TRISTAR GOLD, INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in United States Dollars)

For the three and nine month periods ended September 30, 2018 and 2017

Reader's Note: These condensed consolidated interim financial statements for the three and nine month periods ended September 30, 2018 and 2017 of TriStar Gold, Inc. have been prepared by management and have not been subject to review by the Company's auditor.

TriStar Gold, Inc.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited)

(Expressed in United States Dollars)

	September 30, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents (Note 7)	**$ 1,337,641**	$ 960,281
Accounts receivable	**7,636**	12,268
Prepaid expenses	**51,055**	41,661
Total current assets	**1,396,332**	1,014,210
Non-current assets:		
Mineral properties and deferred expenditures (Note 8)	**19,048,547**	17,440,667
Plant and equipment, net (Note 9)	**35,684**	3,353
Total non-current assets	**19,084,231**	17,444,020
Total assets	**$ 20,480,563**	$ 18,458,230
Liabilities and Shareholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 157,078**	$ 487,363
Total current liabilities	**157,078**	487,363
Non-current liabilities:		
Provisions (Note 10)	**307,869**	322,713
Warrants liability (Note 11)	**395,820**	253,944
Total non-current liabilities	**703,689**	576,657
Total liabilities	**860,767**	1,064,020
Shareholders' equity:		
Share capital (Note 12)	**43,886,034**	41,432,191
Capital reserve (Note 12, Note 13, Note 14, and Note 15)	**4,474,610**	4,445,316
Accumulated deficit	**(28,740,848)**	(28,483,297)
Total shareholders' equity	**19,619,796**	17,394,210
Total liabilities and shareholders' equity	**$ 20,480,563**	$ 18,458,230

Nature of Operations and Going Concern (Note 2)
Commitments and Contingencies (Note 19)

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 condensed consolidated interim financial statements.

TriStar Gold, Inc.

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)
(Unaudited)

(Expressed in United States Dollars)

	Three months ended		Nine months ended	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
Expenses:				
General and administrative (Note 16 and Note 18)	**$ 428,031**	$ 886,778	**$ 1,354,823**	$ 1,867,010
Foreign exchange (gain) losses	**40,290**	(87,148)	**42,173**	(231,082)
	468,321	799,630	**1,396,996**	1,635,928
Other income (expenses):				
Warrants liability fair value change (Note 11)	**276,817**	1,017,730	**1,139,387**	1,097,436
Bank charges	**(1,429)**	(1,470)	**(4,675)**	(4,005)
Loss on equipment disposal (Note 9)	**(399)**	-	**(655)**	-
Interest income	**820**	4,269	**5,388**	12,249
Gain on sale of property	**-**	5,763	**-**	5,763
	275,809	1,026,292	**1,139,445**	1,111,443
Net income (loss) and comprehensive income (loss) for the period	**$ (192,512)**	$ 226,662	**$ (257,551)**	$ (524,485)
Basic income (loss) per share (Note 17)	**$ (0.00)**	$ 0.00	**$ (0.00)**	$ (0.00)
Diluted loss per share (Note 17)	**$ (0.00)**	$ (0.00)	**$ (0.00)**	$ (0.00)
Basic weighted-average number of shares outstanding (Note 17)	**174,734,331**	155,511,235	**169,462,766**	148,114,238
Diluted weighted-average number of shares outstanding (Note 17)	**174,734,331**	168,790,825	**169,462,766**	148,114,238

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

TriStar Gold, Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Unaudited)

(Expressed in United States Dollars)

	Common Shares		Capital Reserve	Deficit and Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Number	**Amount**			
Balance at December 31, 2017	**155,524,143**	**$ 41,432,191**	**$ 4,445,316**	**$ (28,483,297)**	**$ 17,394,210**
Shares issued on financing, net of share issued cost (Note 12)	23,230,297	2,453,843	-	-	2,453,843
Stock-based compensation (Note 12 and Note 14)	-	-	29,294	-	29,294
Net loss and comprehensive loss for the period	-	-	-	(257,551)	(257,551)
Balance at September 30, 2018	**178,754,440**	**$ 43,886,034**	**$ 4,474,610**	**$ (28,740,848)**	**$ 19,619,796**

	Common Shares		Capital Reserve	Deficit and Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Number	Amount			
Balance at December 31, 2016	135,523,769	$38,389,642	$ 3,791,752	$ (27,663,223)	$ 14,518,171
Shares issued on exercise of warrants (Note 11 and Note 12)	2,829,607	522,232	-	-	522,232
Shares issued on financing, net of share issued cost (Note 12)	17,108,267	2,497,147	-	-	2,497,147
Shares issued on exercise of agent's compensation options (Note 12 and Note 13)	62,500	23,170	(8,271)	-	14,899
Stock-based compensation (Note 12, Note 13 and Note 14)	-	-	636,402	-	636,402
Net loss and comprehensive loss for the period	-	-	-	(524,485)	(524,485)
Balance at September 30, 2017	155,524,143	$41,432,191	$ 4,419,883	$ (28,187,708)	$ 17,664,366

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

TriStar Gold, Inc.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited)

(Expressed in United States Dollars)

	For the three months ended		For the nine months ended	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
Operating activities				
Net income (loss) for the period	**$ (192,512)**	$ 226,662	**$ (257,551)**	$ (524,485)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation (Note 9)	**560**	289	**1,396**	928
Stock-based compensation (Note 12 and Note 14)	**-**	498,080	**17,658**	571,179
Gain on sale of property	**-**	(5,763)	**-**	(5,763)
Warrants liability fair value change (Note 11)	**(276,817)**	(1,017,730)	**(1,139,387)**	(1,097,436)
Disposal of equipment net value (Note 9)	**399**	-	**655**	-
Changes in non-cash operating working capital:				
Accounts receivable	**(4,942)**	129	**4,634**	(3,816)
Prepaid expenses	**(1,819)**	(1,154)	**(9,394)**	4,609
Accounts payable and accrued liabilities	**21,181**	68,132	**(330,285)**	190,114
Provisions (Note 10)	**22,455**	21,308	**(14,844)**	27,495
Net cash used in operating activities	**(431,495)**	(210,047)	**(1,727,118)**	(837,175)
Investing activities				
Mineral properties acquisition and exploration (Note 8 and Note 9)	**(412,847)**	(1,693,555)	**(1,597,652)**	(2,858,818)
Purchase of equipment (Note 9)	**-**	(1,762)	**(44,610)**	(3,619)
Sale of property	**-**	5,763	**-**	5,763
Net cash used in investing activities	**(412,847)**	(1,689,554)	**(1,642,262)**	(2,856,674)
Financing activities				
Net proceeds from financing (Note 12)	**1,550,889**	(4,724)	**3,746,740**	3,407,076
Proceeds from exercise of warrants (Note 12)	**-**	-	**-**	425,438
Proceeds from exercise of agent compensation options (Note 12 and Note 13)	**-**	14,899	**-**	14,899
Net cash provided by financing activities	**1,550,889**	10,175	**3,746,740**	3,847,413
Net increase (decrease) in cash and cash equivalents	**706,547**	(1,899,426)	**377,360**	153,564
Cash and cash equivalents, beginning of period	**631,094**	3,717,253	**960,281**	1,674,263
Cash and cash equivalents, end of period	**$ 1,337,641**	$ 1,827,287	**$ 1,337,641**	$ 1,827,827

See accompanying notes which are an integral part of these condensed consolidated interim 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 assets of Brazauro Resources Corporation ("Brazauro") as a result of an Arrangement Agreement (the "Arrangement") between Brazauro and Eldorado Gold Corporation ("Eldorado"). 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 advancing the exploration 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 three month period ended September 30, 2018, the Company reported a net loss of $192,512 (September 30, 2017: net income of $226,662). The Company's accumulated deficit at September 30, 2018, was $28,740,848 (December 31, 2017: $28,483,297). The unaudited condensed consolidated interim financial statements ("consolidated 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 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 Income (Loss) that may be necessary if the Company was unable to continue as a going concern.

3. Basis of Presentation

Statement of Compliance

The consolidated financial statements for the three and nine month periods ended September 30, 2018 and 2017 have been prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34"). Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB") in effect at September 30, 2018, have been omitted or condensed.

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 26, 2018.

3. Basis of Presentation (continued)

Basis of measurement

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

4. Significant Accounting Policies

These consolidated financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2017, audited annual consolidated financial statements. The accompanying unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2017.

5. Critical Accounting Judgments and Key sources of estimation uncertainty

The preparation of the Company's condensed consolidated interim 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.

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.

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

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.

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 following IFRS standards became effective for the Company beginning on January 1, 2018:

a) IFRS 9- *Financial Instruments* ("IFRS 9 ") replaced IAS 39. It provides a revised model for the recognition and measurement of financial instruments and a single, forward-looking expected loss impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. The adoption of IFRS 9 did not materially affect the financial reports of the Company because there were no adjustments to the classification of financial assets and liabilities, the expected credit loss impairment model did not impact the Company and the reformed approach to hedge accounting had no impact because the Company is not required to apply hedge accounting.

b) IFRS 15, *"Revenue from Contracts with Customers"* replaced 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 was adopted by the Company on January 1, 2018, and because the Company has no product or service revenue from other parties, this standard did not impact the financial reports of the Company.

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.

(Expressed in United States Dollars)

6. Recent and Future Changes in Accounting Pronouncements (continued)

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, but because the Company does not have any material lease agreements, its impact should be immaterial.

7. Cash and Cash Equivalents

Cash and cash equivalents include:

		Balance at September 30, 2018		Balance at December 31, 2017
Cash:				
Cash at bank	**$**	**120,707**	$	60,448
Investment accounts		**1,216,934**		899,833
Total	**$**	**1,337,641**	$	960,281

As at September 30, 2018, the investment accounts include a Canadian Redeemable Short Term Investment Certificate (RSTIC) for a total balance of $249,000 (December 31, 2017: nil) with an annual interest rate of 1.4% and maturity date of less than a year and saving accounts for a balance of $967,934 (December 31, 2017: $899,833).

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.

(Expressed in United States Dollars)

8. Mineral Properties and Deferred Expenditures (continued)

Castelo de Sonhos Property (Brazil) (continued)

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.

Mineral properties and deferred expenditures were as follows:

	Balance at December 31, 2017	**Additions**	**Impairments/ Write-Offs**	**Balance at September 30, 2018**
Castelo de Sonhos Properties:				
Acquisition costs	**$ 3,303,945**	$ -	$ -	**$ 3,303,945**
Exploration costs	**14,136,722**	1,607,880	-	**15,744,602**
Total Carrying Amount	**$ 17,440,667**	**$ 1,607,880**	**$ -**	**$ 19,048,547**

	Balance at December 31, 2016	Additions	Impairments/ Write-Offs	Balance at September 30, 2017
Castelo de Sonhos Properties:				
Acquisition costs	$ 3,303,945	$ -	$ -	$ 3,303,945
Exploration costs	10,744,617	2,858,818	-	13,603,435
Total Carrying Amount	$ 14,048,562	$ 2,858,818	$ -	$ 16,907,380

During the periods ended September 30, 2018 and 2017, the additions to exploration costs include the following:

	Three months ended		**Nine months ended**	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
Castelo de Sonhos Properties:				
Camp costs (Note 9)	**$ 44,392**	$ 145,716	**$ 202,874**	$ 390,854
Wages, salaries and benefits costs (Note 18)	**211,183**	207,706	**515,156**	528,424
Geological analysis costs	**69,106**	221,836	**158,193**	326,561
Drilling costs	**-**	936,158	**530,695**	1,333,812
Other costs	**93,307**	182,139	**200,962**	279,167
Total Exploration Costs	**$ 417,988**	$ 1,693,555	**$ 1,607,880**	$ 2,858,818

9. Plant and Equipment

During the period ended September 30, 2018, depreciation expenses in the amount of $10,228 were reported in Mineral properties and deferred expenditures (Note 8) under exploration cost of the Castelo de Sonhos project (September 30, 2017: nil).

Plant and equipment were as follows:

(Expressed in United States Dollars)

9. Plant and Equipment (continued)

	Balance at December 31, 2017	Additions	Disposals	Balance at September 30, 2018
Cost:				
Furniture	**$ 2,464**	$ -	$ -	**$ 2,464**
Office equipment	**15,356**	3,485	(1,599)	**17,241**
Vehicles	**188,088**	40,486	-	**228,574**
Field equipment	**55,268**	639	-	**55,907**
Total costs	**261,176**	44,610	(1,599)	**304,186**
Accumulated Depreciation:				
Furniture	**(2,464)**	-	-	**(2,464)**
Office equipment	**(12,003)**	(1,396)	944	**(12,454)**
Vehicles	**(188,088)**	(10,121)	-	**(198,209)**
Field equipment	**(55,268)**	(106)	-	**(55,375)**
Total accumulated depreciation	**(257,823)**	(11,624)	944	**(268,502)**
Total net book value	**$ 3,353**	$ 38,687	$ (655)	**$ 35,684**

	Balance at December 31, 2016	Additions	Disposals	Balance at September 30, 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)	(928)	14,318	(11,616)
Vehicles	(213,969)	-	25,881	(188,088)
Field equipment	(55,268)	-	-	(55,268)
Total accumulated depreciation	(303,921)	(928)	47,413	(257,436)
Total net book value	$ 1,049	$ 2,691	$ -	$ 3,740

10. Provisions

The provision represents the Company's estimate of the taxes it may have to pay on a possible contingent liability for labor severance obligations in Brazil. 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:

	Three months ended		**Nine months ended**	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
Balance at beginning of the period	**$ 285,413**	$ 316,874	**$ 322,713**	$ 310,687
Change in provision estimate	22,455	21,308	(14,844)	27,495
Balance at end of the period	**$ 307,869**	$ 338,182	**$ 307,869**	$ 338,182

10. Provisions (continued)

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) and the foreign exchange effects, which accounted for the variation in the provision, are included in foreign exchange gains and losses.

During the period of three and nine months ended September 30, 2018, included in the change in the provision estimate are $14,060 and $60,852; respectively, from effect of exchange rates (September 30, 2017: $14,057 and $8,750; respectively).

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 through profit and loss at each reporting date based upon a Black-Scholes Option Pricing Model. At initial recognition when warrants are issued the Company allocates their full fair value as a warranty liability 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 Income (Loss) for the period.

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 $62,705.

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.

During the nine month period ended September 30, 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 warrant's liability was allocated to common shares.

In January 2018, under a private placement, the Company issued 6,490,147 share purchase warrants exercisable to acquire 6,490,147 shares at Can$0.35 per share until July 2020. The estimated fair value of the warrant liability at issuance was $931,163.

In August 2018, under a private placement, the Company issued 5,125,000 share purchase warrants exercisable to acquire 5,125,000 shares at Can$0.25 per share until February 2021. The estimated fair value of the warrant liability at issuance was $350,100.

In July 2018, a total of 7,094,104 share purchase warrants with an exercise price of Can$0.55 expired unexercised and were cancelled. The estimated fair value of the warrant liability at expiry date was nil.

The following is a summary of changes in warrants:

	Number of Warrants	Weighted Average Exercise Price	Amount
Balance at December 31, 2017	**15,648,238**	Can$0.50	**$ 253,944**
Issued warrants	11,615,147	Can$0.31	1,281,263
Warrants expired	(7,094,104)	Can$0.55	-
Warrants liability fair value change	-	-	(1,139,387)
Balance at September 30, 2018	**20,169,281**	Can$0.37	**$ 395,820**

(Expressed in United States Dollars)

11. Warrants Liability (continued)

	Number of Warrants	Weighted Average Exercise Price	Amount
Balance at December 31, 2016	11,124,711	Can$0.42	$ 782,874
Exercise of warrants	(2,829,607)	Can$0.20	(96,797)
Warrants expired	(1,201,000)	Can$0.20	(62,704)
Issued warrants	8,554,134	Can$0.45	844,707
Warrants liability fair value change	-	-	(1,034,732)
Balance at September 30, 2017	15,648,238	Can$0.50	$ 433,348

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

	Three months ended		**Nine months ended**	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
Warrants liability fair value change	$ 276,817	$ 1,017,730	$ 1,139,387	$ 1,034,732
Warrants expired	-	-	-	62,704
Balance	**$ 276,817**	$ 1,017,730	**$ 1,139,387**	$ 1,097,436

As at September 30, 2018, outstanding warrants are as follows:

Number of Warrants	**Weighted Average Exercise Price**	**Issuance Date**	**Expiry Date**
8,554,134	Can$0.45	April 28, 2017	April 28, 2019
6,490,147	Can$0.35	January 24, 2018	July 24, 2020
3,600,000	Can$0.25	August 3, 2018	February 3, 2021
1,525,000	Can$0.25	August 10, 2018	February 10, 2021
20,169,281	**Can$0.36**		

At September 30, 2018 and 2017 the fair value of the Company’s warrants was estimated using the Black-Scholes option-pricing model with the following assumptions:

	September 30, 2018	September 30, 2017
Expected dividend yield	**0%**	0%
Expected volatility	**79.25% - 84.72%**	75.03% - 84.76%
Risk-free interest rate	**2.11%**	1.22%
Expected life	**7 - 28 months**	9 - 19 months
Share Price	**Can$0.155**	Can$0.235

12. Share Capital and Capital Reserve

The Company's authorized share capital consists of an unlimited number of common shares without par value. As at September 30, 2018, the Company had 178,754,440 common shares outstanding, and a total of 36,344,823 common shares were reserved for issuance after exercise of options and warrants outstanding.

a. 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 $96,795 representing the fair value of the warrants liability, were allocated to common shares in the period.

b. 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 $167,191 for net proceeds of $3,411,799. 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 $2,501,871 in Common Shares.

c. In April 2017, upon closing of the short prospectus financing, 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 $73,099 was recorded in capital reserve. The options expire on April 18, 2021 and have an exercise price of Can$0.28 per share.

d. 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.

e. 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.

f. 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 $2,313,946 from which the Company deducted cash finder's fees in the amount of $89,735 and share issue costs, including legal and other fees paid, in the amount of $28,359 for net proceeds of $2,195,851. Each unit in this financing consists of one common share and one half (1/2) of one non-transferable common share purchase warrant. Each of the 6,490,147 whole common share purchase warrants entitles the holder to purchase one additional common share of the Company at Can$0.35 per share until July 24, 2020. The fair value of warrants issued in the amount of $931,163 was recorded in warrants liability. In addition, the Company issued 72,546 agent's compensation options, having the same terms as the warrants, and the estimated fair value at grant date of $10,409 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 $1,254,280 in Common Shares.

g. On February 7, 2018, a total of 100,000 stock options, with an exercise price of Can$0.28 per option, were granted to a member of the Company's Advisory Committee. The options expire on February 7, 2023 and had an estimated fair value at grant date of $17,658.

(Expressed in United States Dollars)

12. Share Capital and Capital Reserve (continued)

h. On August 10, 2018, the Company closed the second and final tranche of the private placement financing announced in May 27, 2018 and July 7, 2018, consisting of 10,250,000 units at the price of Can$0.20 per unit for gross proceeds of $1,574,274 from which the Company deducted cash finder's fees in the amount of $2,692 and share issue costs, including legal and other fees paid, in the amount of $20,693 for net proceeds of $1,550,889. Each unit in this financing consists of one common share and one half (1/2) of one non-transferable common share purchase warrant. Each of the 5,125,000 whole common share purchase warrants entitles the holder to purchase one additional common share of the Company at Can$0.25 per share until February 10, 2021. The fair value of warrants issued in the amount of $350,100 was recorded in warrants liability. In addition, the Company issued 17,500 agent's compensation options, having the same terms as the warrants, and the estimated fair value at grant date of $1,226 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 $1,199,563 in Common Shares.

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

	Common Shares		**Capital**
	Number	**Amount**	**Reserve**
Balance at December 31, 2017	**155,524,143**	**$ 41,432,191**	**$ 4,445,316**
Shares issued on financing, net of share issue cost	23,230,297	2,453,843	-
Stock-based compensation	-	-	29,294
Balance at September 30, 2018	**178,754,440**	**$ 43,886,034**	**$ 4,474,610**

	Common Shares		Capital
	Number	Amount	Reserve
Balance at December 31, 2016	135,523,769	$ 38,389,642	$ 3,791,752
Shares issued on exercise of warrants	2,829,607	522,232	-
Shares issued on financing, net of share issued cost	17,108,267	2,497,147	-
Shares issued on exercise of agent's compensation options	62,500	23,170	(8,271)
Stock-based compensation	-	-	636,402
Balance at September 30, 2017	155,524,143	$ 41,432,191	$ 4,419,883

13. Agent Compensation Options

As part of its financings the Company has issued some agent compensation options.

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

(Expressed in United States Dollars)

13. Agent Compensation Options (continued)

	Number of Options Outstanding	**Number of Options Exercisable**	**Weighted Average Exercise Price of Options (in Can$)**
Balance at December 31, 2017	**1,209,868**	**1,209,868**	**$ 0.38**
Compensation Options Granted	90,046	90,046	$ 0.33
Compensation Options Expired	(549,372)	(549,372)	$ 0.30
Balance at September 30, 2018	**750,542**	**750,542**	**$ 0.44**

	Number of Options Outstanding	Number of Options Exercisable	Weighted Average Exercise Price of Options (in Can$)
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 September 30, 2017	1,209,868	1,209,868	$ 0.38

On January 24, 2018, the Company issued 72,546 agent's compensation options with an exercise price of Can$0.35 per option. The compensation options expire on July 24, 2020. The estimated fair value at grant date of $10,409 was recorded in capital reserve.

On August 3, 2018, the Company issued 17,500 agent's compensation options with an exercise price of Can$0.25 per option. The compensation options expire on February 3, 2021. The estimated fair value at grant date of $1,226 was recorded in capital reserve.

During the nine month period ended September 30, 2018, a total of 549,372 agent compensation options with a weighted average exercise price of Can$0.30 expired unexercised and were cancelled (September 30, 2017: nil).

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 three and nine month periods ended September 30, 2018, was Can$0.25 and Can$0.33 per option; respectively (September 30, 2017: Can$0.45). The weighted average fair value at issue date of agent compensation options issued during the three and nine month periods ended September 30, 2018, was Can$0.09 and Can$0.17 per option; respectively (September 30, 2017: Can$0.13).

During the periods of three and nine month ended September 30, 2018 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:

(Expressed in United States Dollars)

13. Agent Compensation Options (continued)

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Expected dividend yield	**0%**	0%
Expected volatility	**85.20% - 109.32%**	114.18%
Risk-free interest rate	**1.64% - 1.77%**	0.73%
Expected life	**2.5 years**	2 years
Share Price	**Can$0.20 - Can$0.30**	Can$0.28
Weighted average fair value of options granted	**Can$0.09 - Can$0.17**	Can$0.13

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 agent compensation options outstanding at September 30, 2018:

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
4/28/2017	660,496	Can$0.45	$ 297,223	$ 65,223	0.6	4/28/2019
1/24/2018	72,546	Can$0.35	25,391	10,409	1.8	7/24/2020
8/3/2018	17,500	Can$0.25	4,375	1,226	2.3	2/3/2021
	750,542		**$ 326,989**	**$ 76,858**	**0.7**	

The weighted average exercise price of the agent compensation options outstanding at September 30, 2018, is Can$0.44 (September 30, 2017: Can$0.38).

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.

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:

(Expressed in United States Dollars)

14. Stock Option Plan (continued)

	Number of Options Outstanding	Number of Options Vested	Weighted Average Exercise Price of Options (in Can$)
Balance at December 31, 2017	**15,325,000**	**15,325,000**	**$ 0.20**
Options granted	100,000	100,000	$ 0.28
Balance at September 30, 2018	**15,425,000**	**15,425,000**	**$ 0.20**

	Number of Options Outstanding	Number of Options Exercisable	Weighted Average Exercise Price of Options (in Can$)
Balance at December 31, 2016	13,590,000	13,215,000	$ 0.21
Options Granted	2,975,000	2,975,000	$ 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 September 30, 2017	15,175,000	15,175,000	$ 0.20

On February 7, 2018, a total of 100,000 stock options, with an exercise price of Can$0.28 per option, were granted to a member of the Company's Advisory Committee. The options expire on February 7, 2023 and had an estimated fair value at grant date of $17,658.

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.

During the nine month period ended September 30, 2017, a total of 750,000 options with exercise prices between Can$0.15 and Can$0.45 per option were cancelled.

During the nine month period ended September 30, 2017, a total of 640,000 options with an exercise price of Can$0.45, granted to directors, consultants and employees on August 23, 2012, expired unexercised (September 30, 2018: nil).

During the nine month period ended September 30, 2017, 375,000 options with an exercise price of Can$0.28, originally granted to a consultant on April 19, 2016, vested. The total estimated fair value at grant date of $146,196 was recorded in capital reserve.

The weighted average exercise price of options granted during the three and nine month periods ended September 30, 2018, was Can$0.28 per option (September 30, 2017: Can$0.25).

The weighted average fair value at grant date of options granted during the three and nine month periods ended September 30, 2018, was Can$0.22 per option (September 30, 2017: Can$0.21).

During the three and nine month periods ended September 30, 2018 and 2017 the estimated forfeiture rates were nil.

The fair value of options granted during the period ended September 30, 2018, has been estimated as of the date of grant using the Black-Scholes option-pricing model with the following assumptions:

(Expressed in United States Dollars)

14. Stock Option Plan (continued)

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Expected dividend yield	**0%**	0%
Expected volatility	**109.77%**	112.26%
Risk-free interest rate	**2.01%**	1.39%
Expected life	**5 years**	2 years
Share Price	**Can$0.28**	Can$0.26
Weighted average fair value of options granted	**Can$0.22**	Can$0.21

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 stock options outstanding at September 30, 2018:

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	0.5	4/29/2019
2/12/2015	1,600,000	1,600,000	Can$0.20	320,000	177,992	1.3	2/11/2020
12/10/2015	8,375,000	8,375,000	Can$0.18	1,507,500	1,361,668	2.1	12/9/2020
4/19/2016	750,000	750,000	Can$0.28	210,000	146,196	2.5	4/18/2021
9/28/2017	2,975,000	2,975,000	Can$0.25	743,750	498,080	3.9	9/27/2022
10/20/2017	150,000	150,000	Can$0.25	37,500	25,434	4	10/19/2022
2/7/2018	100,000	100,000	Can$0.28	28,000	17,658	4.3	2/7/2023
	15,425,000	**15,425,000**		**$ 3,068,022**	**$ 2,331,977**	**2.3**	

The weighted average exercise price of the options outstanding at September 30, 2018, is Can$0.20 (September 30, 2017: 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 Income (Loss):

	Three months ended		**Nine months ended**	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
Consulting fees	-	$ 272,061	$ 17,658	$ 345,160
Salaries and benefits	-	226,019	-	226,019
	-	$ 498,080	**$ 17,658**	$ 571,179

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:

	Three months ended		Nine months ended	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
Consulting and professional fees (Notes 15 and Note 18)	**$ 76,257**	$ 335,808	**$ 277,682**	$ 577,314
Change in provisions (Note 10)	**36,515**	7,251	**46,008**	18,745
Depreciation (Note 9)	**560**	289	**1,396**	928
Insurance	**2,873**	3,304	**8,306**	9,319
Office	**8,911**	23,872	**40,868**	52,553
Rent	**10,776**	16,040	**30,092**	55,325
Salaries and benefits (Note 15 and Note 18)	**235,881**	444,977	**687,537**	957,977
Shareholder relations	**43,934**	34,705	**201,428**	98,828
Travel and meals	**12,324**	20,532	**61,506**	96,021
Total	**$ 428,031**	$ 886,778	**$ 1,354,823**	$ 1,867,010

17. Basic and Diluted Loss per Share

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

	Three months ended		Nine months ended	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
<u>Numerator</u>:				
Net income (loss)	**$ (192,512)**	$ 226,662	**$ (257,551)**	$ (524,485)
Numerator for basic income (loss) per share	**(192,512)**	226,662	**(257,551)**	(524,485)
Effect of warrants dilution	**-**	(1,017,730)	**-**	-
Numerator for diluted loss per share	**$ (192,512)**	$ (791,068)	**$ (257,551)**	$ (524,485)
<u>Denominator</u>:				
Initial balance of issued common shares	**168,504,440**	155,461,643	**155,524,143**	135,523,769
Effect of shares issued on financing	**6,229,891**	-	**13,938,623**	9,776,153
Effect of warrants exercised	**-**	-	**-**	2,797,604
Effect of agent options exercised	**-**	49,592	**-**	16,712
Denominator for basic income (loss) per share	**174,734,331**	155,511,235	**169,462,766**	148,114,238
Effect of diluted securities: Options	**-**	13,279,588	**-**	-
Denominator for diluted loss per share	**174,734,331**	168,790,825	**169,462,766**	148,114,238
Basic income (loss) per share	**$ (0.00)**	$ 0.00	**$ (0.00)**	$ (0.00)
Diluted loss per share	**$ (0.00)**	$ (0.00)	**$ (0.00)**	$ (0.00)

(Expressed in United States Dollars)

17. Basic and Diluted Loss per Share (continued)

During the three and nine month periods ended September 30, 2018 and the nine month period ended September 30, 2017 the warrants and stock options were excluded from the computation of diluted loss per share as their inclusion would be antidilutive.

18. Related Party Transactions

Key management personnel compensation comprised:

	Three months ended		**Nine months ended**	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
Short term employee benefits: Salaries (Note 16)	**$ 143,412**	$ 172,953	**$ 472,639**	$ 522,458
Consulting fees	144,880	52,288	243,063	155,008
Stock-based compensation (Note 15 and Note 16)	-	322,287	-	322,287
	$ 288,292	$ 547,528	**$ 715,702**	$ 999,753

For the nine month ended September 30, 2018, short term employee benefits received by key management personnel in the amount of $18,412 (September 30, 2017: $55,762) were reported in Mineral properties and deferred expenditures (Note 8) under exploration cost of the Castelo de Sonhos project, and the amount of $454,227 (September 30, 2017: $466,696) was recorded in the salaries and benefits expenses account (Note 16) in the Consolidated Statements of Comprehensive Income (Loss).

During the three and nine month periods ended September 30, 2018, the Company paid consulting fees of $144,880 and $243,063 respectively (September 30, 2017: $52,288 and $155,008 respectively) to directors and officers for advisory services and did not pay any directors' fees.

For the nine month ended September 30, 2018, consulting fees paid to key management personnel in Brazil in the amount of $208,103 (September 30, 2017: $120,552) were reported in Mineral properties and deferred expenditures (Note 8) under exploration cost of the Castelo de Sonhos project.

As of September 30, 2018, the total number of outstanding warrants and options held by directors and officers of the Company was 500,000 and 11,175,000, respectively (September 30, 2017: 1,977,839 and 11,175,000, respectively).

During the period ended September 30, 2018, directors and officers participated for a total of 1,000,000 units in the private placement closed on August 10, 2018 (September 30, 2018: nil).

During the nine month period ended September 30, 2017, a director exercised a total of 1,316,067 warrants (September 30, 2018: nil).

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.

19. Commitments and Contingencies

The Company leases offices in USA, Brazil and Canada, and houses in Brazil with expiration dates ranging between December 2018 and July 2019, 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.

(Expressed in United States Dollars)

19. Commitments and Contingencies (continued)

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.

20. 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 September 30, 2018		
Corporate Office	$ 2,502,221	$ 495,612
Mineral Exploration	17,978,342	365,155
Total	**$ 20,480,563**	**$ 860,767**
As at September 30, 2017		
Corporate Office	$ 2,656,163	$ 551,524
Mineral Exploration	16,151,384	591,657
Total	$ 18,807,547	$ 1,143,181

	Three months ended		Nine months ended	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
Net Income (loss)				
Corporate Office	$ (146,067)	$ 297,635	$ (182,013)	$ (328,700)
Mineral Exploration	(46,445)	(70,973)	(75,538)	(195,785)
Total	**$ (192,512)**	$ 226,662	**$ (257,551)**	$ (524,485)

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

	Canada	United States	Brazil	Total
As at September 30, 2018				
Mineral properties and deferred expenditures (Note 8)	$ -	$ -	$ 19,048,547	**$ 19,048,547**
Plant and equipment (Note 9)	-	4,787	30,897	**35,684**
Total non-current assets	**$ -**	**$ 4,787**	**$ 19,079,444**	**$ 19,084,231**
As at September 30, 2017				
Mineral properties and deferred expenditures (Note 8)	$ -	$ -	$ 16,907,380	$ 16,907,380
Plant and equipment (Note 9)	-	3,740	-	3,740
Total non-current assets	$ -	$ 3,740	$ 16,907,380	$ 16,911,120

21. 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.

22. 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.

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.

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

Interest Rate Risk (continued)

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 September 30, 2018. 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 September 30, 2018, a one percent change in the interest rate would change interest income by approximately $11,000 (September 30, 2017: 11,000). 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.

Translation exposure

A strengthening of the U.S. dollar by 10% against the Canadian dollar and the Brazilian Real at September 30, 2018, with all other variables held constant would have decreased the Company's before tax net loss by approximately $82,000 (at September 30, 2017: $29,000) as a result of a change in value of the financial assets and liabilities denominated in those currencies.

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:

	September 30, 2018		December 31, 2017	
	Canadian dollar	**Brazilian Real**	Canadian dollar	Brazilian Real
Cash and cash equivalents	$ 13,203	$ 10,370	$ 22,292	$ 16,705
Accounts receivable	5,059	2,448	536	10,427
Prepaid expenses	47,736	-	32,592	-
Accounts payable and accrued liabilities	(92,551)	(57,287)	(325,522)	(63,987)
Provisions	-	(307,869)	-	(322,713)
Warrants liability	(395,820)	-	(253,944)	-
Net balance sheet exposure	**$ (422,373)**	**$ (352,338)**	$ (524,046)	$ (359,568)

23. 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.

(Expressed in United States Dollars)

23. Fair Value Measurements (continued)

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 September 30, 2018, the Company's assets and liabilities measured at fair value on a recurring basis were as follows:

	Level 1	Level 2	Level 3
Assets			
Cash and cash equivalents (Note 7)	$ 1,337,641	$ -	$ -
Liabilities			
Warrants liability (Note 11)	-	395,820	-
	$ 1,337,641	**$ 395,820**	**$ -**

The following table provides the carrying value and the fair value of financial instruments at September 30, 2018:

	Carrying Amount	Fair Value
Financial assets		
Cash and cash equivalents (Note 7)	$ 1,337,641	$ 1,337,641
Accounts receivable	7,636	7,636
	$ 1,345,277	**$ 1,345,277**
Financial liabilities		
Accounts payable and accrued liabilities	**$ 157,078**	**$ 157,078**
Derivative instruments		
Warrants liability (Note 11)	**$ 395,820**	**$ 395,820**

24. Subsequent Events

A total of 725,000 stock options granted to employees were cancelled after the period ended September 30, 2018.