TROJAN GOLD INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

(EXPRESSED IN CANADIAN DOLLARS)

SDVC LLP ASSURANCE | ACCOUNTING | TAX
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Trojan Gold Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Trojan Gold Inc. (the Company), which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of loss and comprehensive loss, statements of cash flows and statements of changes in shareholders' equity for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017 and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

We draw your attention to Note 1 in the financial statements, which indicates that the Company incurred a comprehensive loss of $276,160 during the year ended December 31, 2018. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the financial statements and Auditor's Report Thereon

Management is responsible for the other information. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Pat Kenney.

SDVC LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
May 23, 2019

Trojan Gold Inc.
Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2018	As at December 31, 2017
ASSETS		
Current assets		
Cash	**$ 7,315**	$ 8,268
Harmonized sales tax recoverable	**10,863**	4,842
Due from related parties (note 10)	**63,452**	3,500
Total current assets	**81,630**	16,610
Non-current assets		
Exploration and evaluation assets (note 5)	**387,828**	379,716
Total assets	**$ 469,458**	$ 396,326
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables (note 12)	**$ 29,671**	$ 25,082
Due to related party (note 10)	**-**	8,136
Flow-through share liability	**-**	15,619
Demand loan (note 6)	**5,000**	20,000
Total liabilities	**34,671**	68,837
Equity		
Share capital (note 7)	**962,459**	747,101
Common shares subscribed, not issued	**130,000**	81,600
Warrant reserve (note 8)	**193,000**	73,300
Deficit	**(850,672)**	(574,512)
Total equity	**434,787**	327,489
Total equity and liabilities	**$ 469,458**	$ 396,326

The accompanying notes to the financial statements are an integral part of these statements.

Nature of operations and going concern (note 1)
Subsequent event (note 14)

Approved on behalf of the Board:

(Signed) "Mary Louise Hill" Director

(Signed) "Gerry D. White" Director

Trojan Gold Inc.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended December 31, 2018	Year Ended December 31, 2017
Operating expenses		
Consulting fees (note 10)	**$ 48,962**	$ 92,841
Impairment of exploration and evaluation assets (note 5)	**26,548**	-
General and administrative	**14,161**	10,159
Investor relations	**-**	30,004
Premises rent (note 10)	**10,700**	7,824
Professional fees (note 10)	**80,115**	41,777
Salaries and wages	**20,493**	-
	(200,979)	(182,605)
Write-off of promissory note receivable (note 10)	**-**	(188,175)
Unrealized foreign exchange loss	**-**	(8,861)
Loss on warrant extension revaluation (note 8)	**(90,800)**	-
Loss before income taxes	**(291,779)**	(379,641)
Income tax recovery – deferred (note 13)	**15,619**	34,381
Net loss and comprehensive loss for the year	**$ (276,160)**	$ (345,260)
Basic and diluted net loss and comprehensive loss per share (note 9)	**$ (0.01)**	$ (0.03)
Weighted average number of common shares outstanding	**20,536,071**	12,716,633

The accompanying notes to the financial statements are an integral part of these statements.

Trojan Gold Inc.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended December 31, 2018	Year Ended December 31, 2017
Operating activities		
Net loss for the year	**$ (276,160)**	$ (345,260)
Adjustments for:		
Write-off of promissory note	**-**	188,175
Impairment of exploration and evaluation assets	**26,548**	-
Loss on warrant extension revaluation (note 8)	**90,800**	-
Unrealized foreign exchange loss on promissory note	**-**	8,861
Income tax recovery – deferred (note 13)	**(15,619)**	(34,381)
Changes in non-cash working capital items:		
Harmonized sales tax recoverable	**(6,020)**	(4,842)
Trade and other payables (note 12)	**4,588**	(3,948)
Net cash used in operating activities	**(175,864)**	(191,395)
Investing activities		
Exploration and evaluation expenditure	**(34,660)**	(311,686)
Net cash used in investing activities	**(34,667)**	(311,686)
Financing activities		
Cash proceeds from private placement (note 7)	**153,240**	440,000
Share issue costs	**(10,582)**	(26,800)
Cash proceeds from demand loan (note 6)	**5,000**	20,000
Cash proceeds from shares subscribed, not issued	**130,000**	81,600
Advances to (from) related parties (note 10)	**(68,088)**	(3,521)
Net cash provided by (used in) financing activities	**209,570**	511,279
Net change in cash	**(953)**	8,198
Cash, beginning of year	**8,268**	70
Cash, end of year	**$ 7,315**	$ 8,268

The accompanying notes to the financial statements are an integral part of these statements.

Trojan Gold Inc.

Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share capital	Warrants	Shares subscribed, to be issued	Deficit	Total
Balance, December 31, 2016	**$ 10,165**	**$ -**	**$ -**	**$ (229,252)**	**$ (219,087)**
Acquisition of Hemlo south property	50,000	-	-	-	50,000
Debt settlement with flow-through shares	100,000	-	-	-	100,000
Debt settlement with common shares	100,000	-	-	-	100,000
Promissory note for common shares	197,036	-	-	-	197,036
Premium on flow-through financing	(50,000)	-	-	-	(50,000)
Units issued under private placements (note 7)	366,700	70,900	-	-	437,600
Share issue costs on private placements	(26,800)	2,400	-	-	(24,400)
Shares subscribed, to be issued	-	-	81,600	-	81,600
Net loss for the year	-	-	-	(345,260)	(345,260)
Balance, December 31, 2017	**$ 747,101**	**$ 73,300**	**$ 81,600**	**$ (574,512)**	**$ 327,489**
Units issued under private placements (note 7)	210,040	24,800	(81,600)	-	153,240
Shares subscribed, to be issued	-	-	130,000	-	130,000
Debt settlement with common shares	17,200	2,800	-	-	20,000
Share issue costs on private placements	(11,882)	1,300	-	-	(10,582)
Extension of warrants (note 8)	-	90,800	-	-	90,800
Net loss for the year	-	-	-	(276,160)	(276,160)
Balance, December 31, 2018	**$ 962,459**	**$ 193,000**	**$ 130,000**	**$ (850,672)**	**$ 434,787**

The accompanying notes to the financial statements are an integral part of these statements.

1. Nature of operations and going concern

Trojan Gold Inc. ("TGI" or the "Company") was incorporated in 2012 under the provisions of the Business Corporations Act (Alberta). The Company is engaged in the acquisition and exploration of mineral resource properties in Canada and the Dominican Republic. Substantially all of the Company's efforts are devoted to financing, exploring and developing these properties.

The Company's head office is 401-82 Richmond Street East, Toronto, Ontario M5C 1P1. It is presently pursuing a listing on the Canadian Securities Exchange ("CSE").

These financial statements have been prepared on a going concern basis which assumes that the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Realization values may be substantially different from carrying values as shown and the financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

The mineral properties of the Company are in the exploration stage and, as a result, the Company has no source of operating cash flow. The exploration and development of the Company's properties depend on the ability of the Company to obtain financing. The Company has incurred losses in previous periods and has not yet achieved profitable operations, with a comprehensive loss of $276,160 for year ended December 31, 2018 (year ended December 31, 2017 - loss of $345,260). At December 31, 2018, the Company had no source of operating cash flow and an accumulated deficit of $850,672 (December 31, 2017 - $574,512). At December 31, 2018, the Company had working capital of $46,959 (December 31, 2017 - deficit of $52,227). These conditions raise material uncertainties which may cast significant doubt as to the Company's ability to continue as a going concern.

The Company's future viability depends upon the acquisition and financing of mineral exploration or other projects. If the mineral projects are to be successful, additional funds will be required to develop these resources and to place them into commercial production. The only source of future funds presently available to the Company is through the issuance of common shares or through the sale of an interest in any of its properties or assets in whole or in part. The ability of the Company to arrange such financing or the sale of an interest will depend, in part, on prevailing market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange the necessary financing, if needed, on terms satisfactory to the Company. If additional financing is arranged through the issuance of shares, control of the Company may change and shareholders may suffer significant dilution.

2. Significant accounting policies

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The policies applied in these financial statements are based on IFRSs issued and outstanding as of May 23, 2019, the date the Board of Directors approved the statements.

The financial statements are presented in Canadian dollars, which is the Company's functional currency and have been prepared on a historical cost basis, with the exception of certain financial assets and liabilities which are measured at fair-value, as explained in the accounting policies below.

2. Significant accounting policies (continued)

Critical accounting judgements, estimates and assumption

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting year. 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 these estimates.

Information about critical judgements in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statement are discussed below:

<u>Title to mineral property interests</u>

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 title. Such properties may be subject to prior agreement or transfers and titles may be affected by undetected defects.

<u>Non-current asset impairments</u>

The application of the Company's accounting policy for impairment on exploration and evaluation ("E&E") assets requires judgement in determining if the facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

<u>Exploration and evaluation expenditures</u>

The application of the Company's accounting policy for E&E expenditures capitalized requires judgement in determining which expenditures are recognized as exploration and evaluation assets and applying the policy consistently. In making this determination, an entity considers the degree to which the expenditure can be associated with finding specific mineral resources.

<u>Promissory note receivable impairment</u>

The Company applied judgement when estimating the future cash flows from its promissory note receivable. In making this assessment, the Company considered the credit risk of the counter-party, the quality of the underlying security and other relevant factors.

<u>Valuation allowance for deferred income tax assets</u>

Each year, the Company evaluates the likelihood of whether some portion of deferred tax assets, if any, will not be realized. This evaluation is based on historic and future expected levels of taxable income, the timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, tax planning initiative, and deferred tax rates.

<u>Going concern</u>

The assessment of the Company's ability to continue as a going concern involves judgement regarding future funding available for its exploration projects and working capital requirements.

2. Significant accounting policies (continued)

Use of estimates

The estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows. Significant estimates include the valuation of the due from related parties balance, valuation of common share purchase warrants using the Black-Scholes pricing model and the measurement of common shares issued for non-cash consideration.

Financial instruments

Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Classification and measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and
- those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

- amortized cost;
- FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
- FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

2. Significant accounting policies (continued)

Financial instruments (continued)

Classification and measurement (continued)

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

The Company's financial instruments consist of the following:

Financial Instrument	Classification
Cash	Fair value through profit or loss
Due from related parties	Amortized cost
Trade and other payables	Amortized cost
Demand loan	Amortized cost
Due to related party	Amortized cost

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

Financial instruments recorded at fair value

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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. prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the assets or liability that are not based on observable market data (unobservable inputs).

As of December 31, 2018 and December 31, 2017, except for cash, none of the Company's financial instruments are recorded at fair value in the statements of financial position. Cash and cash equivalents are classified as Level 1.

Option and royalty agreements

Option payments and certain royalties are made at the discretion of the optionee and, accordingly, are accounted for on a cash basis. Option and royalty payments received are treated as a reduction of the carrying value of the related mineral property until the Company's option and royalty payments received are in excess of costs incurred, in which case it would be recorded as a recovery in excess of mineral property acquisition costs in profit and loss.

2. Significant accounting policies (continued)

Mineral property interests

Costs related to the acquisition and exploration of mineral properties are capitalized until a decision is made as to whether or not the assets contain sufficient economic reserves for mine development.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the carrying value of E&E assets, net of any impairment loss, is transferred to property and equipment.

The direct cost of E&E assets consists of:

- Acquisition of exploration properties including the cost of acquiring licenses and claims
- Gathering exploration data through topographical and geological studies
- Exploratory drilling, trenching and sampling
- Determine the volume and grade of the resource
- Test work on geology, metallurgy, mining, geotechnical and environmental; and
- Conducting engineering, marketing and financial studies

The Company assesses E&E assets for impairment when facts or circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. When this is the case, the Company would carry out an impairment test on the asset or group of assets, which requires estimate and judgement in determining the recoverable amount with reference to the fair value of the assets or group of assets less costs to sell or the value-in-use calculation. Where the recoverable amount is determined to be less than the carrying amount, an impairment loss may arise.

If a mineral property interest is abandoned, the acquisition costs will be written off to statement of loss.

Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the current exchange rate. Non-monetary assets and liabilities are translated at historical rates of exchange at the time of the acquisition of assets or obligations incurred. Revenues and expenses are translated at the rate of exchange in effect at the date of the transactions. Foreign exchange translation gains and losses are recorded in operations in the period in which they occur.

Provisions and contingencies

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the year incurred. Discount rates using a pre-tax risk-free rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other exploration and evaluation assets.

The Company’s estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to exploration and evaluation assets with a corresponding entry to the restoration provision. The Company’s estimates are reviewed annually for changes in regulatory requirements, discount rates, and effects of inflation.

2. Significant accounting policies (continued)

Income taxes

Current income tax

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statements of loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits, and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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 at end of reporting year. Deferred tax relating to items recognized directly in equity is also recognized in equity and not in the statements of loss.

The carrying amount of deferred tax assets is reviewed at the end of the reporting year and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Earnings (loss) per common share

Basic earnings (loss) per share are computed by dividing the net earnings (loss) applicable by the weighted average number of common shares outstanding during the reporting year. Diluted earnings (loss) per share is computed by dividing the net earnings (loss) by the sum of the weighted average number of common shares issued and outstanding during the reporting year and all additional common shares for the assumed exercise of options and warrants outstanding for the reporting year, if dilutive.

The treasury stock method is used to arrive at the diluted earnings (loss) per share, which is determined by adjusting the earnings (loss) attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares. Diluted loss per share do not include the effect of share options and warrants as they are antidilutive.

Related party transactions

Parties are considered to be related if one party has the ability to directly or indirectly control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

2. Significant accounting policies (continued)

Equity-based payments

Equity-based share-based payment transactions with parties other than employees are measured at the fair value of goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

The fair value of warrants granted is measured using the black-scholes option-pricing model, taking into account the terms and conditions upon which the warrants were granted.

Flow-through share issuances

The Company finances a portion of its exploration activities through the issue of flow-through shares issued pursuant to the Canadian Income Tax Act ("Tax Act"). Proceeds received from the issuance of flow-through shares are restricted to be used only for qualifying Canadian exploration and development expenses (as defined in the Tax Act).

Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying expenditures to flow-through investors. On issuance, the Company allocates a portion of the subscription proceeds as a flow-through share premium, equal to the estimated premium, if any, that investors pay for the flow-through feature, which is recognized as a premium liability. As expenditures are incurred and applied against the Company's associated flow-through commitment, the premium liability is reduced proportionately, charged as a deferred income tax recovery in operations. A deferred income tax liability is recognized for the estimated foregone tax benefit as a result of the renunciation to the shareholders, offset as a deferred income tax expense, to the extent no deferred income tax assets are on hand and eligible to offset. The Company considers renunciation to have occurred when reported for income tax purposes.

Adoption of new accounting standards

Effective January 1, 2018, the Company adopted IFRS 9. In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. The Company has adopted IFRS 9 on a retrospective basis, however, this guidance had no impact to the Company's financial statements.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL).

Below is a summary showing the classification and measurement bases of the Company's financial instruments as at January 1, 2018 as a result of adopting IFRS 9, along with comparison to IAS 39.

Classification	IAS 39	IFRS 9
Cash	Fair value through profit or loss	FVTPL
Due from related parties	Loans and receivables (amortized cost)	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost
Demand loan	Other financial liabilities (amortized cost)	Amortized cost
Due to related party	Other financial liabilities (amortized cost)	Amortized cost

The original carrying value of the Company's financial instruments under IAS 39 has not changed under IFRS 9.

2. Significant accounting policies (continued)

New standards not yet adopted and interpretations issued but not yet effective

IFRS 16 Leases ("IFRS 16") was issued on January 13, 2016 to require lessees to recognize assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS17 Leases. The IAS issued its standard as part of a joint project with the Financial Accounting Standards Board ("FASB"). The new standard will be effective for annual periods beginning on or after January 1, 2019.

IFRIC Interpretation 23 – Uncertainty over Income Tax Treatments (“IFRIC 23”) was issued by the IASB on June 7, 2017. IFIRC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual period beginning on or after January 1, 2019. Earlier application is permitted. The Company intends to adopt the interpretation in its financial statements for the annual period beginning on January 1, 2019.

3. Capital risk management

The Company defines capital as consisting of common share capital, warrants reserve and deficit.

The Company’s objective in managing capital is to maintain adequate levels of funding to safeguard the Company’s ability to continue as a going concern in order to pursue the exploration and development of its mineral property interests and to maintain a flexible capital structure which will optimize the costs of capital at an acceptable risk.

The Company plans to manage its capital structure in a manner that provides sufficient funding for operational activities through funds primarily secured through equity capital obtained in private placements. There can be no assurances that the Company will be able to continue raising capital in this manner.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this form of financing due to the current difficult conditions. The Company makes adjustments to its management of capital in the light of changes in economic conditions and the risk characteristics of its assets, seeking to limit shareholder dilution and optimize its costs of capital while maintaining an acceptable level of risk.

The Company is not subject to any externally imposed capital requirements.

4. Financial instruments and risk management

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company’s credit risk relates entirely to the due from related parties balance. The Company mitigates its exposure by monitoring the counterparty’s ability to repay.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company’s approach to managing liquidity risk is to ensure there is sufficient capital on hand to meet its financial commitments as they come due.

5. Exploration and evaluation assets

Watershed Property, Ontario
The Company holds a 100% interest in 111 mining claims comprising the Watershed property. The property is located 100 kilometers west of the city of Thunder Bay situated in the Shebandowan Greenstone Belt.

Hemlo South Property, Ontario
The Hemlo South Property comprises 8 mining claims and is situated in the Hemlo Gold Camp, 35 kilometers east of Marathon.

The property is currently optioned to Tashota Resources Inc ("TRI") by Rudolf Wahl (the "TRI-Wahl Option"). On TRI satisfying the terms of the TRI-Wahl Option, TRI will vest a 100% interest in the property.

On March 1, 2017, TGI entered into a Letter of Intent with TRI (the "TGI-TRI Option") whereby TRI granted TGI the right to acquire a 50% interest in the property by:

- Issuing to TRI 1,250,000 common shares of TGI (issued).
- Making, or reimbursing TRI for making, certain cash payments required under the TRI-Wahl Option, totaling \$50,000. If TRI makes such payments in cash, and by mutual agreement, TGI can elect to reimburse TRI by issuing common shares from treasury with a deemed value of \$0.10/share (completed).
- Incurring or reimbursing TRI for exploration expenditures on the property totaling \$250,000 (completed).

On TRI's completion of its commitments and TGI's exercise of the 50% option, a formal joint venture agreement will be executed between TGI and TRI under which each party will have a 50% working interest.

The property contains a 3% NSR royalty, of which 2% can be purchased for \$2,000,000 at any time.

TRI and TGI share a common officer and director.

(Expressed in Canadian Dollars)

5. Exploration and evaluation assets (continued)

The Company's exploration and evaluation assets consist of the following:

	Hemlo South	Watershed	Total
Balance, December 31, 2016	**$ -**	**$ 18,030**	**$ 18,030**
Acquisition Costs			
Acquisition of Hemlo South	284,398	-	284,398
Claim staking	-	8,280	8,280
Licenses and permits	-	245	245
	$ 284,398	$ 8,525	$ 292,923
Exploration and Evaluation Costs			
Field expenditures	68,763	-	68,763
	68,763	-	68,763
Balance, December 31, 2017	**$ 353,161**	**$ 26,555**	**$ 379,716**

	Hemlo South	Watershed	Total
Balance, December 31, 2017	**$ 353,161**	**$ 26,555**	**$ 379,716**
Acquisition Costs			
Claim staking	5,642	16,420	22,062
	$ 5,642	$ 16,420	$ 22,062
Exploration and Evaluation Costs			
Field expenditures	12,605	-	12,605
	12,605	-	12,605
Impairment	-	(26,555)	(26,555)
Balance, December 31, 2018	**$ 371,408**	**$ 16,420**	**$ 387,828**

6. Demand loan

The demand loan is unsecured, interest bearing at 10% per annum and due on demand. In January 2018, the demand loan was converted into 200,000 units (see note 7). Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one TGI common share at a price of $0.15 before the expiry date of August 31, 2018. Subsequently, the expiry date was extended to March 31, 2019 (note 8).

During the year ended December 31, 2018, the Company borrowed $5,000 pursuant under a separate demand loan. The loan is unsecured and due on demand.

(Expressed in Canadian Dollars)

7. Share capital

a) Authorized share capital

An unlimited number of voting class A common shares, an unlimited number of voting class B common shares and an unlimited number of voting class C common shares.

An unlimited number of voting class A preferred shares; redeemable and retractable at paid-up- capital plus any unpaid declared dividends; non-cumulative discretionary dividend, not to exceed 7% of stated capital.

An unlimited number of voting class B preferred shares; redeemable and retractable at paid-up- capital plus any unpaid declared dividends; non-cumulative discretionary dividend, not to exceed 7% of stated capital.

b) Common shares issued

	Number of common shares		Amount
Balance, December 31, 2016	**1,006,633**	**$**	**10,165**
Acquisition of Hemlo south property (i)	1,250,000		50,000
Debt settlement with flow-through shares (ii)	2,500,000		100,000
Debt settlement with common shares (ii)	5,000,000		100,000
Promissory note for common shares (iii)	5,000,000		197,036
Premium on flow-through financing	-		(50,000)
Units issued under private placements (iv)	4,400,000		440,000
Value assigned to subscriber warrants (iv)	-		(73,300)
Share issue costs on private placements (iv)	-		(26,800)
Balance, December 31, 2017	**19,156,633**	**$**	**747,101**
Units issued under private placement (v)(vi)	2,348,400		234,840
Debt settlement with units (iv)	200,000		20,000
Share issue costs on private placements (v)(vi)	-		(11,882)
Value assigned to subscriber warrants (v)(vi)	-		(24,800)
Value assigned to debt settlement warrants (v)	-		(2,800)
Balance, December 31, 2018	**21,705,033**	**$**	**962,459**

i) On April 1, 2017, TGI issued 1,250,000 common shares in connection with the Hemlo South property option agreement, see Note 5.

ii) On April 1, 2017, TGI issued 7,500,000 common shares in connection with debt settlement agreements, see note 10.

iii) On April, 1, 2017, TGI issued 5,000,000 common shares in connection with a promissory note assumption agreement, see Note 10.

7. Share capital (continued)

b) Common shares issued

iv) In August 2017, and pursuant to a brokered private placement, TGI issued 2,500,000 Units at a price of $0.10 per Unit for gross proceeds of $250,000. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one TGI common share at a price of $0.15 before the expiry date of August 31, 2018.

In September 2017, and pursuant to a brokered private placement, TGI issued 900,000 Units at a price of $0.10 per Unit for gross proceeds of $90,000. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one TGI common share at a price of $0.15 before the expiry date of August 31, 2018.

In October 2017, and pursuant to a brokered private placement, TGI issued 500,000 Units at a price of $0.10 per Unit for gross proceeds of $50,000. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one TGI common share at a price of $0.15 before the expiry date of August 31, 2018.

In November 2017, and pursuant to a brokered private placement, TGI issued 500,000 Units at a price of $0.10 per Unit for gross proceeds of $50,000. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one TGI common share at a price of $0.15 before the expiry date of August 31, 2018.

Issuance costs in connection with the 2017 private placements comprised 140,000 broker warrants and $26,800 in cash commissions. Each broker warrant entitles the holder to purchase one TGI common share at a price of $0.15 before the expiry date of August 31, 2018.

Both the subscriber and broker warrants are subject to an acceleration provision should the stock of TGI trade on a public exchange for five consecutive days at a price of $0.30 or greater; in such event, TGI may provide written instruction to the holders requiring exercise within 30 days. Failing to exercise will result in the warrants expiring.

v) In January 2018, pursuant to a brokered private placement, TGI issued 816,000 Units at a price of $0.10 per Unit for gross proceeds of $81,600 and issued 200,000 units in settlement of the $20,000 demand loan (see note 6). Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one TGI common share at a price of $0.15 before the expiry date of August 31, 2018. These warrants were assigned a value of $14,300 using the Black-Scholes valuation model. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows: risk free rate of 1.76%; expected life of 0.61 years; expected volatility: 118%; and a weighted average share price: $0.08.

In connection with the offering, a cash commission of $1,632 and legal fees of $3,495 were paid.

vi) In July 2018, pursuant to a brokered private placement, TGI issued 622,400 Units at a price of $0.10 per Unit for gross proceeds of $62,240. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one TGI common share at a price of $0.15 before the expiry date of March 31, 2019. These warrants were assigned a value of $9,900 using the Black-Scholes valuation model. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows: risk free rate of 1.92%; expected life of 0.7 years; expected volatility: 116%; and a weighted average share price: $0.08.

In connection with the offering, a cash commission of $1,244 was paid, and an aggregate of 62,240 compensation warrants issued, each such compensation warrant entitling the holder to acquire one common share at an exercise price of $0.15 expiring on March 31, 2019.

(Expressed in Canadian Dollars)

7. Share capital (continued)

b) Common shares issued

vi) In December 2018, pursuant to a brokered private placement, TGI issued 910,000 Units at a price of $0.10 per Unit for gross proceeds of $91,000. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one TGI common share at a price of $0.15 before the expiry date of March 31, 2019. These warrants were assigned a value of $3,400 using the Black-Scholes valuation model. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows: risk free rate of 2.03%; expected life of 0.3 years; expected volatility: 97%; and a weighted average share price: $0.08.

In connection with the offering, a cash commission of $1,820 and legal fees of $1,990 was paid, and an aggregate of 91,000 compensation warrants issued, each such compensation warrant entitling the holder to acquire one common share at an exercise price of $0.15 expiring on March 31, 2019.

8. Warrants

The following table reflects the continuity of warrants for the year ended December 31, 2018 and December 31, 2017:

	Number of warrants		Amount
Balance, December 31, 2016	**-**	**$**	**-**
Issued (note 7)	4,540,000		73,300
Balance, December 31, 2017	4,540,000	$	73,300
Issued (note 7)	2,701,640		28,900
Extension of warrants (a)	-		90,800
Balance, December 31, 2018	**7,241,640**	**$**	**193,000**

(a) On August 31, 2018, the Company extended the exercised period of all warrants issued and outstanding having an original expiry date of August 31, 2018. Each warrant entitles the holder to purchase one common share of the Company. The expiry date of the warrants was extended to March 31, 2019. The Company recorded the incremental difference of $90,800 as a capital transaction based on the fair value of these warrants immediately prior to and after the modification. These warrants were valued immediately prior to the subsequent extension using the following Black-Scholes option pricing model parameters; a risk-free interest rate of 2.04%, a dividend yield of 0%, a volatility of 140%, and an expected life of 0.49 year.

The following table reflects the actual warrants outstanding and exercisable as of December 31, 2018:

Number of warrants outstanding	Grant date fair value ($)	Exercise price ($)	Expiry date
7,241,640	193,000	0.15	March 31, 2019

9. Loss per share

For the year ended December 31, 2018, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of $276,160 (year ended December 31, 2017 - $345,260) and the weighted average number of common shares outstanding of 20,536,071 (year ended December 31, 2017 - 12,716,633). Diluted loss per share did not include the effect of warrants as they are anti-dilutive.

(Expressed in Canadian Dollars)

10. Related party transactions

Related parties include the Board of Directors, Officers of the company, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related Party	**Nature of Relationship**
Charles Elbourne	Chief Executive Officer
Bertha Rodriguez	Spouse of Chief Executive Officer
Echo Ridge Resources Inc.	Controlled by relative of Charles Elbourne
Advandtel Dominicana S.A.	Controlled by Bertha Rodriguez
Parklane Securities Inc.	Controlled by Charles Elbourne
Founders Drilling Inc.	Controlled by Bertha Rodriguez
Tashota Resources Inc.	Common officer and director
Victor Hugo	Chief Financial Officer

The noted transactions below are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

(a) The Company has entered into a series of financial transactions with related parties in 2017:

i) Debt conversion to common shares

On April 1, 2017, TGI entered into Settlement Agreements pursuant to which the related party loans due to Advandtel Dominicana S.A., Echo Ridge Resources Inc, Charles Elbourne and Bertha Rodriguez were fully converted to common shares. In aggregate TGI settled debt of $200,000 by issuing 7,500,000 common shares.

ii) Promissory note receivable assumption and common share issuance

On April 1, 2017, TGI entered into an Assignment of Debt and Security Agreement (the “Assignment Agreement”) with Tashota Resources Inc (“TRI”); pursuant to which TGI became creditor to a USD $150,000 Grid Promissory Note (the “Promissory Note”). Previous to the Assignment Agreement, TRI had loaned USD $150,000 to Advandtel Dominicana S.A. (“ADSA”) in accordance with the Promissory Note.

The Promissory Note is due on demand and bears interest at 7% per annum, payable 30 days after the calendar year end in respect of the prior year. As creditor, TGI has the option of waiving repayment in exchange for up to a 49% interest in certain mining claims located in San Cristobal, Dominican Republic. The rights to the mining claims have currently been applied for to the Dominican Republic Ministry of Mining by RYN Minerales S.R.L., (“RYN”) a Dominican Republic company under common control with ADSA. Should RYN’s mining claims application not be processed, the Promissory Note includes secondary security, being up to a 49% interest in ADSA’s telecommunication call centre business which operates in the Dominican Republic. The ultimate percentage interest of either asset to be acquired is subject to adjustment based on the actual amount owing at the time of transfer.

As consideration for assuming the Promissory Note receivable, TGI issued 5,000,000 common shares to TRI.

On December 31, 2017, management carried out an impairment assessment on the Promissory Note and determined it was fully impaired. As a result, a 100% provision was recognized against the Promissory Note.

During the year ended December 31, 2018 and the year ended December 31, 2017, interest revenue recognized on the note was $Nil.

TRI and Advandtel Dominicana S.A. are related parties.

10. Related party transactions (continued)

(a) The Company has entered into a series of financial transactions with related parties in 2017 (continued)

iii) Hemlo South property option payments

During the year ended December 31, 2017, TGI made various payments to TRI pursuant to the Hemlo South property option agreement, see note 5.

(b) The Company entered into the following transactions with related parties in 2018:

i) During the year ended December 31, 2018 the Company paid management consulting fees of $25,477, (year ended December 31, 2017 - $87,383), to Charles Elbourne, an officer and director of the Company.

ii) During the year ended December 31, 2018 the Company paid management consulting fees of $19,000, (year ended December 31, 2017 - $nil), to Interbanc Capital Corp., a related Company by virtue of common control.

iii) During the year ended December 31, 2018 the Company paid management consulting fees of $400, (year ended December 31, 2017 - $1,175), to Bertha Rodriguez, a close family member of an officer and director of the Company.

iv) During the year ended December 31, 2018 the Company paid premises rent of $nil, (year ended December 31, 2017 - $7,824) to Tashota Resources Inc. a company with a common officer and director.

v) During the year ended December 31, 2018 the Company expensed $9,925, (year ended December 31, 2017 - $nil) to Marrelli Support Services Inc. ("Marrelli Support") for: the services of Victor Hugo to act as Chief Financial Officer of the Company.

vi) During the year ended December 31, 2018 the Company paid premises rent of $10,700, (year ended December 31, 2017 - $nil) to Marrelli Support.

(c) The Company defines its key management as the Board of Directors, Chief Executive Officer and Chief Financial Officer. During the year ended December 31, 2018 and December 31, 2017, key management compensation consisted solely of management consulting fees paid to the CEO and CFO as above.

The directors do not have employment or service contracts with the Company. Directors are entitled to director fees and stock options for their services.

(Expressed in Canadian Dollars)

10. Related party transactions (continued)

(d) Related party balances

The due from related parties balance is comprised of the following:

		As at December 31, 2018		As at December 31, 2017
Parklane Securities	**$**	**3,500**	$	3,500
Tashota Resources Inc.		**59,952**		-
	$	**63,452**	$	3,500

The amounts due from related parties are unsecured, non-interest bearing and without fixed terms of repayment.

The due to related parties balance is comprised of the following:

		As at December 31, 2018		As at December 31, 2017
Tashota Resources Inc.	**$**	**-**	$	8,136
	$	**-**	$	8,136

The amounts due to related parties are unsecured, non-interest bearing and without fixed terms of repayment.

11. Commitments

In connection with the shares for debt settlements described in Note 7, 2,500,000 of the common shares were issued as flow-through shares. As a result, the Company must expend $100,000 on qualifying Canadian Exploration Expenses by December 31, 2018. At December 31, 2018, the Company's remaining commitment was $nil (December 31, 2017 - $34,382).

12. Trade and Other Payables

Trade and other payables are comprised of the following:

	December 31, 2018 $	December 31, 2017 $
Exploration vendors	**12,860**	9,077
Payroll source deductions	**3,746**	5,005
Professional fees	**13,065**	11,000
Total unrecognized deferred tax assets	**29,671**	25,082

The Company's standard credit terms for trade payables are 30 – 60 days.

(Expressed in Canadian Dollars)

13. Income Taxes

Income tax expense

The following table reconciles the amount of reported income taxes in the statement of loss with income taxes calculated at statutory income tax rates of 13.50% in 2018 (15% - 2017). The statutory income tax rate is the combined Canadian rates applicable in the jurisdiction in which the Company does business.

	As at December 31, 2018	As at December 31, 2017
Loss before income tax	**$ (291,776)**	$ 379,640
Applicable tax rates	**13.5%**	15%
Expected tax recovery computed at applicable tax rates	**$ (39,390)**	$ (56,946)
Difference in current and deferred tax rates and others	**(81,552)**	10,069
Capital loss ½ deductible for tax purposes	**-**	14,777
Non-deductible E&E asset impairment	**3,584**	-
Non-taxable flow-through share premium	**(15,619)**	(34,381)
Non-taxable loss on warrant revaluation	**12,258**	-
Change in deferred tax asset not recognized	**105,100**	32,100
Income tax expense (recovery)	**$ (15,619)**	$ **(34,381)**

Deferred Income Taxes

The primary differences that give rise to deferred income tax balances at December 31, 2018 and 2017 are as follows:

	December 31, 2018 $	December 31, 2017 $
Loss carryforwards	**592,511**	50,200
Share issue costs and other	**24,545**	3,300
Mineral properties	**31,180**	13,200
	648,236	66,700
Less: valuation allowance	**(648,236)**	(66,700)
Total unrecognized deferred tax assets	**-**	-

At December 31, 2018 and 2017, the Company had recorded a 100% valuation allowance against its deferred income tax balances due to uncertainty surrounding their realization.

Tax loss carry forward balances

As of December 31, 2018, the non-capital losses will expire as follows:

Year	Amount
2032	$ 1,086
2033	86,701
2034	1,903
2036	34,746
2037	187,650
2038	181,907
	$ 493,993

13. Income Taxes (Continued)

The Company has cumulative Canadian foreign exploration and development expenses, available to offset future taxable income, for income tax purposes, of $419,008, which can be carried forward indefinitely.

14. Subsequent event

The Company completed two private placements subsequent to year end. Total units issued were 2,220,000 at $0.10 per unit for gross proceeds of $220,000. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one TGI common share at a price of $0.15.