40,377)
Deferred income tax recovery	(358,287)
<b>Balance at December 31, 2017 and 2016</b>	<b>\$ 936,295</b>

For accounting purposes, the convertible debentures were separated into their liability and equity components using the residual method. The fair value of the liability component at the time of issue was determined based on an estimated rate of 20% for debentures without the conversion feature. The fair value of the equity component was determined as the difference between the face value of the debentures and the fair value of the liability component. After initial recognition the liability component is carried on an amortized cost basis and is being accreted to its face value over the term to maturity of the debenture at an effective interest rate of approximately 21%. The Company also recorded a recovery of a deferred income tax liability of \$358,287 that was recognized in equity relating to the difference between the Company's accounting and tax basis.

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**8. Share capital and reserves****Authorized share capital**

The Company has authorized an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. On October 20, 2016, the Company consolidated its issued and outstanding shares on a 4:1 basis. The share consolidation has been retroactively presented in the consolidated financial statements and accompanying notes and all share amounts including per share amounts reflect the consolidation.

*Shares issued during 2017*

On May 12, 2017, the Company closed a non-brokered private placement of 20,741,350 units for gross proceeds of \$2,488,960 at a price of \$0.12 per unit. In connection with the private placement, the Company issued 1,315,955 units to finders and incurred cash share issuance costs of \$38,525. Each unit is comprised of one common share and one warrant exercisable into a common share for \$0.20 per share for a period of five years.

*Shares issued during 2016*

On October 25, 2016, the Company closed the first tranche of a non-brokered private placement for gross proceeds of \$716,350 at a price of \$0.16 per unit. Each unit is comprised of one common share and one warrant exercisable into a common share at \$0.20 per share for a period of five years.

On December 30, 2016, the Company closed the second tranche of a non-brokered private placement for gross proceeds of \$245,000 at a price of \$0.16 per unit. Each unit is comprised of one common share and one warrant exercisable into a common share at \$0.20 per share for a period of five years. At December 31, 2016, \$241,000 of the gross proceeds was recorded as subscriptions receivable. These funds were received in 2017.

**Stock options**

The Company has adopted a 10% rolling stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant options to directors, officers, employees, and consultants of the Company, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Options granted vest at the discretion of the Board of Directors.

The Company uses the Black-Scholes option pricing model to value the stock options granted during the year. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

*Stock option transactions during 2017*

During the year ended December 31, 2017, the Company granted 2,135,000 stock options to certain directors, officers and consultants of the Company. The options granted vested immediately and are exercisable for a period of five years from the date of grant at varying prices.

During the year ended December 31, 2017, 1,143,750 stock options expired unexercised.

*Stock option transactions during 2016*

During the year ended December 31, 2016, 143,750 stock options expired unexercised.

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**8. Share capital and reserves (cont'd)****Stock options (cont'd)***Stock option summary*

The changes in options during the years ended December 31, 2017 and 2016 are summarized as follow:

	December 31, 2017		December 31, 2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of year	2,809,419	\$ 0.52	2,953,169	\$ 0.52
Options granted	2,135,000	0.16	-	-
Options expired/cancelled	(1,143,750)	0.70	(143,750)	0.75
Options outstanding and exercisable, end of year	3,800,669	\$ 0.26	2,809,419	\$ 0.52

During the year ended December 31, 2017, the Company recorded share-based payment expense of \$211,241, representing the fair value of the stock options granted during the year. The fair value of the stock options granted was calculated using the Black-Scholes option pricing model with following weighted average assumptions:

	2017
Stock price at grant date	\$0.12
Risk-free interest rate	1.31%
Expected dividend yield	0.00
Expected forfeiture rate	0.00
Expected option life (years)	5.00
Expected stock price volatility	136%

Details of options outstanding and exercisable at December 31, 2017 are as follows:

Date of expiry	Exercise price	Number of options	Weighted Average Remaining Contractual life, years	Weighted Average Exercise Price
March 13, 2019	\$0.52	631,250	1.20	\$ 0.52
January 26, 2020	\$0.64	250,000	2.07	0.64
October 21, 2020	\$0.20	884,419	2.81	0.20
February 23, 2022	\$0.16	1,175,000	4.15	0.16
September 5, 2022	\$0.16	250,000	4.68	0.16
November 24, 2022	\$0.16	550,000	4.90	0.16
December 8, 2022	\$0.25	60,000	4.94	0.25
		3,800,669	3.37	\$ 0.26

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**8. Share capital and reserves (cont'd)****Warrants**

The changes in warrants during the years ended December 31, 2017 and 2016 are summarized as follow:

	December 31, 2017		December 31, 2016	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning of year	37,125,038	\$ 0.20	1,941,768	\$ 0.68
Warrants issued	22,057,305	0.20	36,615,550	0.20
Warrants expired	(110,250)	0.00	(1,432,280)	0.68
Warrants outstanding, end of year	59,072,093	\$ 0.20	37,125,038	\$ 0.20

Included in the warrants issued are 1,315,955 warrants issued to finders as part of the units issued in the private placement completed during the year ended December 31, 2017. In 2016, the Company issued a total of 4,113,312 warrants to finders. The Company recorded \$Nil (2016 - \$54,892) to contributed surplus, representing the fair value of the finders warrants. The fair value of the finders warrants was calculated using the Black-Scholes option pricing model with following weighted average assumptions:

	2017	2016
Weighted average assumptions:		
Risk-free interest rate	-	0.68%
Expected dividend yield	-	0.00
Expected option life (years)	-	3.18
Expected stock price volatility	-	145%

Details of warrants outstanding and exercisable at December 31, 2017 are as follows:

Date of expiry	Exercise price	Number of warrants	Weighted Average Remaining Contractual life, years	Weighted Average Exercise Price
October 25, 2019	\$0.20	26,800,875	1.82	\$ 0.20
December 23, 2019	\$0.20	3,703,375	1.98	0.20
September 21, 2020	\$0.28	399,238	2.73	0.28
October 24, 2021	\$0.20	4,492,500	3.82	0.20
December 29, 2021	\$0.20	1,618,800	4.00	0.20
May 12, 2022	\$0.20	22,057,305	4.36	0.20
		59,072,093	3.00	\$ 0.20

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**9. Related party transactions and balances*****Related party balances***

Amounts due to related parties consist of charges accrued for office administration and management fees. These amounts are due to directors, officers, or companies controlled by directors or officers.

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

The following amounts due to related parties are included in trade payables and accrued liabilities:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Directors and corporations controlled by directors of the Company	\$ 60,956	\$ 7,166
Survivor benefit <sup>(1)</sup>	13,000	49,000
	<b>\$ 73,956</b>	<b>\$ 56,166</b>

(1) Pursuant to a management services agreement, the Company has accrued a payable to the estate of the late CEO of the Company.

The Company incurred the following transactions with directors/officers of the Company and corporations that are controlled by directors/officers of the Company. The Company has identified these directors/officers as its key management personnel.

	<b>Year ended December 31,</b>	
<b>Key Management Compensation</b>	<b>2017</b>	<b>2016</b>
Fees for outside/independent directors	\$ 99,000	\$ 84,000
Management and administrative fees	326,752	241,900
Share-based payments	122,629	-
	<b>\$ 548,381</b>	<b>\$ 325,900</b>

**10. Financial risk and capital management**

The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions, as determined by rating agencies.

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**10. Financial risk and capital management (cont'd)*****Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. The Company has a working capital surplus of \$239,490. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. The Company's trade payables are generally due in terms ranging from 30 to 90 days.

Contractual undiscounted cash flow requirements for financial liabilities as at December 31, 2017 are as follows:

	Less Than 1 Year \$	Years 2 and 3 \$	Years 4 and 5 \$	More Than 5 Years \$	Total \$
Accounts payable and accrued liabilities	335,180	–	–	–	335,180
Secured Convertible Debentures	–	4,798,000	–	–	4,798,000
	335,180	4,798,000	–	–	5,133,180

***Foreign exchange risk***

Foreign exchange risk is the risk that the future fair value of cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company's financial results are reported in Canadian dollars while it conducts a significant portion of its business activities in US dollars. The assets, liabilities and expenses that are denominated in US Dollars will be affected by changes in the exchange rate between the Canadian dollar and the US Dollar. If the Canadian dollar changes by one percent against the US dollar, with all other variables held constant, the impact on the Company's foreign denominated financial instruments would result in a reduction or increase of after tax net loss of less than \$1,000 for the year ended December 31, 2017.

The Company also conducts business in Guyanese Dollars. The assets, liabilities and expenses that are denominated in Guyanese Dollars will be affected by changes in the exchange rate between the Canadian dollar and the Guyanese Dollar. If the Canadian dollar changes by one percent against the Guyanese dollar, with all other variables held constant, the impact on the Company's foreign denominated financial instruments would result in a reduction or increase of after tax net loss of less than \$1,000 for the year ended December 31, 2017.

***Interest rate risk***

The Company is not currently exposed to significant interest rate risk.

***Capital management***

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. The Company is not exposed to externally imposed capital requirements.

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**10. Financial risk and capital management (cont'd)*****Classification of financial instruments***

Financial instruments classified as fair value through profit or loss:

	December 31, 2017	December 31, 2016
Cash	\$ 458,709	\$ 1,449,508

Financial instruments classified as other financial liabilities:

	December 31, 2017	December 31, 2016
Trade payables	\$ 140,650	\$ 200,991
Amounts due to related parties	73,956	56,166
Interest payable	39,130	-
Secured convertible debentures	3,893,649	3,476,501

***Fair value***

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial assets measured at fair value on a recurring basis consist of cash which is classified as level 1. There are no financial liabilities measured at fair value on a recurring basis.

**11. Segmented information*****Operating segments***

The Company operates in a single reportable operating segment – the acquisition and exploration of mining properties.

***Geographic segments***

The Company's non-current assets are located in the following countries:

	As at December 31, 2017		
	Guyana	US	Total
Exploration and evaluation assets	\$ 1	\$ 10,677,666	\$ 10,677,667
	As at December 31, 2016		
	Guyana	US	Total
Exploration and evaluation assets	\$ 1	\$ 8,302,130	\$ 8,302,131



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**12. Income taxes**

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	<b>2017</b>	<b>2016</b>
Canadian statutory income tax rate	26.00%	26.00%
Expected income tax recovery based on statutory rate	\$ 524,000	\$ 355,664
Non-deductible expenses and others	(46,000)	(74,026)
Effect of change in tax rates	106,000	-
Foreign exchange and other	565,000	(30,351)
Change in unrecognized deferred income tax assets	(1,149,000)	107,000
Income tax recovery	\$ -	\$ 358,287

Significant components of the Company's deferred income tax assets (liabilities) are as follows:

	<b>2017</b>	<b>2016</b>
Non-capital losses	\$ 6,866,000	\$ 5,287,000
Share issuance costs	39,000	42,000
Cumulative eligible expenditures	42,000	41,000
Mineral properties	(2,817,000)	(2,289,000)
Convertible debentures	(244,000)	(344,000)
Unrecognized deferred income tax assets	3,886,000	2,737,000
	(3,886,000)	(2,737,000)
Net deferred income tax assets	\$ -	\$ -

The Company has available for deduction against future taxable income Canadian non-capital losses of approximately \$10,291,000. These losses will begin to expire starting in 2027. The Company also has non-capital losses of \$1,815,000 available for deduction against future taxable income in Guyana which have no expiry date. Additionally, the Company has net operating losses of \$9,842,000 which can be applied against future operating income in the United States, which will begin to expire starting in 2030.

In assessing the realizability of deferred income tax assets, management considers whether it is more likely than not that some portion of all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax assets considered realizable could change materially in the near term based on future taxable income during the carry forward period.

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**13. Subsequent events**

- i. On January 5, 2018, the Company granted 250,000 stock options to certain consultants. The options vested immediately. The options have an exercise price of \$0.215 per share and expire in five years.
- ii. On January 22, 2018, the Company granted 150,000 stock options to a director. The options vested immediately. The options have an exercise price of \$0.21 per share and expire in five years.
- iii. On January 24, 2018, the Company issued 50,000 common shares for gross proceeds of \$8,000 pursuant to the exercise of stock options.
- iv. On February 2, 2018, the Company announced a non-brokered private placement of Gold Royalty Tokens (the "Offering"), to accredited investors for up to 1,000,000 Gold Royalty Tokens at \$6.25 (USD \$5.00) per token for gross proceeds of up to \$6,250,000. The minimum subscription is 200 Gold Royalty Tokens for \$1,250 (USD \$1,000). The Gold Royalty Tokens are redeemable in lots of 200 Gold Royalty Tokens in exchange for one fine ounce gold bar. The Gold Royalty Tokens have a term of 13 years, are not transferable and will not be listed for trading on any traditional stock exchange. The Gold Royalty Tokens will have no voting rights, nor do they have a right to participate in any residual equity of the Company. Subsequent to December 31, 2017, the Company received \$268,000 for a total 42,880 Gold Royalty Tokens subscribed for.