TRISTAR GOLD, INC.

CONSOLIDATED AUDITED FINANCIAL STATEMENTS
(Expressed in United States Dollars)

For the years ended December 31, 2017 and 2016

PANNELL
KERR
FORSTER
OF TEXAS, P.C.

CPAs & Professional Advisors
5847 San Felipe St., Suite 2600
Houston, Texas 77057-3000
Main: (713) 860-1400
Fax: (713) 355-3909
www.pkftexas.com

Independent Auditors' Report

To the Board of Directors and Shareholders of
TriStar Gold, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Tristar Gold, Inc (the "Company"), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TriStar Gold, Inc. as of 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities 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 International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements according to the Canadian Securities Administrators (CSA), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company is still in exploration stage and, as such, no revenue has been generated from operating activities and the Company has a history of operating losses through the year ended December 31, 2017. As stated in Note 2, these conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Mineral Properties
As discussed in Note 8, the Company has approximately $17,000,000 in capitalized costs related to mineral properties. The value of the Company's mineral properties is assessed annually for impairment. The significance of management's estimates regarding impairment, as well as the Company's accounting policies regarding capitalization of costs, were significant to our audit.

Valuation of warrants liability
As discussed in Note 11, the Company has outstanding a total of 15,648,238 common share warrants to various investors which are valued at fair value using the Black-Scholes Option Pricing Model. The significance of management's estimates related to the valuation of these instruments was significant to our audit.

Valuation of stock options
As discussed in Note 14, the Company has outstanding a total of 15,325,000 fully vested stock options at various exercise prices. The options are valued at fair value using the Black-Scholes Option Pricing Model. The significance of management's estimates related to the valuation of these instruments was significant to our audit.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related 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.

Auditors' 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.

The engagement director on the audit resulting in this independent auditor's report is Marty Lindle.

Pannell Kerr Forster of Texas, P.C.

April 24, 2018

TriStar Gold, Inc.
Consolidated Statements of Financial Position
(Expressed in United States Dollars)

	December 31, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents (Note 7)	**$ 960,281**	$ 1,674,263
Accounts receivable	**12,268**	13,266
Prepaid expenses	**41,661**	56,129
Total current assets	**1,014,210**	1,743,658
Non-current assets:		
Mineral properties and deferred expenditures (Note 8)	**17,440,667**	14,048,562
Plant and equipment, net (Note 9)	**3,353**	1,049
Total non-current assets	**17,444,020**	14,049,611
Total assets	**$ 18,458,230**	$ 15,793,269
Liabilities and Shareholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 487,363**	$ 181,537
Total current liabilities	**487,363**	181,537
Non-current liabilities:		
Provisions (Note 10)	**322,713**	310,687
Warrants liability (Note 11)	**253,944**	782,874
Total non-current liabilities	**576,657**	1,093,561
Total liabilities	**1,064,020**	1,275,098
Shareholders' equity:		
Share capital (Note 12)	**41,432,191**	38,389,642
Capital reserve (Note 12, Note 13 and Note 14)	**4,445,316**	3,791,752
Accumulated deficit	**(28,483,297)**	(27,663,223)
Total shareholders' equity	**17,394,210**	14,518,171
Total liabilities and shareholders' equity	**$ 18,458,230**	$ 15,793,269

Nature of Operations and Going Concern (Note 2)
Commitments and Contingencies (Note 20)

Approved on behalf of the Board of Directors.

Director: "Mark E. Jones, III"
Director: "Nicholas Appleyard"

See accompanying notes which are an integral part of these consolidated audited financial statements.

TriStar Gold, Inc.

Consolidated Statements of Comprehensive Loss

(Expressed in United States Dollars)

	Year ended December 31, 2017	Year ended December 31, 2016
Expenses:		
General and administrative (Note 10, Note 14, Note 15 and Note 16)	**$ 2,325,425**	$ 1,892,204
Property impairment	**-**	205,536
Foreign exchange losses / (gains)	**(214,400)**	54,478
	2,111,025	2,152,218
Other income (expenses):		
Warrants liability fair value change (Note 11)	**1,276,840**	8,868
Bank charges	**(5,376)**	(6,154)
Interest income	**13,724**	6,083
Gain on sale of property	**5,763**	-
	1,290,951	8,797
Net loss and comprehensive loss for the period	**$ (820,074)**	$ (2,143,421)
Basic and Diluted Loss per Share (Note 17)	**$ (0.01)**	$ (0.02)
Basic and Diluted weighted-average number of shares outstanding (Note 17)	**149,981,940**	117,582,744

See accompanying notes which are an integral part of these consolidated audited financial statements.

TriStar Gold, Inc.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in United States Dollars)

	Common Shares		Capital Reserve	Deficit and Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Number	Amount			
Balance at December 31, 2015	105,001,046	$32,820,763	$3,640,164	$(25,519,802)	$10,941,125
Shares issued on private placement, net of share issue cost (Note 12)	14,188,214	2,195,841	-	-	2,195,841
Shares issued on exercise of warrants (Note 11 and Note 12)	15,172,600	3,073,528	-	-	3,073,528
Shares issued on debt payment (Note 12)	161,909	22,058	-	-	22,058
Shares issued to mineral property's vendor (Note 8 and Note 12)	1,000,000	277,452	-	-	277,452
Stock-based compensation (Note 12, Note 14 and Note 15)	-	-	151,588	-	151,588
Net loss and comprehensive loss for the year	-	-	-	(2,143,421)	(2,143,421)
Balance at December 31, 2016	135,523,769	38,389,642	3,791,752	(27,663,223)	14,518,171
Shares issued on financing, net of share issue cost (Note 12)	17,108,267	2,497,147	-	-	2,497,147
Shares issued on exercise of warrants (Note 11 and Note 12)	2,829,607	522,232	-	-	522,232
Shares issued on exercise of broker compensation options (Note 12 and Note 13)	62,500	23,170	(8,271)	-	14,899
Stock-based compensation (Note 12, Note 14 and Note 15)	-	-	661,835	-	661,835
Net loss and comprehensive loss for the year	-	-	-	(820,074)	(820,074)
Balance at December 31, 2017	**155,524,143**	**$41,432,191**	**$4,445,316**	**$(28,483,297)**	**$17,394,210**

See accompanying notes which are an integral part of these consolidated audited financial statements.

TriStar Gold, Inc.

Consolidated Statements of Cash Flows

(Expressed in United States Dollars)

	Year ended December 31, 2017	Year ended December 31, 2016
Operating activities		
Net loss for the year	**$ (820,074)**	$ (2,143,421)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation (Note 9)	**1,315**	1,216
Stock-based compensation (Note 12, Note 14 and Note 15)	**596,613**	73,098
Gain on sale of property	**(5,763)**	-
Warrants liability fair value change (Note 11)	**(1,180,043)**	1,592,049
Gain on settlement of warrants (Note 11 and Note 12)	**(96,797)**	(1,600,916)
Mineral property write-off (Note 8)	**-**	205,536
Unrealized foreign exchange loss	**1,129,778**	792,345
Changes in non-cash operating working capital:		
Accounts receivable	**4,939**	(11,838)
Prepaid expenses	**12,167**	(34,785)
Accounts payable and accrued liabilities	**307,626**	(83,826)
Provisions	**17,616**	45,841
Net cash used in operating activities	**(32,623)**	(1,164,701)
Investing activities		
Mineral properties acquisition and exploration (Note 8)	**(3,392,105)**	(2,129,553)
Purchase of equipment (Note 9)	**(3,619)**	(1,025)
Sale of Property	**5,763**	-
Net cash used in investing activities	**(3,389,961)**	(2,130,578)
Financing activities		
Proceeds from exercise of warrants (Note 12)	**425,438**	1,553,267
Net proceeds from financing (Note 12)	**3,407,076**	3,073,964
Proceeds from exercise of broker compensation options (Note 12 and Note 13)	**14,899**	-
Net cash provided by financing activities	**3,847,413**	4,627,231
Effect of exchange rates on cash and cash equivalents	**(1,138,811)**	(738,700)
Net increase in cash and cash equivalents	**(713,982)**	593,252
Cash and cash equivalents, beginning of period	**1,674,263**	1,081,011
Cash and cash equivalents, end of period	**$ 960,281**	$ 1,674,263

See accompanying notes which are an integral part of these consolidated audited financial statements.

1. Corporate Information

TriStar Gold, Inc. ("TriStar" or the "Company") was incorporated on May 21, 2010, in British Columbia, Canada. The Company is listed on the TSX Venture Exchange ("TSX"), under the symbol TSG.V. The address of the Company's corporate office and principal place of business is 7950 E Acoma Drive, Suite 209, Scottsdale, Arizona, United States, 85260.

TriStar was created to hold certain existing Brazauro Resources Corporation ("Brazauro") assets as a result of an Arrangement Agreement (the "Arrangement") between Brazauro and Eldorado Gold Corporation ("Eldorado"). Under the "spin out" Arrangement Brazauro transferred certain Brazilian mineral exploration properties and Eldorado provided a cash contribution for working capital of $10 million to TriStar. The completion of the Arrangement occurred on July 20, 2010.

2. Nature of Operations and Going Concern

TriStar's primary business focus is the acquisition, exploration and development of precious metal prospects in the Americas, including its current focus on advancing the exploration success of Castelo de Sonhos ("CDS") located in the Tapajós Gold District of Brazil's northerly Pará State. The Company is concentrating its exploration activities on the CDS property because the Company believes CDS has the potential to host several million ounces of gold.

The Company's current properties are in the exploration stage and have not yet been proven to be commercially developable. The continued operations of the Company and the recoverability of the amounts shown for mineral property are dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of such properties, and the future profitable production from or disposition of such properties.

The Company has no source of revenue. Its ability to continue as a going concern and meet its commitments as they become due, including completion of the exploration and development of its mineral property interests and to meet its general and administrative expenses, is dependent on the Company's ability to obtain the necessary financing. The Company relies on the sale of its treasury securities to fund its operations and the Company's cash position is currently insufficient to maintain its planned operations for a full year. Management is planning to raise additional capital to finance operations and expected growth. Although the Company has been successful in raising funds in the past, there can be no assurance that adequate funding will be available in the future, or available under terms favorable to the Company.

For the year ended December 31, 2017, the Company incurred a net loss of $820,074 (December 31, 2016: net loss of $2,143,421). The Company's accumulated deficit as at December 31, 2017, was $28,483,297 (December 31, 2016: $27,663,223). The consolidated audited financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year, adverse financial conditions may cast substantial doubt upon the validity of this assumption.

These consolidated audited financial statements do not include any additional adjustments to the recoverability and classification of certain recorded asset amounts, classification of certain liabilities and changes to the Consolidated Statements of Comprehensive Loss that may be necessary if the Company was unable to continue as a going concern.

3. Basis of Presentation

Statement of Compliance

These consolidated audited financial statements have been prepared in accordance with IFRS and related IFRS Interpretations Committee ("IFRICs") as issued by the International Accounting Standards Board ("IASB") in effect at December 31, 2017.

These consolidated audited financial statements were authorized for issuance by the Board of Directors of the Company on April 24, 2018.

3. Basis of Presentation (continued)

Basis of Measurement

These consolidated audited financial statements have been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit or loss.

These consolidated audited financial statements are presented in United States dollars ("U.S. dollars"), unless otherwise noted.

4. Significant Accounting Policies

The significant accounting policies set out below have been applied consistently to all periods presented in these consolidated audited financial statements, unless otherwise indicated, and are consistent with IFRS as adopted in Canada.

Principles of Consolidation

These consolidated audited financial statements include the accounts of the Company and the following subsidiaries:

Company	Country of Incorporation	Principal activity
TexOro U.S. LLC	United States of America ("USA")	Administrative services
TriStar Gold (Brazil), Inc.	Canada	Holding Company
TriStar Mineracao Do Brasil Ltda.	Brazil	Administrative services. Owns mineral properties
Mineracao Castelo de Sonhos Ltda.	Brazil	Owns mineral properties

These subsidiaries are controlled by the Company and are wholly-owned. Control exist when the Company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the company.

All intercompany transactions and balances have been eliminated upon consolidation.

Foreign Currency Translation and Functional Currency

The individual financial statements of each subsidiary are presented in the currency of the primary economic environment in which that entity operates (its functional currency). The functional currency of the Company and the presentation currency of the consolidated audited financial statements is the U.S. dollar. The Company's Brazilian and USA operations also have the U.S. dollar as their functional currency.

Management determines the functional currency by examining the primary economic environment of each exploration project. The Company considers the following factors in determining its functional currency:

- The main influences of sales prices for goods procured or consumed and the country whose competitive forces and regulations mainly determine the sales price;
- The currency that mainly influences labor, material and other costs of providing goods;
- The currency in which funds from financing activities are generated; and
- The currency in which receipts from operating activities are usually retained.

In preparing the functional currency financial statements of the Company and its subsidiaries, transaction amounts denominated in foreign currencies (currencies other than the functional currency of the respective subsidiary) are translated into the Company's functional currency using exchange rates prevailing at the transaction dates. Foreign currency monetary items are translated at the exchange rate prevailing at the balance sheet statement date. Foreign currency non-monetary items that are measured at fair value in a foreign currency are translated at the exchange rate prevailing at the fair value date.

4. Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and demand deposits that are readily convertible into known amounts of cash within a year or less and are subject to an insignificant risk of change in value.

Mineral Properties and Deferred Expenditures

Expenditures incurred prior to the Company obtaining the right to explore are expensed in the period in which they are incurred.

Direct acquisitions costs, costs directly related to exploration and evaluation expenditures are recognized and capitalized and reduced by related sundry income. The net amount is then amortized over the recoverable mineral reserves when a property is commercially developed. When an area is abandoned or no exploration is planned on it in the foreseeable future, capitalized expenditures are written down to recoverable amount. Write-downs due to impairment in value are charged to profit and loss.

Recorded costs of mineral properties are not intended to reflect present or future values of the properties. Management's capitalization of exploration and development costs and assumptions regarding the future recoverability of such costs are subject to significant measurement uncertainty. Management's assessment of recoverability is based on, among other things, the Company's estimate of current mineral reserves and resources which are supported by geological estimates, estimated gold and commodity prices, and the procurement of all necessary regulatory permits and approvals. These assumptions and estimates could change in the future and this could materially affect the carrying value and the ultimate recoverability of the amounts recorded for mineral properties and deferred expenditures.

Plant and Equipment

On initial recognition, plant and equipment are valued at cost, being the purchase price and directly attributable costs related to its acquisition. Subsequently, they are measured at cost less accumulated depreciation, less any accumulated impairment losses.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with carrying amount, and are recognized net in the Consolidated Statement of Comprehensive Loss.

Depreciation is recognized in "general and administrative expenses" (Note 16) in the Consolidated Statement of Comprehensive Loss and is provided on a straight-line basis over the estimated useful life of the assets as follows:

Furniture	3-5 years
Office equipment	2-5 years
Vehicles	2 years
Field Equipment	2 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end with any changes accounted for prospectively.

Impairment of Long-Lived Assets

Long-lived assets include mineral properties and deferred expenditures, and plant and equipment. The Company reviews and evaluates its exploration projects for indicators of impairment at the end of each reporting period. Impairment assessments are conducted at the level of cash generating units ("CGU"). A CGU is the lowest level of identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, with each development and exploration project representing a separate CGU. If an indication of impairment exists, the recoverable amount of the CGU is estimated. An impairment loss is recognized when the carrying amount of the CGU is in excess of its recoverable amount.

4. Significant Accounting Policies (continued)

Impairment of Long-Lived Assets (continued)

The Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for a long-lived asset may no longer exist or may have decreased. If any such indication exists, the Company estimates the recoverable amount of that CGU. A reversal of an impairment loss is recognized up to the lesser of the recoverable amount or the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the CGU in prior years.

Provisions

Provisions are recorded when a legal or constructive obligation may exist 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 of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation and reflect amounts which are expected to become due.

Warrants Liability

Warrants issued have exercise prices denominated in Canadian dollars, and therefore do not qualify for classification as equity as their exercise price is not in the Company's functional currency. These warrants have been classified as warrants liability and are recorded at the estimated fair value at each reporting date, computed using the Black-Scholes valuation method using level two observable inputs. Changes in fair value for each period are included in the Consolidated Statement of Comprehensive Loss for the year.

Income Taxes

Current income taxes are measured at the amount expected to be paid to tax authorities, based on taxable profit for the year, net of recoveries using enacted tax rates at the balance sheet date. Taxable profit differs from profit as reported in the Consolidated Statement of Comprehensive Loss because of items of income or expense that are taxable or deductible in other periods and items that may not be taxable or deductible. Deferred income tax liabilities are recognized using the asset and liability method on taxable temporary differences between the tax bases and carrying amounts of assets and liabilities. Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that deductions can be utilized. Deferred income tax assets and liabilities are measured at tax rates that are expected to apply in the year when the asset is realized or the liability settled, using enacted or substantively enacted tax rates at the balance sheet date. Valuation allowances are provided if it is uncertain that a deferred tax asset will be realized.

Share-based Payments

The Company maintains a stock option plan for employees, directors and consultants.

The Company uses the fair-value based method to account for all stock options issued to employees and other individuals granted by measuring the compensation cost of the stock options using the Black-Scholes option-pricing model. The earnings effect of stock options which vest immediately is recorded at the date of grant. The earnings effects of stock options that vest over time are recorded over the vesting period using the straight line method. Stock options issued to outside consultants that vest over time are valued at the grant date and subsequently re-valued on each vesting date. The fair value of the share-based payments is recorded as a charge to net earnings based on the vesting period with a credit to capital reserve. Upon exercise of the stock options, consideration paid by the option holder, together with the amount previously recognized in capital reserve, is recorded as an increase to share capital.

4. Significant Accounting Policies (continued)

Earnings Per Share

Earnings per share are calculated by dividing net income by the weighted average number of common shares issued and outstanding during the year. The Company follows the treasury stock method in the calculation of diluted earnings per share. Under this method, the weighted average number of shares includes the potential net issuances of common shares for “in-the-money” options and warrants assuming the proceeds are used to repurchase common shares at the average market price during the year, if dilutive. The effect of potential issuances of shares under options and warrants would be anti-dilutive if a loss is reported, and therefore basic and diluted losses per share are the same.

Financial Instruments

Non-derivative financial assets

The Company recognizes all financial assets initially at fair value and classifies them into one of the following four categories: held-to-maturity, available-for-sale (“AFS”), loans and receivables or other financial liabilities, or fair value through profit or loss (“FVTPL”). Financial assets held to maturity and loans and receivables are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive loss. Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in net loss.

The fair value of financial instruments traded in active markets (such as FVTPL and AFS securities) are based on quoted market prices at the date of the statement of financial position.

The Company has classified cash and cash equivalents and receivables as loans and receivables. The fair value of cash and cash equivalents and accounts receivable are approximated by their carrying value due to the short term nature of these financial instruments.

Non-derivative financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities. Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized in the Consolidated Statement of Comprehensive Loss. Other financial liabilities, are initially measured at fair value net of transaction costs, and subsequently measured at amortized cost.

Accounts payable and accrued liabilities and provisions are classified as other financial liabilities. The fair value of accounts payable and accrued liabilities are approximated by their carrying value due to the short term nature of these financial instruments.

Derivative instruments

Derivative instruments are recorded at fair value on initial recognition and at each subsequent reporting period. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are recorded in net loss.

The Company’s share purchase warrants are derivative liabilities and accordingly, they are recorded at fair value at each reporting period, with the gains or losses recorded in the Consolidated Statement of Comprehensive Loss for the period.

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The preparation of the Company’s consolidated audited financial statements in conformity with IFRS requires management to make estimates based on assumptions about future events that affect the reported amount of assets and liabilities and disclosures of contingent assets or liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reported periods.

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (continued)

The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised.

Material areas that require estimates and assumptions as the basis for determining the reported amounts include, but are not limited to, the following:

Going concern. Management considers whether there exists any events or conditions that may cast doubt on the Company's ability to continue as a going concern. Considerations take into account all available information about the future including the availability of debt and equity financing as well as the Company's working capital balance and future cash commitments.

Functional currency. The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. The functional currency of all entities within the group is the U.S. dollar. Functional currency of each of the entities was determined based on the currency that mainly influences sales prices for goods and services, labor, material and other costs and the currency in which funds from financing activities are generated.

Impairment of assets. Management assesses each CGU at each reporting period to determine whether any indication of impairment exists. In addition, management assesses a CGU for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made which is considered to be the higher of the fair value less costs to sell and its value in use. These assessments require the use of estimates and assumptions such as future capital requirements and assessments of preliminary assay results. Fair value is determined as the amount that could be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties.

Fair value of derivative financial instruments (Warrants Liability). Management assesses the fair value of the Company's financial derivatives in accordance with the accounting policy stated in Note 4 to the consolidated audited financial statements. Fair values of warrants have been measured using the Black-Scholes model, taking into account the terms and conditions upon which the warrants are granted. These calculations require the use of estimates and assumptions. Changes in assumptions concerning volatilities, interest rates and expected life could have significant impact on the fair valuation attributed to the Company's financial derivatives. When these assumptions change or become known in the future, such differences will impact asset and liability carrying values in the period in which they change or become known.

Fair value of stock options and stock based compensation. Management assesses the fair value of stock options granted in accordance with the accounting policy stated in Note 4 to the consolidated audited financial statements. The fair value of the options granted is measured using the Black-Scholes model, taking into account the terms and conditions upon which the options are granted. Changes in assumptions concerning volatilities, interest rates and expected life could have significant impact on the fair valuation attributed to the Company's stock options.

Mineral resources. The Company estimates its measured and indicated and inferred mineral resources and the exploration target range for Castelo de Sonhos based upon information compiled by Qualified Persons, as defined in National Instrument 43-101.

Information relative to geological data on the size, depth, grade and shape of the mineralized body requires complex geological and geo-statistical judgements to interpret data, which judgements themselves contain significant estimates and assumptions.

Changes in the measured and indicated and inferred mineral resources may impact the carrying value of mineral properties and deferred expenditures.

(Expressed in United States Dollars)

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (continued)

Provisions. Provisions recognized in the consolidated financial statements involve judgments on the occurrence of future events which could result in a material outlay for the Company. In determining whether an outlay will be material, the Company considers the expected future cash flows based on facts, historical experience and probabilities associated with such future events. Uncertainties exist with respect to estimates made by management and as a result, the actual expenditure may differ from amounts currently reported.

6. Recent and Future Changes in Accounting Pronouncements

The IASB and IFRIC have issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods nor has the Company applied any of these standards.

IFRS 9, "Financial instruments" (2014). This is the finalized version of IFRS 9 which contains accounting requirements for financial instruments replacing *IFRS 39 Financial Instruments: Recognition and Measurement.* The new standard contains requirements in the following areas:

> *Classification and measurement.* Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a "fair value through other comprehensive income" category for certain debt instruments. Financial liabilities are classified in a manner similar to that under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
>
> *Impairment*. The 2014 version of IFRS introduces an "expected credit loss" model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
>
> *Derecognition.* The requirements for derecognition of financial assets and liabilities are carried forward from IAS 39.

This standard is applicable to the Company for annual periods beginning on January 1, 2018. The Company is evaluating the impact of the adoption of this standard on its consolidated financial statements, and it believes the impact of the adoption of this standard will be insignificant.

IFRS 15, "Revenue from Contracts with Customers" replaces IAS 18, *Revenue*, IAS 11, *Construction Contracts* and a number of related interpretations. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. This standard is mandatory for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company plans to adopt IFRS 15 at the date it becomes effective but its impact is believed to be insignificant.

IFRS 16, *Leases* was published in January 2016 and supersedes IAS 17- *Leases.* IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lease accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15 has also been applied. The Company is evaluating the impact of the adoption of this standard on its consolidated financial statements.

7. Cash and Cash Equivalents

Cash and cash equivalents include:

	Balance at December 31, 2017	Balance at December 31, 2016
Cash:		
Cash at bank	**$ 60,448**	$ 790,706
Investment accounts	**899,833**	883,557
Total	**$ 960,281**	$ 1,674,263

As at December 31, 2017 the investment accounts include saving accounts for a balance of $899,833. As at December 31, 2016 the investment accounts include a Canadian Guaranteed Investment Certificate (GIC) for a balance of $424,536 with an annual interest rate of 0.08% and maturity date on July 20, 2017, and saving accounts for a balance of $459,021.

8. Mineral Properties and Deferred Expenditures

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures cannot guarantee the Company's title to all of its properties. Such properties may be subject to prior mineral rights applications with priority, prior unregistered agreements or transfers or indigenous land claims, and title may be affected by undetected defects. Certain of the mineral rights held by the Company are held under applications for mineral rights or renewal of mineral rights and, until final approval of such applications is received, the Company's rights to such mineral rights may not materialize and the exact boundaries of the Company's properties may be subject to adjustment. The Company does not maintain title insurance on its properties.

Castelo de Sonhos Property (Brazil)

On November 9, 2010, the Company entered into an agreement with a third party vendor to acquire 100% of the mineral rights to the Castelo de Sonhos property in Brazil. Pursuant to this agreement and subsequent amendments (three such amendments were agreed to), the Company has made the following payments resulting in its ownership of 100% of the mineral rights in the CDS property:

- $50,000 was paid upon execution of a commitment letter on April 29, 2010.
- $250,000 was paid on February 23, 2011 after the mineral rights were transferred to a subsidiary of the Company.
- Installment payments of $100,000 each were made on September 15, 2011 and March 5, 2012.
- Installment payments were also made on September 3, 2012 in the amount of $125,000 and on March 6, 2013 in the amount of $150,000.
- Pursuant to the first amendment, the Company paid the vendors $50,000 on November 19, 2013 and issued the vendors 1,000,000 common shares on December 23, 2013.
- Pursuant to the second amendment the Company made two installment payments in the amount of $100,000 each in March and September of 2014. A further $100,000 was paid in December 2014. In addition with this amendment an additional 1,000,000 common shares were issued to the vendors on February 28, 2014.
- Pursuant to the third amendment a payment of $500,000 was made in July 2015, $300,000 in January 2016, and $800,000 in July 2016. Also 1,000,000 common shares were issued to the vendors in July 2016.

Thus, all agreed fixed price payments have been made. However, under the Second Amending Agreement, the Company agreed to pay the vendor $3,600,000 out of production from the property over and above its royalty. At its option, TriStar may pay to the vendor $1,500,000 on or prior to the making of a construction decision in lieu of the payment out of production.

Under the original agreement, the vendors had the right to receive a payment equal to $1.0 per ounce should a gold deposit with proven and probable reserves in excess of 1 million troy ounces be identified and the property owner will retain a 2% Net Smelter Return royalty, half of which can be purchased by TriStar at any time and which amount will be calculated based on the indicated and measured reserves identified by a feasibility study.

Bom Jardim Properties (Brazil)

As part of the Arrangement, the property was transferred to the Company in July 2010.

Bom Jardim is not considered material to the Company at this time although TriStar has retained one exploration license for the Bom Jardim area. No significant work had been conducted on this property in the past 2 to 3 years and no exploration work is planned for the foreseeable future. In December 2016 management decided an impairment was required to reduce Bom Jardim's carrying value to nil.

Mineral properties and deferred expenditures were as follows:

(Expressed in United States Dollars)

8. Mineral Properties and Deferred Expenditures (continued)

	Balance at December 31, 2016	**Additions**	**Impairments/ Write-Off**	**Balance at December 31, 2017**
Castelo de Sonhos Properties:				
Acquisition costs	$ 3,303,945	$ -	$ -	**$ 3,303,945**
Exploration costs	10,744,617	3,392,105	-	**14,136,722**
Total Carrying Amount	$ 14,048,562	$ 3,392,105	$ -	**$ 17,440,667**

	Balance at December 31, 2015	Additions	Impairments/ Write-Off	Balance at December 31, 2016
Castelo de Sonhos Properties:				
Acquisition costs	$ 1,926,493	$ 1,377,452	$ -	$ 3,303,945
Exploration costs	9,715,064	1,029,553	-	10,744,617
Total Castelo de Sonhos Properties	11,641,557	2,407,005	-	14,048,562
Bom Jardim Properties:				
Acquisition costs	13,054	-	(13,054)	-
Exploration costs	192,482	-	(192,482)	-
Total Bom Jardim Properties	205,536	-	(205,536)	-
Total acquisition costs	1,939,547	1,377,452	(13,054)	3,303,945
Total exploration costs	9,907,546	1,029,553	(192,482)	10,744,617
Total Carrying Amount	$ 11,847,093	$ 2,407,005	$ (205,536)	$ 14,048,562

During the years ended December 31, 2017 and 2016, the additions to exploration cost include the following:

	Year ended December 31, 2017	Year ended December 31, 2016
Castelo de Sonhos Properties:		
Camp costs	$ 428,907	$ 524,932
Wages, salaries and benefits costs (Note 19)	693,368	211,373
Geological analysis costs	467,563	11,637
Drilling costs	1,466,038	210,565
Other costs	336,229	71,046
Total Exploration Costs	**$ 3,392,105**	$ 1,029,553

9. Plant and Equipment, net

Plant and equipment were as follows:

	Balance at December 31, 2016	**Additions**	**Disposals**	**Balance at December 31, 2017**
Cost:				
Furniture	$ 9,678	$ -	$ (7,214)	**$ 2,464**
Office equipment	26,055	3,619	(14,318)	**15,356**
Vehicles	213,969	-	(25,881)	**188,088**
Field equipment	55,268	-	-	**55,268**
Total costs	304,970	3,619	(47,413)	**261,176**
Accumulated Depreciation:				
Furniture	(9,678)	-	7,214	**(2,464)**
Office equipment	(25,006)	(1,315)	14,318	**(12,003)**
Vehicles	(213,969)	-	25,881	**(188,088)**
Field equipment	(55,268)	-	-	**(55,268)**
Total accumulated depreciation	(303,921)	(1,315)	47,413	**(257,823)**
Total net book value	$ 1,049	$ 2,304	$ -	**$ 3,353**

9. Plant and Equipment, net (continued)

	Balance at December 31, 2015	Additions	Disposals	Balance at December 31, 2016
Cost:				
Furniture	$ 9,678	$ -	$ -	$ 9,678
Office equipment	25,030	1,025	-	26,055
Vehicles	213,969	-	-	213,969
Field equipment	55,268	-	-	55,268
Total costs	303,945	1,025	-	304,970
Accumulated Depreciation:				
Furniture	(9,678)	-	-	(9,678)
Office equipment	(23,790)	(1,216)	-	(25,006)
Vehicles	(213,969)	-	-	(213,969)
Field equipment	(55,268)	-	-	(55,268)
Total accumulated depreciation	(302,705)	(1,216)	-	(303,921)
Total net book value	$ 1,240	$ (191)	$ -	$ 1,049

10. Provisions

The provision represents the Company estimates of the taxes it may have to pay on a possible contingent liability for labor severance obligations in Brazil. The possibility of the contingent liability being payable is uncertain. The Company is uncertain about the amount or timing of any outflows of funds, if any were to occur.

The following table presents the changes in the Provision:

	Amount
Balance at December 31, 2015	$ 218,313
Change in provision estimate	92,374
Balance at December 31, 2016	310,687
Change in provision estimate	12,026
Balance at December 31, 2017	**$ 322,713**

Each reporting period the Company reviews estimated amounts and other assumptions used in the valuation of the provision to reflect events, changes in circumstances and new information available. Changes in these estimates and assumptions may have a corresponding impact on the value of the provision. The changes in the provision estimate are reported in general and administrative expenses (Note 16).

During the year ended December 31, 2017, included in the change in the provision estimate are $5,590 from effect of exchange rates (December 31, 2016: $46,533).

11. Warrants Liability

Warrants have their exercise prices denominated in Canadian dollars which is not the Company’s functional currency and therefore the warrants have been accounted for as a non-hedged derivative financial liability. The derivative liability is recorded at the estimated fair value though profit and loss at each reporting date based upon a Black-Scholes Option Pricing Model. At initial recognition when warrants are issued with the issuance of shares the Company allocates their full fair value as a warranty liability at issuance with the residual value of proceeds raised from the shares issued recorded in common shares. Subsequent changes in the fair value of the warrants liability are recorded in the Consolidated Statement of Comprehensive Loss for the period.

11. Warrants Liability (continued)

On October 30, 2015, the Company received approval by the TSX for an Early Warrant Exercise Incentive Program (“Warrant Incentive Program”) to encourage the early exercise of up to 19,682,250 outstanding common share purchase warrants (the "Eligible Warrants"). The Eligible Warrants were originally exercisable into one common share of the Company at Can$0.13 per share and after the extension the expiration date was December 21, 2016. The Company offered to the warrant holders the option to receive a Warrant Exercise Unit comprised of one common share and one-half of a warrant (a "New Warrant") for each Eligible Warrant exercised from November 16, 2015, until January 15, 2016, at the price of Can$0.13 per Warrant Exercise Unit. Each whole New Warrant allowed the holder to acquire an additional common share of the Company at a price of Can$0.20 per share until December 21, 2016. This offer was not available to Warrant holders who were insiders and pro group members. If an Eligible Warrant holder did not exercise their Eligible Warrants by January 15, 2016, the Eligible Warrants continued to be exercisable into common shares on the same terms that previously existed.

In January 2016, under the Warrant Incentive Program, a total of 3,460,076 common shares were issued as a result of exercise of the same number of share purchase warrants with an exercise price of Can$0.13. A total of $126,482 representing the net fair value of the warrants liability was allocated to common shares. Additionally, under the terms of the Warrant Incentive Program, 1,730,038 New Warrants were issued at a price of Can$0.20 per share exercisable until December 21, 2016. The estimated fair value of the warrant liability at issuance was $80,655.

During 2016, after closing of the Warrant Incentive Program, a total of 11,712,524 common shares were issued as a result of exercise of the same number of share purchase warrants with exercise prices between Can$0.13 and Can$0.20. A total of $1,393,780 representing the fair value of the warrants liability was allocated to common shares.

In July 2016, under a private placement, the Company issued 7,094,104 share purchase warrants exercisable to acquire 7,094,104 shares at Cad$0.55 per share until July 2018 subject to acceleration in certain circumstances. The estimated fair value of the warrant liability at issuance was $799,633.

On December 21, 2016, a total of 5,537,288 share purchase warrants with exercise prices of Can$0.20 and Can$0.13 expired unexercised and were cancelled. The estimated fair value of the warrant liability at expiry date was $1,092,685.

In January 2017, a total of 1,201,000 share purchase warrants with an exercise price of Can$0.20 expired unexercised and were cancelled. The estimated fair value of the warrant liability at expiry date was $62,704.

During 2017, a total of 2,829,607 common shares were issued as a result of exercise of the same number of share purchase warrants with an exercise price of Can$0.20. A total of $96,797 representing the fair value of the warrants liability was allocated to common shares.

In April 2017, under a short prospectus financing, the Company issued 8,554,134 share purchase warrants exercisable to acquire 8,554,134 shares at Can$0.45 per share until April 28, 2019. The estimated fair value of the warrant liability at issuance was $844,707.

(Expressed in United States Dollars)

11. Warrants Liability (continued)

The following is a summary of changes in warrants:

	Number of Warrants	Weighted Average Exercise Price	Amount
Balance at December 31, 2015	23,010,457	Can$0.15	$ 1,512,370
Issued warrants in private placement	7,094,104	Can$0.55	799,633
Issued warrants in incentive exercise program	1,730,038	Can$0.20	80,655
Exercise of warrants	(15,172,600)	Can$0.14	(1,600,916)
Warrants expired	(5,537,288)	Can$0.15	(1,092,685)
Warrants liability fair value change	-	-	1,083,817
Balance at December 31, 2016	11,124,711	Can$0.42	782,874
Issued warrants in financing	8,554,134	Can$0.45	844,707
Exercise of warrants	(2,829,607)	Can$0.20	(96,797)
Warrants expired	(1,201,000)	Can$0.20	(62,704)
Warrants liability fair value change	-	-	(1,214,136)
Balance at December 31, 2017	**15,648,238**	**Can$0.50**	**$ 253,944**

The warrants liability fair value change as reported in the Consolidated Statement of Comprehensive Loss includes:

	December 31, 2017	December 31, 2016
Warrants expired	$ 62,704	$ 1,092,685
Warrants liability fair value change	1,214,136	(1,083,817)
Balance	**$ 1,276,840**	$ 8,868

At December 31, 2017, outstanding warrants are as follows:

Number of Warrants	Weighted Average Exercise Price	Issuance Date	Expiry Date
6,618,917	Can$0.55	July 7, 2016	July 7, 2018
475,187	Can$0.55	July 18, 2016	July 18, 2018
8,554,134	Can$0.45	April 28, 2017	April 28, 2019
15,648,238			

At December 31, 2017 and 2016 the fair value of the Company’s warrants was estimated using the Black-Scholes option-pricing model with the following assumptions

	December 31, 2017	December 31, 2016
Expected dividend yield	**0%**	0%
Expected volatility	**72.25%-75.46%**	97.17%-125.11%
Risk-free interest rate	**1.41%**	0.69%
Expected life	**6 – 16 months**	0 – 18 months
Share Price	**Can$0.23**	Can$0.27

12. Share Capital and Capital Reserve

The Company's authorized share capital consists of an unlimited number of common shares without par value. At December 31, 2017, the Company had 155,524,143 common shares outstanding, and a total of 32,183,106 common shares were reserved for issuance after exercise of options and warrants outstanding.

a. On January 27, 2016, the Company issued 161,909 shares of common shares to settle debt of $22,058.

b. On July 15, 2016, under the terms of the Third Amending Agreement signed on May 6, 2015, the Company issued a total of 1,000,000 shares to the vendors of CDS. The shares had an estimated fair value at grant date of $277,452.

c. On July 18, 2016 the Company closed its private placement, announced June 13, 2016, consisting of 14,188,214 units at the price of Can$0.30 per unit for gross proceeds of Can$4,256,464 from which the Company deducted share issue costs, including legal and other fees paid, in the amount of $204,367 for net proceeds of $3,073,964. Each unit consists of one common share and one half (1/2) transferable common share purchase warrant. Each of the 7,094,104 common share purchase warrants entitles the holder to purchase one additional common share of the Company at Can$0.55 per share until July 2018, subject to acceleration in certain circumstances. The fair value of warrants issued in the amount of $799,633 was recorded in warrants liability. In addition, the Company issued 611,872 broker compensation options and the estimated fair value at grant date of $78,490 was recorded in capital reserve. The Company deducted the amount of the fair value of warrants and the broker compensation options from the net proceeds and recorded the remaining amount of $2,195,841 in Common Shares.

d. In July 2016, upon closing of the private placement, 375,000 options, representing 50% of options granted to a consultant of the Company on April 19, 2016, vested and the estimated fair value of $73,098 was recorded in capital reserve. The options expire on April 18, 2021 and have an exercise price of Can$0.28 per share.

e. During 2016, a total of 15,172,600 common shares were issued as a result of exercise of the same number of share purchase warrants with an weighted average exercise price of Can$0.14 for gross proceeds of $1,553,267 which in addition to $1,520,261 representing the fair value of the warrants liability, were allocated to common shares in the period.

f. In January 2017, a total of 2,829,607 common shares were issued as a result of exercise of the same number of share purchase warrants with an exercise price of Can$0.20 for gross proceeds of $425,438 which in addition to $96,797 representing the fair value of the warrants liability, were allocated to common shares in the period.

g. On April 28, 2017 the Company completed a short prospectus financing, previously announced on March 23, 2017, consisting of 17,108,267 units at the price of Can$0.30 per unit for gross proceeds of $3,756,975 from which the Company deducted agent's cash compensation in the amount of $177,985 and share issue costs, including legal and other fees paid, in the amount of $171,914 for net proceeds of $3,407,076. Each unit consists of one common share and one half (1/2) common share purchase warrant. Each of the 8,554,134 common share purchase warrants entitles the holder to purchase one additional common share of the Company at Can$0.45 per share until April 28, 2019. The fair value of warrants issued in the amount of $844,707 was recorded in warrants liability. In addition, the Company issued 660,496 agent compensation options and the estimated fair value at grant date of $65,223 was recorded in capital reserve. The Company deducted the amount of the fair value of warrants and the agent compensation options from the net proceeds and recorded the remaining amount of $2,497,147 in Common Shares.

h. In April 2017, upon closing of the short prospectus financing, 375,000 options, representing the remaining 50% of options granted to a consultant of the Company on April 19, 2016, vested and the estimated fair value of $73,099 was recorded in capital reserve.

i. On July 20, 2017, a total of 62,500 common shares were issued as a result of exercise of the same number of broker compensation options with an exercise price of Can$0.30 for gross proceeds of $14,899 which in addition to $8,271 representing the fair value of the options, were allocated to common shares in the period.

(Expressed in United States Dollars)

12. Share Capital and Capital Reserve (continued)

j. On September 28, 2017, a total of 2,975,000 stock options were granted to directors, officers, employees and consultants of the Company with an exercise price of Can$0.25 per share. The options expire on September 27, 2022 and had an estimated fair value at grant date of $498,080.

k. On October 20, 2017, a total of 150,000 stock options with an exercise price of Can$0.25 per share were granted to a consultant. The options expire on October 19, 2022 and had an estimated fair value at grant date of $25,434.

The following is a summary of changes in common share capital and capital reserve:

	Common Shares		
	Number	**Amount**	**Capital Reserve**
Balance at December 31, 2015	105,001,046	32,820,763	$ 3,640,164
Shares issued on private placement, net of share issue cost	14,188,214	2,195,841	-
Shares issued on exercise of warrants	15,172,600	3,073,528	-
Shares issued on debt payment	161,909	22,058	-
Shares issued to mineral property's vendor	1,000,000	277,452	-
Stock-based compensation	-	-	151,588
Balance at December 31, 2016	135,523,769	38,389,642	3,791,752
Shares issued on financing, net of share issue cost	17,108,267	2,497,147	-
Shares issued on exercise of warrants	2,829,607	522,232	-
Shares issued on exercise of broker compensation options	62,500	23,170	(8,271)
Stock-based compensation	-	-	661,835
Balance at December 31, 2017	**155,524,143**	**$ $41,432,191**	**$ 4,445,316**

13. Agent Compensation Options

As part of the 2017 and 2016 financings the Company issued some broker and agent compensation options.

The following is a summary of the changes in broker and agent compensation options outstanding and exercisable:

	Number of Options Outstanding	**Number of Options Exercisable**	**Weighted Average Exercise Price of Options (in Can$)**
Balance at December 31, 2015	-	-	-
Compensation Options Granted	611,872	611,872	$ 0.30
Balance at December 31, 2016	611,872	611,872	$ 0.30
Compensation Options Granted	660,496	660,496	$ 0.45
Compensation Options Exercised	(62,500)	(62,500)	$ 0.30
Balance at December 31, 2017	**1,209,868**	**1,209,868**	**$ 0.38**

(Expressed in United States Dollars)

13. Agent Compensation Options (continued)

On July 7, 2016, the Company issued 611,872 broker compensation options with an exercise price of Can$0.30 per option. The compensation options expire on July 7, 2018. The estimated fair value at grant date of $78,490 was recorded in capital reserve.

On April 28, 2017, the Company issued 660,496 agent compensation options with an exercise price of Can$0.45 per option. The compensation options expire on April 28, 2019. The estimated fair value at grant date of $65,223 was recorded in capital reserve.

On July 20, 2017, a total of 62,500 common shares were issued as a result of exercise of the same number of broker compensation options with an exercise price of Can$0.30 for gross proceeds of $14,899 which in addition to $8,271 representing the fair value of the options, were allocated to common shares in the period.

The weighted average exercise price of agent compensation options issued during the year ended December 31, 2017, was Can$0.45 per option (December 31, 2016: Can$0.30). The weighted average fair value at issue date of agent compensation options issued during the year ended December 31, 2017 was Can$0.13 per option (December 31, 2016: Can$0.17).

At December 31, 2017 and 2016 the fair value of agent compensation options granted was estimated as of the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	December 31, 2017	December 31, 2016
Expected dividend yield	**0%**	0%
Expected volatility	**114.18%**	125.03%
Risk-free interest rate	**0.73%**	0.54%
Expected life	**2 years**	1.4 years
Share Price	**Can$0.28**	Can$0.305
Weighted average fair value of options granted	**Can$0.13**	Can$0.17

Option pricing models require the input of subjective assumptions including the expected price volatility, the expected life and forfeiture rate. Changes in these assumptions can materially affect the estimated fair value of the stock options granted. The expected price volatility used was based on the historic volatility of the Company’s share price

The following table summarizes information about broker and agent compensation options outstanding at December 31, 2017:

Grant Date	Compensation Options Outstanding	Exercise Price	Proceeds upon exercise of options outstanding (in Can$)	Fair Value of Options Outstanding	Weighted Average Remaining Life in Years	Expiration Date
7/7/2016	549,372	Can$0.30	$ 164,812	$ 70,218	0.5	7/7/2018
4/28/2017	660,496	Can$0.45	297,223	65,223	1.3	4/28/2019
	1,209,868		**$ 462,035**	**$ 135,441**	**1**	

The weighted average exercise price of the broker and agent compensation options outstanding at December 31, 2017, is Can$0.38 (December 31, 2016: Can$0.30).

14. Stock Option Plan

The Company maintains a stock option plan (“the Plan”) for directors, senior officers, employees and consultants of TriStar and its subsidiaries. Under the terms of the Plan, the options are exercisable over periods of up to ten years, and the exercise price of each option equals the closing market price of the Company’s stock on the trading day immediately before the date of grant. Any consideration paid by the option holder on the exercise of options is credited to share capital and offset against amounts previously recorded in capital reserve.

(Expressed in United States Dollars)

14. Stock Option Plan (continued)

The number of shares which may be issued pursuant to options previously granted and those granted under the Plan shall not exceed 18,800,000 at the time of the grant. The options granted under the Plan vest at determination of the Board. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued and outstanding shares on a yearly basis.

The Plan will terminate when all of the options have been granted or when the Plan is otherwise terminated by TriStar. Any options outstanding when the Plan is terminated will remain in effect until they are exercised or they expire.

The following is a summary of the changes in options outstanding and exercisable:

	Number of Options Outstanding	Number of Options Vested	Weighted Average Exercise Price of Options Outstanding (in Can$)
Balance at December 31, 2015	14,915,000	14,915,000	$0.28
Options granted	750,000	375,000	$0.28
Options expired	(2,075,000)	(2,075,000)	$0.79
Balance at December 31, 2016	13,590,000	13,215,000	$0.20
Options granted	3,125,000	3,125,000	$0.25
Options cancelled	(750,000)	(750,000)	$0.24
Options expired	(640,000)	(640,000)	$0.45
Options vested from previous year	-	375,000	$0.28
Balance at December 31, 2017	**15,325,000**	**15,325,000**	**$0.20**

On April 19, 2016, a total of 750,000 options were granted to a consultant. The options expire on April 18, 2021 and have an exercise price of Can$0.28 per option. On July 7, 2016, 375,000 options vested. The remaining 375,000 options vested on April 28, 2017. The total estimated fair value at grant date of $146,196 was recorded in capital reserve.

On September 28, 2017, a total of 2,975,000 stock options were granted to directors, officers, employees and consultants of the Company with an exercise price of Can$0.25 per share. The options expire on September 27, 2022 and had an estimated fair value at grant date of $498,080.

On October 20, 2017, a total of 150,000 options with an exercise price of Can$0.25 per share were granted to a consultant. The options expire on October 19, 2022 and had an estimated fair value at grant date of $25,434.

The weighted average exercise price of options granted during the year ended December 31, 2017, was Can$0.25 per option (December 31, 2016: Can$0.28)

The weighted average fair value at grant date of options granted during the year ended December 31, 2017, was Can$0.21 per option (December 31, 2016: Can$0.25).

During the year ended December 31, 2017, a total of 750,000 options with a weighted average exercise price of Can$0.24 were cancelled (December 31, 2016: nil).

(Expressed in United States Dollars)

14. Stock Option Plan (continued)

During the year ended December 31, 2017, a total of 640,000 options with a weighted average exercise price of Can$0.45, granted to directors, consultants and employees on August 23, 2012, expired unexercised (December 31, 2016: 2,075,000 with an average exercise price of Can$0.79).

During the periods previously mentioned the estimated forfeiture rates were nil.

The fair value of options granted during the years ended December 31, 2017 and 2016, has been estimated as of the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	Year ended December 31, 2017	Year ended December 31, 2016
Expected dividend yield	**0%**	0%
Expected volatility	**112.26% - 112.51%**	123.59%
Risk-free interest rate	**1.39% - 1.73%**	0.60%
Expected life	**5 years**	3.5 years
Share price	**Can$0.26 - Can$0.265**	Can$0.32
Weighted average fair value of options granted	**Can$0.21**	Can$0.25

Option pricing models require the input of subjective assumptions including the expected price volatility, the expected life and forfeiture rate. Changes in these assumptions can materially affect the estimated fair value of the stock options granted. The expected price volatility used was based on the historic volatility of the Company's share price.

The following table summarizes stock options outstanding at December 31, 2017:

Grant Date	Options Outstanding	Options Vested	Exercise Price	Proceeds upon exercise of options outstanding (in Can$)	Fair Value of Options Outstanding	Weighted Average Remaining Life in Years	Expiration Date
4/29/2014	1,475,000	1,475,000	Can$0.15	$ 221,250	$ 104,949	1.3	4/29/2019
2/12/2015	1,600,000	1,600,000	Can$0.20	320,000	177,992	2.1	2/11/2020
12/10/2015	8,375,000	8,375,000	Can$0.18	1,507,500	1,361,668	2.9	12/9/2020
4/19/2016	750,000	750,000	Can$0.28	210,000	146,196	3.3	4/18/2021
9/28/2017	2,975,000	2,975,000	Can$0.25	743,750	498,080	4.7	9/27/2022
10/20/2017	150,000	150,000	Can$0.25	37,500	25,434	4.8	10/19/2022
	15,325,000	**15,325,000**		**$ 3,040,000**	**$ 2,314,319**	**3.1**	

The weighted average exercise price of the options outstanding at December 31, 2017, is Can$0.20 (December 31, 2016: Can$0.20).

15. Stock-based Compensation

Stock-based compensation expense related to options granted to employees, directors and consultants were included in the following expense accounts (Note 16) reported in the Consolidated Statements of Comprehensive Loss:

	Year ended December 31, 2017	Year ended December 31, 2016
Consulting	$ 370,594	$ 73,098
Salaries	226,019	-
	$ 596,613	$ 73,098

These amounts have been recorded as capital reserve (Note 12) in the Consolidated Statements of Financial Position.

(Expressed in United States Dollars)

16. General and Administrative Expenses

General and administrative expenses consist of the following:

	Year ended December 31, 2017	Year ended December 31, 2016
Consulting and professional fees (Note 10, Note 15 and Note 19)	**$ 717,627**	$ 358,729
Change in provisions (Note 10)	**17,616**	45,841
Depreciation (Note 9)	**1,315**	1,216
Insurance	**12,251**	12,699
Office	**71,777**	74,815
Rent	**65,204**	71,837
Exploration expenses	**-**	7,257
Salaries and benefits (Note 14, Note 15 and Note 19)	**1,187,140**	1,123,147
Shareholder relations	**141,669**	67,570
Travel and meals	**110,826**	129,093
	$ 2,325,425	$ 1,892,204

17. Basic and Diluted Loss per Share

The following table sets forth the computation of basic and diluted loss per share:

	Year ended December 31, 2017	Year ended December 31, 2016
Numerator:		
Numerator for basic and diluted loss per share: Net loss	**$ (820,074)**	$ (2,143,421)
Denominator:		
Initial balance of issued common shares	**135,523,769**	105,001,046
Effect of shares issued on debt payment	**-**	150,407
Effect of shares issued to mineral property's vendor	**-**	464,481
Effect of warrants exercised	**2,805,670**	5,095,094
Effect of shares issued on financing	**11,624,247**	6,871,716
Effect of agent compensation options exercised	**28,254**	-
Denominator for basic and diluted loss per share: Basic and diluted weighted average number of common shares	**149,981,940**	117,582,744
Basic and diluted loss per share	**$ (0.01)**	$ (0.02)

For the years ended December 31, 2017 and 2016, the share purchase warrants, agent compensation options and stock options were excluded from the computation of diluted loss per share as their inclusion would be antidilutive.

18. Income Taxes

The following table reconciles the income taxes calculated at statutory rates with the income tax expense in the Consolidated Statement of Comprehensive Loss:

(Expressed in United States Dollars)

18. Income Taxes (continued)

	Year ended December 31, 2017	Year ended December 31, 2016
Loss before income taxes	**$ (820,074)**	$ (2,143,421)
Statutory rates	**26%**	26%
Income tax recovery at statutory rates	**$ (213,219)**	$ (557,289)
Non-deductible items	**(203,379)**	24,991
Differences in foreign tax rates	**(103,660)**	(128,404)
Foreign exchange non-monetary assets	**75,934**	(511,522)
Unrecognized tax benefits	**444,324**	1,172,224
Net income tax expense	**$ -**	$ -

As of December 31, 2017, the Company has net deductible temporary differences of approximately $18,399,065 (December 31, 2016: $16,620,931) for which no deferred tax asset has been recognized. Deferred tax assets have not been recognized in respect of these items because the Company does not have a history of earnings and their utilization is not more likely than not.

During December 2017, the USA Tax Cut and Jobs Act of 2017 was signed into law, reducing the federal tax rate for USA corporations from 34% to 21%. As of December 31, 2017, the Company has utilized the newly enacted statutory federal tax rate of 21% for the USA entities, resulting in a reduction in deferred tax assets of approximately $2 million.

The following table summarizes the Company's losses and net deductible temporary differences that can be applied against future taxable profits.

Type	Country	Amount	Expire Date
Net operating losses	Canada	$ 2,868,663	2031 – 2037
Net operating losses	USA	15,172,032	2018 - 2037
Net operating losses	Brazil	3,779,979	No expiration
Net temporary differences	Canada	528,337	No expiration
Net temporary differences	USA	517	2022
Net temporary differences	Brazil	(3,950,462)	No expiration
	Total	**$ 18,399,065**	

19. Related Party Transactions

Key management personnel compensation comprised:

	Year ended December 31, 2017	Year ended December 31, 2016
Short term employee benefits: Salaries (Note 16)	**$ 694,449**	$ 835,704
Consulting fees	**206,108**	195,041
Stock-based compensation (Note 12 and Note 14)	**322,287**	-
	$ 1,222,844	$ 1,030,745

For the year ended December 31, 2017, short term employee benefits received by key management personnel in the amount of $73,085 (December 31, 2016: nil) were reported in Mineral properties and deferred expenditures (Note 8) under exploration costs of the Castelo de Sonhos project, and the amount of $621,364 (December 31, 2016: $835,704) was recorded in the salaries and benefits expenses account (Note 16) in the Consolidated Statements of Comprehensive Loss.

(Expressed in United States Dollars)

19. Related Party Transactions (continued)

For the year ended December 31, 2017, consulting fees paid to key management personnel in Brazil in the amount of $159,860 (December 31, 2016: $147,135) were reported in Mineral properties and deferred expenditures (Note 8) under exploration cost of the Castelo de Sonhos project.

During the years ended December 31, 2017 and 2016, the Company paid consulting fees of $206,108 and $195,041 respectively, to directors and officers for advisory services, and did not pay any directors' fees.

The stock option compensation amounts received by key management personnel have been recorded as capital reserve on the Consolidated Statement of Financial Position (Note 12 and Note 15). They were also included in the consulting and salaries expenses accounts (Note 16) in the Consolidated Statement of Comprehensive Loss.

As of December 31, 2017, the total number of outstanding warrants and options held by directors and officers of the Company was 1,977,839 units and 11,175,000 units, respectively (December 31, 2016: 3,293,906 units and 10,225,000 units, respectively).

During the years ended December 31, 2017 and 2016, the Company paid legal fees in the amounts of $29,696 and $11,968, respectively, to a company where one director has ownership interests. The amount mentioned was recorded in the professional fees account (Note 16) in the Consolidated Statement of Comprehensive Loss.

During the year ended December 31, 2016, directors and officers participated for a total of 3,955,679 units in the private placement closed on July 18, 2016.

During the year ended December 31, 2017, directors exercised a total of 1,316,067 warrants (December 31, 2016: 1,525,000 warrants).

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties and the Board of Directors.

20. Commitments and Contingencies

The Company leases offices in USA, Brazil and Canada, and houses in Brazil with expiration dates ranging between February 2018 and December 2018, for an estimated cost of approximately $7,500 per month and are cancellable within one to three months' notice.

The Company has various property access agreements related to its projects at an estimated cost of approximately $2,000 per month.

There are no material pending legal proceedings to which the Company or any of its subsidiaries is a party or to which any of their property is subject.

21. Segmented Information

Segments are defined as material components of an enterprise about which separate financial information is available and deemed relevant in managing the business. All of the Company's operations are within the mineral exploration sector. The Company's exploration operations are centralized whereby the Company's head office is responsible for the exploration results and for providing support in addressing local and regional issues. The Company's mineral properties are located in Brazil.

Information relating to each of the Company's reportable segments is presented as follows:

	Total Assets	Total Liabilities
As at December 31, 2017		
Corporate Office	$ 1,947,805	$ 677,320
Mineral Exploration	16,510,425	386,700
Total	**$ 18,458,230**	**$ 1,064,020**

(Expressed in United States Dollars)

21. Segmented Information (continued)

	Total Assets	Total Liabilities
As at December 31, 2016		
Corporate Office	$ 1,788,959	$ 898,300
Mineral Exploration	14,004,310	376,798
Total	$ 15,793,269	$ 1,275,098

	Year ended December 31, 2017	Year ended December 31, 2016
Net loss		
Corporate Office	$ (571,287)	$ (1,682,459)
Mineral Exploration	(248,787)	(460,962)
Total	**$ (820,074)**	$ (2,143,421)

Geographical information related to non-current assets is presented as follows:

	Canada	**USA**	**Brazil**
As at December 31, 2017			
Mineral properties and deferred expenditures (Note 8)	$ -	$ -	$ 17,440,667
Plant and equipment (Note 9)	-	3,353	-
Total non-current assets	**$ -**	**$ 3,353**	**$ 17,440,667**
As at December 31, 2016			
Mineral properties and deferred expenditures (Note 8)	$ -	$ -	$ 14,048,562
Plant and equipment (Note 9)	-	1,049	-
Total non-current assets	$ -	$ 1,049	$ 14,048,562

22. Capital Management and Liquidity

The Company considers its cash and cash equivalents, common shares, stock options and warrants as capital. The Company's objective in managing capital is to maintain adequate levels of funding to support exploration of its mineral property interests, maintain corporate and administrative functions necessary to support organizational management oversight, and obtain funding sufficient for advancing the Company's investments.

The Company manages its capital structure in a manner that intends to provide sufficient funding for operational activities. Funds are 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.

In order to facilitate management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary with actual spending compared to budget on a monthly basis. The Company's investment policy, in general, is to invest short-term excess cash in highly liquid short-term interest bearing investments with maturities of less than one year or that may be liquidated with no reduction in principal. This is to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and preserving its invested balances.

23. Financial Instruments and Management of Financial Risk

The Company is exposed to potential loss from various risks including currency risk, interest rate risk, liquidity risk, market risk and commodity price risk.

23. Financial Instruments and Management of Financial Risk (continued)

Market Risks

The significant market risks to which the Company is exposed include commodity price risk and interest rate risk.

Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, and accounts receivable. The Company invests any excess capital in short-term, highly liquid and highly-rated financial instruments such as cash and short-term guaranteed deposits, all held with Canadian and USA based financial institutions.

Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents balances. Liquidity requirements are managed based on expected cash flow to ensure there is sufficient capital to meet short-term obligations. The Company estimates that its contractual obligations pertaining to accounts payable and accrued liabilities should be satisfied within one year.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risk associated with fluctuations in the market price of gold. The Company does not have any sales revenue and accordingly no hedging or other commodity-based risks impact its operations.

Market prices for gold historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators. The Company has elected not to actively manage its commodity price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

In respect of financial assets, the Company's policy is to invest cash at variable rates of interest in cash equivalents, in order to maintain liquidity, while preserving capital. The Company is exposed to interest rate risk on its short-term investments which were included in cash and cash equivalents at December 31, 2017. The short-term investment interest earned is based on prevailing one day to one year market interest rates which may fluctuate. Based on amounts as at December 31, 2017, a one percent change in the interest rate would change annual interest income by approximately $20,000 (December 31, 2016: $12,000). The Company has not entered into any derivative contracts to manage this risk.

Currency Risk

The Company operates in USA, Canada, and Brazil. As a result, the Company has foreign currency exposure with respect to items not denominated in U.S. dollars. The three main types of foreign exchange risk of the Company can be categorized as follows:

Transaction exposure

The Company operates and incurs costs in different currencies. This creates exposure at the operational level, which may affect the Company's profitability as exchange rates fluctuate. The Company has not hedged its exposure to currency fluctuations.

(Expressed in United States Dollars)

23. Financial Instruments and Management of Financial Risk (continued)

Currency Risk (continued)

Exposure to currency risk

The Company is exposed to currency risk through the following assets and liabilities denominated in currencies other than the U.S. dollar: cash and cash equivalents, accounts receivables, prepaid expenses, accounts payables and other liabilities, provisions and warrants liability. The currencies of the Company's financial instruments and other foreign currency denominated liabilities, based on notional amounts, were as follows:

	December 31, 2017		December 31, 2016	
	Canadian dollar	**Brazilian Real**	Canadian dollar	Brazilian Real
Cash and cash equivalents	$ 22,292	$ 16,705	$ 969,757	$ 20,048
Accounts receivable	536	10,427	8,461	4,457
Prepaid expenses	32,592	-	36,430	2,289
Accounts payable and accrued liabilities	(325,522)	(63,987)	(53,981)	(66,112)
Provisions	-	(322,713)	-	(310,687)
Warrants liability	(253,944)	-	(782,873)	-
Net balance sheet exposure	**$ (524,046)**	**$ (359,568)**	$ 177,794	$ (350,005)

Translation exposure

A strengthening of the U.S. dollar by 10% against the Canadian dollar and the Brazilian Real at December 31, 2017, with all other variables held constant would have decreased the Company's before tax net loss by approximately $92,000 (at December 31, 2016: $14,000) as a result of a change in value of the financial assets and liabilities denominated in those currencies.

24. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values are determined directly by reference to published price quotations in an active market, when available, or by using a valuation technique that uses inputs observed from relevant markets.

The fair value hierarchy categorizes into three levels the inputs to valuation techniques used to measure fair value.

- Level 1 inputs are unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly (for example, interest rate and yield curves observable at commonly quoted interval and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means.
- Level 3 inputs are prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

As at December 31, 2017, the Company's assets and liabilities measured at fair value on a recurring basis were as follows:

(Expressed in United States Dollars)

24. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3
Assets			
Cash and cash equivalents (Note 7)	$ 960,281	$ -	$ -
Liabilities			
Warrants liability (Note 11)	-	253,944	-
	$ 960,281	**$ 253,944**	**$ -**

The following table provides the carrying value and the fair value of financial instruments at December 31, 2017:

	Carrying Amount	Fair Value
Financial assets		
Cash and cash equivalents (Note 7)	$ 960,281	$ 960,281
Accounts receivable	12,268	12,268
	$ 972,549	$ 972,549
Financial liabilities		
Accounts payable and accrued liabilities	$ 487,363	$ 487,363
Derivative instruments		
Warrants liability (Note 11)	$ 253,944	$ 253,944

25. Subsequent Events

On January 24, 2018, the Company closed its private placement, announced December 14, 2017, consisting of 12,980,297 units at the price of Can$0.22 per unit for gross proceeds of Can$2,855,665. Each unit in this financing consist of one common share and one-half of one non-transferable common share purchase warrant, with each whole common share purchase warrant entitling the holder thereof to purchase one common share of the Company at an exercise price of $0.35 until July 24, 2020. In connection with the private placement, TriStar paid to arm's length finders aggregate cash finders' fees of Can$199,199 and issued an aggregate of 72,546 non-transferable finders' compensation options having the same terms as the warrants.

On February 7, 2018, a total of 100,000 options were granted to a member of the Company's Advisory Committee. The options expire on February 7, 2023 and have an exercise price of Can$0.28 per option.