ROYAL ROAD MINERALS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2018

Introduction

The following is Management Discussion & Analysis ("MD&A") of the consolidated financial condition and results of operations of Royal Road Minerals Limited (the "Company" or "RRM") which constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2018. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the fiscal years ended December 31, 2018 and 2017, together with the notes thereto. This MD&A contains references to Canadian dollars, United States dollars, British pounds sterling and Colombian Pesos. All amounts are presented in Canadian dollars, unless otherwise indicated, and United States dollars and British pounds sterling are referred to as "US$" and "£", respectively. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. Information contained herein is presented as at April 30, 2019, unless otherwise indicated.

The Company's consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or on SEDAR at www.sedar.com.

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained in this MD&A constitute forward-looking statements; as such term is defined under applicable securities laws. These statements relate to future events or future performance and reflect management's expectations and assumptions regarding the growth, results of operations, performances and business prospects and opportunities of the Company. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "intend", "will", "project", "could", "believe", "predict", "potential", "should" or the negative of these terms or other similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance, achievements or events to differ materially from those anticipated, discussed or implied in such forward-looking statements. The Company believes the expectations reflected in such forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A and should be considered carefully and investors should not place undue reliance on them as the Company cannot assure investors that actual results will be consistent with these forward-looking statements.

These statements speak only as of the date of this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about: (i) general business and economic conditions; (ii) the supply and demand for, deliveries of, and the level and volatility of prices of gold and other precious metals; (iii) the timing of the receipt of any outstanding regulatory and governmental approvals for the Company's projects; (iv) the ability to meet social and environmental standards and expectations; (v) the availability of financing for the Company's development of its properties on reasonable terms; (vi) the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; (vii) the ability to attract and retain skilled staff; (viii) exploration and development timetables; and (ix) capital expenditure and operating cost estimates.

These forward-looking statements involve risks and uncertainties relating to, among other things, exploration and development risks, changes in commodity and, particularly, gold prices, access to skilled mining personnel, results of exploration and development activities, uninsured risks, regulatory changes, defects in title, availability of materials and equipment, timeliness of government approvals and unanticipated environmental impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the risk factors contained in this MD&A. Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. The Company cautions that the foregoing list of important factors is not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The Company does not undertake any obligation to publicly update or revise any forward-looking statements except as expressly required by applicable securities law.

Description of Business

The Company is a mineral exploration and development company specializing in highly prospective but under prospected regions. The Company is now focused on the exploration and development of its Colombian and Nicaraguan properties.

The Company was incorporated under the Companies (Jersey) Law 1991 on May 6, 2010 as "Tigris Resources Limited". On April 10, 2015, the Company changed its name to "Royal Road Minerals Limited" and amended its share capital structure by converting all of its par value shares to no par value shares and consolidating its then outstanding shares on the basis of two pre-consolidation shares for every one post-consolidation share. On April 15, 2015, the Company completed a business combination transaction (the "Arrangement") by way of an arrangement under the Business Corporations Act (Alberta), whereby the Company acquired its wholly-owned subsidiary Royal Road Minerals Canada Limited, a corporation resulting from the amalgamation of Kirkcaldy Capital Corp. and Royal Road Minerals Canada Limited. As a result of the Arrangement, on April 20, 2015, the ordinary shares of the Company were listed and commenced trading on the TSX Venture Exchange (the "TSXV") under the trading symbol "RYR". The Company's registered and head office is located at 4 Wharf Street, Suite 30, St. Helier, Jersey, Channel Islands, JE2 3NR.

On January 20, 2017, the Company made a formal offer (the "Offer") to purchase all of the outstanding common shares of Caza Gold Corp. ("Caza") on the basis of 0.16 of an ordinary share of RRM for each common share of Caza. In March 2017, the Company completed the compulsory acquisition of all of the remaining outstanding common shares of Caza. Consideration was measured at fair value of the Company's shares, being 24,054,258 shares at $0.09 per share and total transaction cost of $177,138 as the transaction is an asset purchase.

On July 6, 2017, the Company announced that it has completed an internal reorganization to facilitate the disposal of non-operational assets in Mexico and streamline its corporate structure. Through this reorganization, ownership of the Company's' key operating subsidiary in Nicaragua was transferred by Caza to RRM, and its non-operational assets in Mexico were disposed of through the sale of an aggregate of 134,886,372 Caza common shares to an arm's length purchaser, Generic Capital Corporation (the "Purchaser"), in exchange for cash proceeds of $80,000 for net assets of $227,410 resulting in a gain on disposition of $307,410. The sale is expected to improve the organizational efficiency of the Company, but is otherwise insignificant to its current business operations.

Colombia

In Colombia, the Company has entered into a strategic alliance with Economías Sociales del Común (ECOMUN) and is advancing on social license and regional copper and gold exploration across its extensive package of exploration applications in Nariño Province of southern Colombia. The Company is also actively reviewing copper and gold acquisition and other joint-venture opportunities in Colombia.

Nicaragua

In Nicaragua, the Company has a 50-50 Strategic Alliance with Hemco, a subsidiary of Grupo Mineros de Colombia (MINEROS:CB), a mining group listed on the Bogotá stock exchange, and is advancing drill permits on three projects, the Los Andes porphyry copper and gold project, the Luna Roja gold project, and the Caribe gold project.

Corporate and Operational achievements

Corporate update

Private placements

On February 15, 2018, the Company closed two financing transactions (collectively, the "Financing Transactions"), pursuant to which the Company issued an aggregate of 33,620,487 ordinary shares of the Company at a price of $0.16 per ordinary share for aggregate gross proceeds of $5,379,278.

Pursuant to the Financing Transactions, the Company issued, on a private placement basis, 10,178,437 ordinary Shares to Barrick Gold Corporation ("Barrick") in completion of a strategic investment in the Company by Barrick, and 23,442,050 ordinary shares pursuant to a brokered offering led by Pollitt & Co. Inc., as lead agent, together with Sprott Capital Partners, a division of Sprott Private Wealth LP, as agents (the "Agents") to the Company.

In connection with the Financing Transactions, the Company paid a total cash commission to the Agents of $334,057 and issued 2,017,230 broker warrants (the "Broker Warrants") pursuant to the private placement. Each Broker Warrant entitles the holder to acquire one ordinary share of the Company at a price of $0.16 until February 15, 2020.

Purchase of additional non-controlling interest

On February 15, 2018, the Company issued 2,000,000 shares to as consideration for an additional 5% equity interest in Minerales Camino Real S.A.S. ("RRM Colombia"). As at December 31, 2018, Royal Road Minerals held an ownership interest of 98% of the total equity of RRM Colombia.

Stock option grants

On June 6, 2018, the Company granted incentive stock options to purchase an aggregate of 4,000,000 ordinary shares of the Company pursuant to the Company's stock option plan. The options are exercisable until June 1, 2020 at a price of $0.15 per share and shall vest as to 30% of the options, 60 days from the grant date; as to a further 30% of the options, 90 days from the grant date; and as to the remainder of the options, 120 days from the grant date.

Appointment and resignation of directors and officers

On June 6, 2018, the Company announced the appointment of Roderick Corrie as Chief Financial Officer and as a director of the Company. Mr. Corrie was a founding shareholder and previously served as a director of the Company from May 2010 to 2014. In addition, the Company announced that Ivan Devia, formerly Vice President Operations, would assume the role of Chief Operating Officer, overseeing exploration and development operations in Colombia and Nicaragua.

Subsequent Events

On January 24, 2019, the Company announced the appointment of Ardem Keshishian as Chief Financial Officer, replacing Roderick Corrie, who resigned from this position and as a director of the Company. Mr. Keshishian was granted incentive stock options to purchase an aggregate of 1,000,000 ordinary shares of the Company pursuant to the Company's stock option plan. The options are exercisable until January 23, 2023 at a price of $0.10 per share and shall vest as to 30% of the options, 60 days from the grant date; as to a further 30% of the options, 90 days from the grant date; and as to the remainder of the options, 120 days from the grant date. The Company also announced that Daniel De Narvaez, assumed the role of Executive Director, Latin America, while continuing to serve on the Company's board of directors.

Royal Road Minerals to Acquire Colombian Exploration Assets from AngloGold Ashanti Limited

On March 5, 2019, the Company announced that it entered into a definitive stock purchase agreement (the "Agreement") with Compañía Kedahda Limited (the "Seller"), an affiliate of AngloGold Ashanti Limited ("AngloGold Ashanti"), to acquire Northern Colombia Holdings Limited ("NC Holdings"). NC Holdings in turn owns Exploraciones Northern Colombia SAS ("ENC") which owns a title package (collectively, the "Titles") comprised of mining concession agreements covering approximately 36,000 hectares of land, and the rights with respect to applications that have been made to acquire mining concessions over approximately 215,000 hectares of land, in prospective mineral belts in the Nariño, Cauca and Antioquia departments of Colombia (the "Transaction").

The Transaction if completed, is expected to significantly increase the Company's portfolio of potential Tier 1 exploration assets and provides it with various options for joint-venture and cash generating transactions in Colombia.

The Titles are grouped into two blocks, the Southern Block, which is located contiguous with the Company's existing 3500 square kilometers of exploration rights in Nariño Province and the Northern Block, which covers the well-known Middle Cauca Belt, a region hosting over 50 million ounces of recently discovered gold resources. There are 16 currently identified individual gold project areas located within the title package and numerous underexplored areas which management believes host significant geologic potential. The Company's initial focus will be on granted titles containing targets that can be moved to the drilling-stage as soon as possible.

Transaction Details

Under the terms of the Agreement, the Company agreed to acquire from the Seller all of the issued and outstanding shares of NC Holdings. NC Holdings indirectly holds, through two wholly owned subsidiaries, all of the issued and outstanding shares of ENC, which is the holder of the mineral concession Titles and is the assignee of the rights to any Titles that are granted to AngloGold Ashanti Colombia S.A. (the "Assigning Company"), an affiliate of Anglo Ashanti, pursuant to title applications made by the Assigning Company to the National Mining Agency of Colombia (Agencia Nacional de Minería).

In consideration for the purchase of the shares of NC Holdings, the Company agreed to pay the Seller a purchase price of US$4,655,462 on completion of the Transaction. In addition, the Company has granted the following contingent considerations to the Seller:

- If at any time after the closing of the Transaction, Royal Road Minerals completes a technical report pursuant to NI 43-101 that discloses for the first time an inferred mineral resource of not less than one million gold equivalent ounces on a specific area within the lands subject to any of the Titles held by the Company or any of its affiliates, such specific area shall be designated as a "Specific Project", and the following provisions shall apply with respect to each such Specific Project identified:

  - An amount equal to five million dollars (US$5,000,000) shall be payable within 90 days following the date on which such technical report for the Specific Project is completed; and

  - a further amount equal to five million dollars (US$5,000,000) shall be payable within 90 days following the date on which a feasibility study for such Specific Project is completed and delivered to the Seller; and

  - a further amount equal to five million dollars (US$5,000,000) shall be payable within 90 days from the commencement of commercial production for the Specific Project; and

  - a further aggregate amount equal to twenty million dollars (US$20,000,000), payable in four equal installments of five million dollars (US$5,000,000) on the date that is 90 days following the end of each of the Company's four consecutive fiscal quarters immediately following the commencement of commercial production for the Specific Project.

- If at any time after Closing, the Company completes a feasibility study that discloses for the first time an inferred mineral resource of not less than five million gold equivalent ounces on a Specific Project, the Seller shall have a one-time option (the "Feasibility Option") to purchase a 75% interest in the Specific Project for a purchase price in an amount equal to the sum of the following amounts:

  - An amount equal to three (3) times the aggregate sum of all exploration expenditures up to and including the feasibility study funded by Royal Road Minerals; plus

  - An amount equal to the aggregate sum of all exploration expenditures funded by Royal Road Minerals for that Specific Project from the feasibility option date until the completion of the transfer of the purchased interest.

If the Seller exercises the Feasibility Option for a Specific Project, then the Company will no longer be required to pay the payments on and following commercial production for the Specific Project for which the Seller has exercised the Feasibility Option.

The Agreement contains customary representations, warranties, covenants and conditions for transactions similar to the Transaction. In addition, the obligations of the Company to complete the Transaction are subject to the fulfilment of certain conditions on or before the closing of the Transaction, including, among others, the following conditions:

- the Company shall have obtained any required approvals of the TSX Venture Exchange and the relevant authorities in Jersey in connection with the acquisition contemplated by this Agreement.

- The Seller shall have obtained the required approval to implement the Transaction from the South African Reserve Bank.

The Transaction is expected to close on or before May 31, 2019.

Responsible Corporate Citizen – Royal Road Accelerator Ltd.

Royal Road Accelerator Ltd., incorporated in March 2019.

Royal Road Accelerator Ltd., a 100% owned subsidiary of Royal Road Minerals Limited, is a commercial enterprise, which identifies, incubates and commercializes potentially dividend-paying businesses which greatly benefit the rural communities in and around Royal Road Minerals' exploration and development projects.

New projects can start life as a good idea, as an unrecognized opportunity or as an obvious synergy. Once the Royal road Minerals team establishes that a community project has the potential to be profitable and scalable it is presented to the Royal Road Accelerator Ltd. Board for consideration. If after rigorous testing a project is considered viable, a new company is established and seed-funding is sourced. Depending on a project's potential, it may remain a private enterprise or it may seek to IPO on a recognized international market.

Current Projects

- Cloris Limited: Cloris Limited is a non-listed, fully incubated, and self-funded business soon to be engaged in the commercial production of industrial hemp and industrial hemp products in Nariño province of southern Colombia, an area with rich underutilised agricultural resources ideal for the large-scale cultivation of industrial hemp. Cloris has a unique post-conflict co-operative model with ECOMUN ensuring local cross-community involvement with up to 1000 local farmers.

  As at December 31, 2018, Royal Road Minerals owned an 18% equity position in Cloris Limited, pursuant to a $100,000 equity investment.

- Sacha Inchi: Nariño not only offers mining potential that has yet to be sufficiently explored, but also presents great possibilities to implement sustainable productive projects, such as the cultivation of the Plukenetia volubilis L plant, well-known as Sacha Inchi. Sacha Inchi is of high nutritional value, the edible oil contains a high content of essential fatty acids, vegetable protein, Omega 3, 6 and 9, rich in antioxidants, Vitamin A and E, and essential amino acids. In 2004, 2006, 2007, and 2008 Sacha Inchi oil was awarded as the best oil in the world at the World Ethnic & Specialty Food Show.

- Hombre Grande: The Hombre Grande project is part of the biodiversity and mining joint venture between Royal Road Minerals and Nicaragua's Centro de Entendimiento con la Naturaleza (CEN). Hombre Grande (quassia amara) is used in traditional medicine and as an additive in the food industry. An opportunity in Nicaragua exists as local suppliers are limited by the lack of seeds and management. The Hombre Grande project is a research level project.

Royal Road Minerals Announces Private Placement Financing

On April 30, 2019, the Company announced that it has entered into an agreement with Pollitt & Co. Inc., whereby the Company has engaged Pollitt & Co. Inc. as its agent in connection with a proposed private placement offering of up to 40,000,000 ordinary shares of the Company, at a price of $0.20 per Share, for gross proceeds to the Company of up to $8,000,000, to be conducted on a best-efforts agency basis.

The net proceeds received by the Company from the Offering will be used to finance the completion of the Transaction and for working capital and general corporate purposes.

The closing of the private placement offering is expected to occur on or about May 17, 2019, and is subject to the receipt of necessary regulatory approvals, including the approval of the TSX Venture Exchange. All securities issued in connection with the private placement offering will be subject to a statutory four-month hold period.

In consideration for its services, Pollitt & Co. Inc. will receive a cash commission equal to 6.0% of the gross proceeds of the private placement offering. As additional compensation, the Company will issue to Pollitt & Co. Inc. warrants to purchase a number of ordinary shares equal to 6.0% of the number of ordinary shares issued under the private placement offering at a price per ordinary share equal to $0.20.

The securities offered under the private placement offering have not been, and will not be, registered under the U.S. Securities Act or any U.S. state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, United States persons absent registration or any applicable exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

Acquisition of the Minority Interest in the Colombia Subsidiary

On April 30, 2019, the Company also announced that it has agreed to acquire the remaining 2% minority equity interest in Minerales Camino Real S.A.S., following which Minerales Camino Real S.A.S. will become a wholly owned subsidiary of the Company.

Under the terms of the acquisition of the 2% minority interest, the Company will issue 1,200,000 ordinary shares as consideration for the minority equity interest. The closing of the acquisition of the 2% minority interest is expected to occur concurrently with the closing of the private placement offering, subject to obtaining any necessary regulatory approvals.

The acquisition of the 2% minority interest constitutes a "related party transaction" within the meaning of TSX Venture Exchange Policy 5.9 and Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("MI 61-101") because the minority equity interest is being acquired from Ivan Devía Manchola, the Company's Chief Operating Officer. The Company is relying on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101, as neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction exceeds 25% of the Company's market capitalization. The Company did not file a material change report in respect of the related party transaction at least 21 days before the closing of the minority interest acquisition, which the Company deems reasonable in the circumstances so as to be able to complete the acquisition of the minority interest concurrently with the private placement offering and avail itself of the proceeds of the private placement offering in an expeditious manner.

Mineral properties

Exploration update

Set forth in this section is a description of RRM's material mineral projects. All scientific and technical data contained in this MD&A have been reviewed and approved by Dr. Tim Coughlin, BSc (Geology), MSc (Exploration and Mining), PhD (Structural Geology), FAusIMM, President and Chief Executive Officer of RRM and a qualified person as defined by National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("**NI 43-101**"). The scientific and technical information relating to the La Golondrina Project set forth in this MD&A has been derived from, and in some instances is an extract from, or is based on the report entitled "*NI43-101 Technical Report, Royal Road Minerals, La Golondrina Project, La Llanada-Sotomayor Gold District, Nariño, Colombia*" (the "**Technical Report**"), dated December 2015 and prepared for RRM by Dr. Dennis Arne, P.Geo (BC), MAIG, RPGeo, FAAG and Thomas Branch MSc., FGS. Dr Arne is a "Qualified Person" in accordance with NI 43-101. Dr. Arne, and Mr. Branch are each independent of RRM. Portions of this section are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Technical Report, which is available for review on SEDAR at www.sedar.com. The technical information contained herein has been updated with current information where applicable.

<u>La Redención Project</u>

Property Description and Location

The La Redención Project is a small underground mine development project located approximately 450 meters north of the license boundary of the La Golondrina gold project (option agreement terminated on November 14, 2017) in the Nariño Province of southern Colombia. The La Redención gold project is held under a 25-hectare mining license. The project has not yet been drill-tested and exposure in underground development reveals that the mineralized system has the same geological characteristics as the La Golondrina gold project. In July 2017, the Environmental permit for La Redención was awarded meaning drilling applications may now be submitted for approval.

Mineralization

Where exposed, gold mineralization at La Redención is most similar to the "vein-zone" style of gold mineralization at La Golondrina and comprises three or more shallow-dipping parallel veins with subsidiary linking vein structures hosted in tonalite and also in hornfels and extending over widths that exceed one meter and, in some cases, dip off into the floor or roof of the underground development. Saw-cut channel sampling across vein zones have returned from 2 to 57 grams per tonne gold and sampling across stockwork veinlet zones have returned weighted average grades of 3.5 gram per tonne gold over 2 meters.

Exploration Work to Date and Plans for the Project

Exploration work at La Redención to-date has comprised underground saw-cut channel sampling only. Drilling is required to determine whether the project represents an underground high-grade target or a bulk-tonnage target similar to that at La Golondrina. La Redención is located at an elevation of some 600 meters below that of La Golondrina and is consequently in a more topographically favorable setting for a potential bulk-tonnage project. However, the mining license area is small and requires the acquisition of surrounding exploration concession contracts for it to present a viable target of significant size potential. The Company is actively seeking the acquisition of surrounding license areas and working with its partners ECOMUN on securing social license.

On March 30, 2019, the Company terminated its option agreement on the La Redención Project.

Regional Exploration, La Llanada Goldfield and Nariño Region

The Company has filed applications for concession contracts on a first-come, first-served basis covering prospective areas amounting to approximately 350 thousand Hectares in the Western Cordillera of Nariño Province, Colombia. The area under application extends down to the Ecuador border, sits upstream from the Magui-Payan and Barbacoas alluvial goldfields and surrounds many known small workings, but is relatively unknown from a geological and economic perspective due to previous security and access issues. In July 2017, the Agencia Nacional de Mineria (ANM), the licensing authority in Colombia, commenced the process of converting the Company's Nariño applications into Concession Contracts. A Concession Contract is a license to operate; contracts are signed initially for a term of 30-years and cover the Exploration, Construction and Exploitation stages of mine development.

On December 18, 2017, the Company announced that it had entered into a definitive agreement (the "Agreement") with Economías Sociales del Común ("Ecomún") in support of its gold and copper exploration projects in the Nariño Province in southern Colombia. The Agreement provides for the support of Royal Road's long-term mineral exploration and development plans in Nariño Province, aligns Royal Road with the Colombian Government's post-conflict aspirations, as contemplated by the British Embassy's Business and Peace Initiative (to which Royal Road is a signatory), and demands an exemplary level of social engagement and environmental stewardship from both parties.

Ecomún is a joint social and economic organization, which was formed by Presidential Decree on May 29, 2017, with funding and other support provided by the Colombian government and with the aim of collective and individual economic and social reincorporation of the members of the Revolutionary Armed Forces of Colombia People's Army (FARC-EP), in accordance with the final peace agreement, between the Government of Colombia and the FARC-EP on November 24, 2016. This Agreement is the first of its kind since the 2016 peace agreement.

The agreement includes the following key terms:

- Social and environmental programs conducted under the Agreement will be managed by a Management Committee comprised of representatives from Royal Road, Ecomún, local communities and nominated independents.
- Community Liaison Committees will be established and will report to the Management Committee.
- The parties will collaborate to formalize currently illegal mining operations in the area of influence with a specific focus on eradicating the use of mercury and assisting operators in meeting their operational, environmental and social obligations under the law.
- Ecomún will provide Royal Road with collaboration and assistance with obtaining the social license necessary for it to carry out exploration and potential future development of mineral projects in Nariño Province.
- Ecomún will work decisively in order to obtain the support of community leaders in the area of influence.
- Ecomún will assist Royal Road in working with local ethnic and non-ethnic communities to enable it to gain the support for its operations and to implement its social and community programs.
- The activities of the parties are to be carried out in accordance with Ecomún's corporate purpose of achieving the reincorporation of members of the FARC-EP into civilian life.
- In all aspects pertaining to environmental and social risk management, Royal Road will follow performance standards that are in line with the Equator Principles.
- In exchange for Ecomún's performance of its obligations under the proposed definitive agreement, Royal Road will grant to Ecomún a net smelter royalty equal to one percent (1%) of the gold and copper produced from its mining projects in Nariño Province. This royalty is entirely for the benefit of local communities and both parties and the Management Committee will collaborate to ensure fully transparent distribution of funds.
- Additionally, Royal Road will grant a net smelter royalty (the "NSR") equal to one percent (1%) of the gold and copper produced from its mining projects in Nariño Province on a case by case basis, directly to community managed institutions.

- The royalty applies to individual mine projects and is non-transferable up to the point of commercial production of the projects, provided that if Ecomún or community managed institutions wish to transfer or alienate the NSR prior to such time, Ecomún or community managed institutions must offer to transfer the NSR to Royal Road's subsidiary, which will then have the exclusive right to purchase the NSR for a sum in Colombian pesos equivalent to ten million United States of America dollars (US $10,000,000) per 1% of the NSR, with proceeds destined entirely for the benefit of local communities and both parties and the Management Committee collaborating to ensure a fully transparent distribution of funds.

Since executing the Agreement, Royal Road and Ecomún have established the Management Committee, commenced health-safety and technical training of ex-combatants, commenced social engagement with local communities and initiated reconnaissance field work in Nariño.

Nicaragua

On September 6, 2017, Royal Road executed a strategic alliance agreement with Hemco S.A. ("Hemco"), forming a strategic alliance (the "Alliance") for mineral exploration in Nicaragua.

The objective of the Alliance is to identify and explore gold and copper targets in Nicaragua in the areas covered by Royal Road's and Hemco's respective specified existing licenses, which together cover large regions of highly prospective and under-explored land areas and include in excess of 35 currently identified prospect areas. The Alliance will bring together two experienced project generation and exploration teams with track records of success. Royal Road and Hemco will share their collective experience and databases, co-fund early stage exploration programs, and jointly seek to advance their current projects and pursue new projects in Nicaragua. In particular, the Alliance is initially focused on defining reserves in excess of two million ounces of gold (or gold equivalent) recoverable.

Hemco is a subsidiary of Grupo Mineros S.A. (MINEROS:CB), Colombia's second largest gold producer, and a holder of licenses covering an area approximately 200,000 hectares in the historic mining region of northeastern Nicaragua known as the "Golden Triangle". By virtue of the Company's Strategic Alliance with Mineros, the Company is the largest exploration license holder in Nicaragua.

Under the terms of the Alliance, Hemco and Royal Road will jointly fund on an equal basis, initial project generation and exploration of targets. At any time after the commencement of permitted drilling of any project area, parties may elect to define such project area as a "designated project area" (a "DPA") following-which, the applicable rights and licenses for such DPA will be held by a newly formed joint venture company, with Royal Road and Hemco each initially holding an equal 50% proportionate equity interest thereof. All project costs of any such joint venture will be co-funded by the parties based on their respective ownership of the joint venture, which will be subject to dilution in the event funds are not contributed as required. If a party's interest in a joint venture is diluted below 15% of the total interest, such party's interest in the joint venture will automatically convert to a 1.5% net smelter return royalty. The terms of the Alliance also restrict the parties from transferring their respective interests in the relevant licenses covered by the Alliance, except in accordance with the agreement between the parties, which includes reciprocal rights of first refusal with respect to transfers to third parties. Royal Road will be the operator under the Alliance and any joint ventures formed thereunder, and certain decisions of the operator will be subject to the approval of a management committee consisting of two representatives of each of Hemco and Royal Road.

On March 20, 2018, the Company announced that, through its wholly owned Nicaraguan subsidiary, Nicaza S.A., it has entered into a collaborative agreement ("The Collaboration Agreement") with Nicaraguan environmental Non-Governmental Organization, the Centro de Entendimiento con la Naturaleza ("The CEN").

The Collaboration Agreement provides for Royal Road and the CEN to work together to design and implement inclusive strategies involving different stakeholders in the Company's areas of influence and allowing the parties to put into practice, effective methods to protect biodiversity, water sources and soil. Under the terms of the Collaboration

Agreement, the CEN will provide socio-environmental advice and Royal Road will ensure best practices and favourable conditions for the execution of jointly-developed socio-environmental strategies.

Luna Roja Property (Nicaragua)

The newly identified Luna Roja project forms a part of the Company's 50-50 Strategic-Alliance agreement with Mineros Nicaragua-Hemco (a subsidiary of Colombia's Grupo Mineros S.A. MINEROS:CB) and is located in the highly prospective Golden Triangle of northeastern Nicaragua, a region characterized by epithermal style gold veins, skarn and porphyry-style mines that have combined to produce in excess of an estimated 8 million ounces of gold since the early 1900's. Mineros Nicaragua-Hemco own and operate the Bonanza gold mine in the Golden Triangle. Royal Road Minerals is operator of the Strategic Alliance.

The Luna Roja project is a gold-skarn mineralized system. Gold skarn generally occurs as massive bodies with individual outcrops ranging from 2 to 25 meters in width and 2 to 50 meters in strike length. Skarn bodies are subvertical or dip steeply towards the southwest and where exposed, the skarn system extends over a known strike distance of 1100 meters and over a width of 380 meters. The system remains open under recent cover rocks and is interpreted to continue down-plunge towards the southeast. The company has previously collected 318 continuous rock-chip channels from 50 localities across the project (see Press Release September 25, 2018). So far, the company has collected 318 continuous rock-chip channel samples from 50 localities over an area of 550 x 250 meters across the project, with results including:

- 40.65 meters at 2.5 grams per tonne gold
- 23.5 meters at 5.1 grams per tonne gold
- 21.85 meters at 1.1 grams per tonne gold
- 13.4 meters at 0.9 grams per tonne gold
- 12.0 meters at 7.1 grams per tonne gold
- 8.4 meters at 7.2 grams per tonne gold
- 8.3 meters at 3.2 grams per tonne gold
- 7.25 meters at 2.0 grams per tonne gold
- 5.05 meters at 2.3 grams per tonne gold
- 6.5 meters at 4.0 grams per tonne gold
- 6.15 meters at 8.1 grams per tonne gold
- 6.0 meters at 6.4 grams per tonne gold
- 5.5 meters at 12.2 grams per tonne gold
- 5.2 meters at 7.0 grams per tonne gold
- 4.8 meters at 9.1 grams per tonne gold

Follow up grid-based deep auger soil-sampling has identified a coherent and strong gold anomaly extending beyond outcropping occurrences and defining an area of some 1500 by 500 meters (see Press Release March 12, 2019). 184 soil samples were collected from 25 meter centers on 200 meter spaced lines using a hand-held auger and sampling at depths of three to four meters below soil and saprolite. Results range from below detection limit to a maximum of 21.9 grams per tonne gold and the mean of all results is .32 grams per tonne gold.

The Company is currently finalizing the drill-permitting process at Luna Roja and expects to commence the first drilling program at the project in Q3 of 2019.

Piedra Iman Property (Nicaragua)

The Piedra Iman project was acquired by Royal Road through its acquisition of Caza Gold in March 2017. The project covers a large alteration zone identifying an intrusion-related iron oxide copper – gold (IOCG) system. Title has been received for 7,947.27 Ha.

The Piedra Imán project was initially explored in the early 1970's by Noranda Inc. Noranda's work included the drilling of 17 shallow diamond drill holes and the development of one exploration adit. Noranda's drilling and underground sampling intersected significant widths of copper mineralization including DDH-851 (36.6 meters at 1.13% Copper), DDH-876 (14.8 meters at 1.65% Copper), DDH-846 (14.3 meters at 1.42% Copper) and DDH-818 (9.1 meters at 1.50% Copper). Samples were only sporadically assayed for gold, but drilling results included one interval of 3.6 meters at 6.3 grams per tonne gold. These results were provided in analogue format, are historic in nature and have not been verified by a qualified person. Historic maps indicate that the exploration adit intersected gold and copper along its strike length with gold only mineralization dominating the southwestern end of the adit and combined copper and gold mineralization dominating the northeastern extent of the adit. There are no reports available to verify the style of adit sampling or to confirm the underground grades labelled on historic maps. Noranda abandoned the project due to the onset of hostilities related with the Sandinista revolution in 1974.

CAZA completed detailed mapping at Piedra Iman, along with reconnaissance exploration within the peripheral regions.

On the June 21, 2017, Royal Road released results from saw cut channel sampling at Piedra Iman. A total of 9 channels were cut and sampled on 1 meter intervals over a total strike distance of approximately 400 metrers. Best results were:

- Channel 4 – 20 meters at 1.10% copper and 5 meters at 0.95% Copper
- Channel 8 – 8 meters at 1.05% copper and 1.13 grams per tonne gold
- Channel 7 – 5 meters at 0.28% copper and 2.50 grams per tonne gold
- Channel 2 – 9 meters at 0.70% copper
- Channel 5 – 6 meters at 0.87% copper

Highest individual results for copper and gold were 1 meter at 2.69% and 1 meter at 7.5 grams per tonne respectively.

In November 2017, Royal Road commenced a 9-hole reverse circulation drilling program at Piedra Iman. Drilling mostly targeted the copper intersections returned by Noranda in the 1970's. Results included best intersections of PI006; 8 meters at 9.3 grams per tonne gold and 31 meters at 0.5% copper, PI-008; 103 meters at 0.36% copper and PI-007, 40 meters at 0.38% copper. Gold and copper mineralization are hosted in the same magmatic breccia but are spatially distinct, with gold generally occurring structurally below and possibly adjacent to the copper mineralization. The drilling results failed to confirm the copper intersections reported by Noranda in the early 1970's but imply that a possibly separate gold mineralized breccia body is located subjacent to the copper mineralization and may correspond with gold grades intersected by Noranda in the exploration adit.

The historic exploration adit is now fully-open along its approximately 270 meter length and saw-cut channel sampling has advanced from the adit entrance to the point where Noranda reported historic channel sampling results of 52 meters at 6.2 grams per tonne gold (1974; not JORC compliant). Breccia-style mineralization associated with albite, actinolite, tourmaline and magnetite has been identified along this section. The Company's drilling (see Press Release March, 1 2018) revealed that this style of alteration is associated with gold mineralization (best result; 8 meters at 9.3 grams per tonne gold). Results from underground saw-cut channel sampling were not significant enough to warrant further exploration at this stage, but geological mapping implies potential at depth. The Company is considering a joint-venture on the project with a view to completing a magnetic and radiometric survey and defining deep drilling objectives.

Los Andes Project (Nicaragua)

The Los Andes project was acquired by Royal Road through its acquisition of Caza Gold in March 2017.

The Los Andes district is located 90 km from Managua in the Department of Boaco. Access is via a major paved highway from Managua. The property consists of a number of gold and copper-gold targets occurring around a well-defined caldera structure. The targets are typically high sulfidation epithermal and porphyry in style, with some low-sulfidation epithermal style mineralization around the peripheries. The entire Los Andes property covers 15,603.13 Ha of titled claims, 100% controlled by the Company under five mineral concessions: Los Andes, Los Andes I and Los Andes Union in the center of the trend (total of 5338.23 Ha); El Pochote in the south (8674.90 Ha); and El Espejo in the north (1590.00 Ha).

Caza completed detailed mapping and sampling at Los Andes over an area of 10 square kilometers. A series of andesitic volcanic rocks exhibit features typical of high sulfidation system, including silicification, argillic and advanced argillic alteration. Surface mapping and sampling outlined a large area along a 2.5 kilometers trend with anomalous gold, silver, copper and trace elements, coincident with the alteration. Gold values up to 1.8 grams per tonne gold along with silver values up to 197 grams per tonne silver had been collected in rock samples within this area of alteration. In April 2015, a high resolution helicopter-borne magnetic and radiometric survey covering some 55 square kilometers over the main Los Andes area was completed. The survey totaled approximately 550 line kilometers at 100 meter spacing flown at a 50 meter altitude. Review of the initial results had identified a number of anomalous areas and had enhanced the structural model of the Los Andes trend. A magnetic high was centered over the Quisaltepe area, interpreted as a large, buried intrusive body. At least four other magnetic highs, likely intrusive bodies, associated with alteration and surface geochemical anomalies, were identified as follow-up prospects. Two short exploration drilling campaigns were conducted in 2015. In October 2015, five shallow diamond drill holes were completed for a total of 1,161 meters. The drill holes intersected strong argillic and silica alteration with anomalous values of silver and copper.

QZP-003 was located in the Quisaltepe area and was the only drill hole collared into an outcropping porphyry body and associated pyrite alteration. The last 130 meters of QZP-003 intersecting intensely altered and pyritic breccia anomalous in copper and which is interpreted as a "pyrite-shell", related to potential underlying porphyry-style copper (± gold) mineralization.

Recent modelling and re-interpretation of the geochemical data collected from over 1500 rock samples, together with new soil geochemical analyses and short-wave Infrared (SWIR) satellite imagery, have highlighted an area of "porphyry core-indicator" and "porphyry core-specific" minerals and metals supporting the interpretation of an underlying porphyry copper-gold body. The geochemical and geophysical anomalies indicate that any potentially economic mineralization would be located at a depth in excess of 200 meters below the surface. The Royal Road exploration team has carefully positioned two scout drill holes to test the underlying porphyry copper-gold target and now has all permits in place to drill test the property.

Caribe Project, Golden Triangle (Nicaragua)

In February 2018, during reconnaissance follow-up of airborne geophysical anomalies, the Company's exploration team identified a new prospect known as "Caribe" (see Press Release May 15, 2018). Topographically, the Caribe area is relatively planar, outcrop is limited to creek exposures and there is no previous record of mineralization in the area. Initial grab sampling of strongly weathered, argillic-altered and variably-brecciated felsic volcanic float material returned anomalous gold with associated anomalous values in molybdenum and arsenic. Follow-up deep auger soil sampling was then conducted using a 3-meter long hand-auger to access the residual soil horizon located below the organic and saprolitic layers. Soil-sampling to-date has identified a strongly anomalous area of gold geochemistry (range 20 to 983ppb, mean 149ppb gold) of 600 by 400 meters in area which remains open to the north and east. Additionally, 18 small 1 meter square and 2 to 3 meter deep shafts were dug in order to expose bed-rock, assist mapping and collect channel and grab rock-chip samples. The highest grab rock-chip sample collected from these shafts to-date returned 3.5 grams per tonne gold from quartz-veinlet stockwork hosted in strongly oxidized rhyodacite with potassium feldspar alteration.

Shaft and float mapping at Caribe reveal that gold mineralization is associated predominantly with stringer-style veinlets hosted in strongly argillic-altered felsic volcanic rocks located in the immediate roof and/or adjacent to dioritic intrusive rocks. Due to intense weathering the preservation of hypogene assemblages is highly localized, but where observed, suggests that hydrothermal alteration is represented by strongly pervasive chlorite, locally pervasive epidote and microcrystalline-quartz-rich stringers with associated potassic feldspar and pyrite.

Deep auger soil sampling is currently being extended to the east of the current anomaly but the Company now considers the Caribe project as drill-ready. The exploration team has positioned a series of scout drill holes and commenced the application process for drilling permissions.

Golden Triangle (Nicaragua)

The Golden Triangle is a well-known historic mining region located in northeastern Nicaragua. The area is host to three historic mines, Santa Rita–Rosita (Skarn Cu-Au), La Luz–Siuna (Skarn Au-Cu) and Bonanza (Low Sulfidation Epithermal). Since 1900 the district has produced in excess of 8 million ounces of gold from mainly epithermal vein systems, porphyry deposits and skarns.

Hemco own and operate the Bonanza gold mine and manage an innovative artisanal toll-treatment program from two bespoke plants. Mining at Bonanza commenced in the 1880's. Colombia's Mineros SA acquired Hemco and commenced management of the project in 2013. Today the mine is operated as a combined underground and open-pit operation.

Access is via light plane (Cessna Grand Caravan) from the capital Managua or via variably sealed and poor quality unsealed road. Flight time is approximately one hour.

The Golden Triangle area is hosted in calk-alkaline volcanic and intrusive rocks of reportedly island arc affinity and late Cretaceous Paleocene age. The arc was apparently accreted to the Chortis Block of southern Honduras during the Paleocene. It is generally accepted that porphyry and skarn style copper and gold mineralization was emplaced during the early Paleocene and before the younger low-sulfidation vein systems.

Hemco has identified more than 30 prospect areas from within their license areas and in excess of 44 gold mineralized low-sulfidation vein systems. Hemco's current focus is on defining brownfield resources from low sulfidation vein systems within a deliverable distance of the Bonanza mine site. The Strategic Alliances focus is on identifying gold deposits in excess of 2 million ounces gold. Initial emphasis will be on porphyry-skarn style systems of-which at-least two (the El Turco breccia, trench results: 21 meters at 2.2 grams per tonne gold and 16 meters at 4.3 grams per tonne gold and the Bambanita skarn up to 68 grams per tonne gold in rock chips) are already known.

Business Objectives

The Company is focused on the exploration and development of its precious metals mining projects in Colombia and Nicaragua.

Milestones

The most significant events or milestones that must occur for the near-term business objectives of the Company to be accomplished are to complete the transaction with AngloGold Ashanti Limited and to continue with its exploration activities in Colombia and Nicaragua.

While the Company believes that it has the skills and resources necessary to accomplish its stated business objectives, participation in the exploration for and development of mineral properties has a number of inherent risks. See the risk factors described under "Risk Factors" herein for factors that may impact the timing and success of the Company's planned activities.

Trends

Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. During the year, equity markets in Canada showed signs of improvement, with equities increasing significantly during this period. Strong equity markets are favorable conditions for completing a public merger, financing or acquisition transaction. Apart from these and the risk factors noted under the heading "Risk Factors", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations. See "Risk Factors" below.

Outlook

The Company is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. These risks include, but are not limited to, the challenges of securing adequate capital in view of exploration, development and operational risks inherent in the mining industry as well as global economic and gold price volatility. There is no assurance that the Company's funding initiatives will continue to be successful to fund its planned exploration activities, which are focused on drilling in Nicaragua and drill preparation and regional exploration in Colombia.

Contractual Obligations

As at December 31, 2018, the Company had no material contractual obligations.

Off-Balance-Sheet Arrangements

As of the date of this filing, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Overall Performance

The Company's current activities consist solely of mineral exploration. No revenue is currently generated from operational activities.

Selected Annual and Quarterly Information

The following is selected financial data derived from the audited consolidated financial statements of the Company at December 31, 2018 and 2017 and 2016 and for the years ended December 31, 2018 and 2017 and 2016.

Selected Statement of Financial Position Data

	As at December 31, 2018 ($)	**As at December 31, 2017 ($)**	**As at December 31, 2016 ($)**
Total assets	7,292,646	5,377,948	928,920
Total non-current liabilities	nil	nil	nil
Distributions and cash dividends declared	nil	nil	nil

	Year ended December 31, 2018 ($)	**Year ended December 31, 2017 ($)**	**Year ended December 31, 2016 ($)**
Revenue	nil	nil	nil
Net loss attributable to owners of the parent	4,002,732	2,279,121	1,716,456
Net loss per share (basic and diluted)	0.02	0.02	0.03

- The net loss for the year ended December 31, 2018 consisted primarily of (i) exploration and evaluation expenditures of $1,038,951, (ii) general and administrative expenses of $566,648; (iii) professional fees of $442,645; (iv) stock based compensation of $193,416, (v) employee salaries and benefits of $546,386, and (vi) Nicaragua joint operation contributions of $933,184.
- The net loss for the year ended December 31, 2017 consisted primarily of (i) exploration and evaluation expenditures of $1,072,325, (ii) general and administrative expenses of $425,014; (iii) professional fees of $269,873; (iv) stock based compensation of $407,506 and (v) employee salaries and benefits of $297,943 offset by the gain on sale of Caza.
- The net loss for the year ended December 31, 2016 consisted primarily of (i) exploration and evaluation expenditures of $822,866, (ii) general and administrative expenses of $264,655; (iii) professional fees of $278,326; and (iv) employee salaries and benefits of $218,489.

Summary of Quarterly Results

Three Months Ended	Revenue ($)	Profit or (Loss) Total ($)	Profit or (Loss) Basic and Diluted Income (Loss) Per Share ($)	Total Assets ($)
December 31, 2018(1)	nil	(1,947,183)	(0.01)	7,292,646
September 30, 2018(2)	nil	(240,788)	(0.00)	9,493,380
June 30, 2018(3)	nil	(978,784)	(0.01)	9,300,359
March 31, 2018(4)	nil	(868,552)	(0.01)	9,814,829
December 31, 2017(5)	nil	(458,582)	(0.00)	5,377,948
September 30, 2017(6)	nil	(507,035)	(0.00)	5,699,754
June 30, 2017(7)	nil	(599,042)	(0.00)	6,320,043
March 31, 2017(8)	nil	(774,921)	(0.01)	6,759,027

(1) Net loss of $1,947,183 consisted primarily of: exploration and evaluation expenditures of $545,057 (including exploration for the Hemco exploration assets), professional fees of $174,453, employee salaries and benefits of $103,230. All other expenses related to general working capital purposes.

(2) Net loss of $240,788 consisted primarily of: exploration and evaluation expenditures of $270,582, professional fees of $144,799, employee salaries and benefits of $382,615, and stock based compensation of $140,273. All other expenses related to general working capital purposes.

(3) Net loss of $978,784 consisted primarily of: exploration and evaluation expenditures of $565,972, professional fees of $78,200, employee salaries and benefits of $158,731, and stock based compensation of $71,727. All other expenses related to general working capital purposes.

(4) Net loss of $868,552 consisted primarily of: exploration and evaluation expenditures of $590,524, professional fees of $45,373, employee salaries and benefits of $92,924, and stock based compensation of $7,200. All other expenses related to general working capital purposes.

(5) Net loss of $458,582 consisted primarily of: exploration and evaluation expenditures of $453,929, professional fees of $68,740, employee salaries and benefits of $55,412, offset by gain on the sale of Caza of $386,784. All other expenses related to general working capital purposes.

(6) Net loss of $507,035 consisted primarily of: exploration and evaluation expenditures of $117,287, professional fees of $92,097, employee salaries and benefits of $89,166, and stock based compensation of $138,735. All other expenses related to general working capital purposes.

(7) Net loss of $599,042 consisted primarily of: exploration and evaluation expenditures of $291,731, professional fees of $80,516, employee salaries and benefits of $105,461, and stock based compensation of $152,767, offset by gain on the sale of Caza of $94,700. All other expenses related to general working capital purposes.

(8) Net loss of $774,921 consisted primarily of: exploration and evaluation expenditures of $209,378, professional fees of $28,520, employee salaries and benefits of $47,904, and stock based compensation of $139,851. All other expenses related to general working capital purposes.

Results of Operations

For the year ended December 31, 2018, compared with the year ended December 31, 2017:

For the year ended December 31, 2018, the Company's net loss was $4,035,307 ($0.02 per share), compared to a net loss of $2,339,580 ($0.02 per share) for the year ended December 31, 2017. The increase in net loss of $1,695,727 is a result of the following:

- Exploration and evaluation expenditures of $1,038,951 for the year ended December 31, 2018 compared to $1,072,325 for the previous year. These expenditures relate to exploration on the mineral properties in Colombia and Nicaragua.

- Loss from discontinued operations for the year ended December 31, 2017 was $37,434. Discontinued operations represent the operations of Caza Gold Corp, which was acquired and sold during the 2017 year. The main component of discontinued operation related to general and administrative expenses incurred.

- During the year ended December 31, 2018, employee salaries and benefits totaled $546,386 compared to $297,943 for the prior year. The increase during the year resulted from additional compensation paid to employees.

- Professional fees during the year ended December 31, 2018 totaled $442,645, compared to $269,873 for the year ended December 31, 2017. Professional fees include consulting and legal fees related to planned acquisition of AngloGold Ashanti Limited's exploration assets in Colombia, audit and accounting fees.

- During the year ended December 31, 2018, general and administrative totaled $566,648 compared to $425,014 for the prior year. This increase is resulted from costs associated with being a reporting issuer and necessary investor relation activities as well as increased travel expenditures.

- During the year ended December 31, 2018, stock based compensation decreased by $214,090 compared to the year ended December 31, 2017. Stock based compensation expense will vary from period to period depending upon the number of options granted and vested during the period and the fair value of the options calculated as at the grant date. During the year ended December 31, 2018, the Company granted 4,000,000 stock options compared to 6,460,000 stock options during the year ended December 31, 2017.

For the three months ended December 31, 2018, compared with the three months ended December 31, 2017:

For the three months ended December 31, 2018, the Company's net loss was $1,947,183 ($0.01 per share), compared to a net loss of $458,582 ($0.00 per share) for the three months ended December 31, 2017. The increase in net loss of $1,488,601 is a result of the following:

- Exploration and evaluation expenditure of $545,057 for the three months ended December 31, 2018 compared to $453,929 for the previous year. These expenditures relate to exploration on the mineral properties in Colombia and Nicaragua.

- During the three months ended December 31, 2018, there was stock based compensation recovery of ($18,584) due to the cancellation of stock options compared to stock based compensation recovery of ($23,847) for the three months ended December 31, 2017. Stock based compensation expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date.

- Professional fees of $174,453 for the three months ended December 31, 2018 compared to $68,740 for the previous year. Professional fees primarily related to consulting and legal fees related to the AngloGold Ashanti Limited transaction.

The Company's total assets at December 31, 2018 were $7,292,646 (December 31, 2017 - $5,377,948) against total liabilities of $212,902 (December 31, 2017 - $208,028). The increase in total assets of $1,914,698 mainly resulted from cash received from the sale of units for the private placements.

Liquidity and Financial Position

At December 31, 2018, the Company had cash and cash equivalents of $3,397,378 compared to $1,554,737 at December 31, 2017. The increase in cash and cash equivalents of $1,842,641 from December 31, 2017 resulted from cash outflow in operating activities of $3,722,645. Operating activities were affected by non-cash adjustments of depreciation of $2,416, stock based compensation of $193,416, and loss from investment in associate of $24,056. The net change in non-cash working capital balances of $92,774 because of a decrease in prepaid expenses of $70,356 and an increase in accounts payable and accrued liabilities of $22,418.

Financing activities generated cash inflow of $5,387,121 from the net proceeds of the private placement and exercise of warrants.

Investment activities included purchase of equipment of $27,638 and investment in associate of $100,000.

The Company derives no income from operations, as all of its projects since inception have been exploration projects. Accordingly, the activities of the Company have been financed by private placements of securities and its initial public offering. As the Company does not expect to generate cash flows from operations in the near future, it will continue to rely primarily upon the sale of securities to raise capital. As a result, the availability of financing, as and when needed, to fund the Company's activities cannot be assured. See "Risk Factors" below.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSXV which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2018, the Company is compliant with TSXV Policy 2.5.

During fiscal 2019, the Company's corporate head office costs are estimated to average less than $360,000 per quarter. Head office costs include professional fees, reporting issuer costs, business development costs and general and administrative costs. Head office costs exclude exploration and evaluation expenditures. The cost of acquisition and work commitments on the new acquisitions cannot be accurately estimated.

As at December 31, 2018, the Company had cash and cash equivalents of approximately $3,397,378 and accrued liabilities of $237,436. The Company is currently seeking additional sources of funding for the US$4,655,642 million purchase price of NC Holding (please refer to the Subsequent Events section "Royal Road Minerals to Acquire Colombian Exploration Assets from AngloGold Ashanti Limited"). Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or under terms favorable to the Company. See "Risk Factors" below and "Cautionary Note Regarding Forward-Looking Statements" above.

During fiscal 2019, the Company's corporate head office costs are estimated to average less than $360,000 per quarter. Head office costs include professional fees, reporting issuer costs, business development costs and general and administrative costs. Head office costs exclude exploration and evaluation expenditures. The cost of acquisition and work commitments on the new acquisitions cannot be accurately estimated.

Transactions with Related Parties

In accordance with IAS 24, key management personnel are persons responsible for planning, directing, and controlling the activities of an entity, and include executive and non-executive directors. The key management personnel of the Company are the directors and officers of the Company.

No individual party had overall control of the Company during the periods being presented. Transactions between the Company and its subsidiary have been eliminated on consolidation.

The amounts due to related parties of the Company at the reporting date, as disclosed below, arose due to transactions entered into with the related parties in the ordinary course of business.

Compensation of key management personnel of the Company

The remuneration of directors and other members of key management personnel for the periods presented were as follows:

	Year ended December 31, 2018 $	**Year ended December 31, 2017 $**
Salaries	430,942	289,537
Stock based compensation	**96,708**	**245,052**
Total salaries and benefits (1)	**527,650**	**534,589**

The Company paid certain of its key management personnel through companies associated with certain executive officers and directors.

The former Chief Financial Officer, is a senior employee of Marrelli Support Services Inc. ("MSSI"). During the year ended December 31, 2018, the Company incurred professional fees of $8,445 (2017 - $22,749).

Insiders of the Company purchased 600,000 and 1,000,000 Units of the private placement completed on February 17, 2017 and April 19, 2017, respectively.

Capital Risk Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of its properties. The capital of the Company consists of share capital, warrants, contributed surplus and accumulated deficit, which at December 31, 2018 totalled $7,079,744 (2017 - $5,169,920). The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Properties in which the Company currently has an interest are in the exploration stage, as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Financial Instruments Risk

The Company's financial instruments consist of cash and cash equivalents and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values because of their current nature.

Credit Risk

The Company's credit risk is primarily attributable to cash and cash equivalents. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of bank deposits which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Interest rate risk

The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at December 31, 2018, the Company held $3,000,000 in short-term deposit, renewed monthly.

Foreign exchange risk

As at December 31, 2018, the cash and cash equivalents was $3,397,378 (2017 - $1,554,737). The Company's cash and cash equivalents are denominated in the following currencies:

	As at December 31, 2018 $	**As at December 31, 2017 $**
Denominated in Canadian dollars	3,169,065	776,448
Denominated in US dollars	16,556	264,091
Denominated in British pound	40,465	50,589
Denominated in Colombian pesos	167,890	24,019
Denominated in Nicaraguan Cordoba	-	439,590
Denominated in Euros	3,402	-
	3,397,378	**1,554,737**

Commodity price risk

The Company is exposed to price risk with respect to commodity prices. Changes in commodity prices will impact the economics of development of the Company's mineral exploration properties. The Company's ability to raise capital to fund exploration activities is subject to risks associated with fluctuations in the market price of gold. The Company monitors commodity prices to determine the appropriate course of actions to be taken.

Share Capital

As at the date of this MD&A, the Company had 173,631,696 issued and outstanding common shares.

Stock options outstanding for the Company as at the date of this MD&A were as follows:

Options	Expiry Date	Exercise Price
200,000	April 27, 2019	$0.15
3,000,000	June 1, 2020	$0.15
700,000	August 15,2020	$0.15
1,000,000	January 23, 2023	$0.10
4,900,000		

Warrants outstanding for the Company as at the date of this MD&A were as follows:

Warrants	Expiry Date	Exercise Price
3,750,000	April 19, 2019	$0.20
2,017,230	February 15, 2020	$0.16
5,767,230		

Risk Factors

Exploration, development and mining of precious metals involve numerous inherent risks as a result of the nature of the business, global economic trends as well as local social, political, environmental and economic conditions in Jersey and Colombia, its areas of operation. As such, the Company is subject to several financial and operational risks that could have a significant impact on its ability to generate any future profitability and its levels of operating cash flows.

The Company assesses and attempts to minimize the effects of these risks through careful management and planning of its operations and hiring qualified personnel, but is subject to a number of limitations in managing risk resulting from its early stage of development and the jurisdiction of its exploration activities.

Below is a summary of the principal risks and related uncertainties facing the Company. Such risk factors could have a material adverse effect on the Company's business, financial condition and results of operations or the trading price of the Ordinary Shares.

The Company

The Company has a limited history of operations, and is in the early stage of development. As such, the Company is subject to many risks including under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. The Company does not intend to pay any dividends in the near future. The Company has limited financial resources and has no source of operating cash flow. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further development of the Company's mineral properties.

Dilution Risk

In order to finance future operations and development efforts, the Company may raise funds through the issue of Ordinary Shares or securities convertible into Ordinary Shares. The constating documents of the Company allow it to issue, among other things, an unlimited number of Ordinary Shares for such consideration and on such terms and conditions as may be established by the directors of the Company, in many cases, without the approval of shareholders. The size of future issues of Ordinary Shares or securities convertible into Ordinary Shares or the effect, if any, that future issues and sales of the Ordinary Shares will have on the price of the Ordinary Shares cannot be predicted at this time. Any transaction involving the issue of previously authorized but unissued Ordinary Shares or securities convertible into Ordinary Shares would result in dilution, possibly substantial, to present and prospective shareholders of the Company.

Possible Failure to Realize Anticipated Benefits of the AngloGold Ashanti Transaction

The Company is proposing to complete the AngloGold Ashanti transaction to create the opportunity to realize certain benefits including, among other things, an increased ability to pursue and exploration and development opportunities in Colombia. There can be no assurance that the Company, after giving effect to this transaction, will be able to realize the anticipated opportunities required to achieve the anticipated benefits.

Completion of the AngloGold Ashanti Transaction and Private Placement (Announced on April 30, 2019)

The completion of the AngloGold Ashanti transaction and Private Placement (announced on April 30, 2019) is, in each case, subject to several conditions precedent, certain of which are outside the control of the Company. In addition, there is no guarantee that the Company will be able to satisfy the requirements of the TSXV such that it will approve the Transaction and the Private Placement. There can be no certainty and the Company cannot provide any assurance, that these conditions will be satisfied, or if satisfied, when they will be satisfied. There can be no certainty that the Transaction and the Private Placement, will be completed on the terms set out in the Agreement and the agency agreement, as negotiated, or at all. In the event that any of the applicable conditions precedent are not satisfied or waived, the Transaction and the Private Placement, as the case may be, may not be completed. The parties to the Transaction have the right to terminate the Transaction in certain circumstances. Accordingly, there is no certainty, nor can the Company provide any assurance, that the Transaction will not be terminated before its completion. If either the Transaction or the Private Placement is not completed, the market price of the Company's ordinary shares may decline to the extent that the current market price reflects a market assumption that the Transaction or Private Placement will be completed.

Exploration, Development and Operations

Exploration and development of mineral deposits involves a high degree of risk which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing properties. Estimates of mineral resources and any potential determination as to whether a mineral deposit will be commercially viable can also be affected by such factors as: deposit size, grade, unusual or unexpected geological formations and metallurgy; proximity to infrastructure; metal prices which are highly cyclical; environmental factors; unforeseen technical difficulties; work interruptions; and government regulations, including regulations relating to permitting, prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration and mine development programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that any such deposit will be commercially viable or that the funds required for development can be obtained on a timely basis.

Mineral exploration and mining involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These hazards include unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of minerals, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage.

Absence of Mineral Resources

As of the date of this MD&A, no inferred and indicated resources have been defined on the Company's properties. There is no certainty that further exploration and development will result in the definition of any inferred or indicated mineral resources, or any measured resources, or probable or proven reserves on the Company's properties.

Joint Operations

During the year ended December 31, 2017, the Company entered into a joint venture with Hemco. In the future, the Company may enter into other joint venture and/or option agreements. Any failure of a joint venture partner to meet its obligations to the Company or third parties, or any disputes with respect to the parties' respective rights and obligations could have a material adverse effect on such joint ventures. In addition, the Company may be unable to exert influence over strategic decisions made in respect of properties that are the subject of such joint venture and/or option agreements. No joint ventures were entered during 2018.

Global Markets and Economic Conditions

Global financial conditions have been characterized by volatility and many financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. The fallout has resulted in the following conditions, which may have an impact on the Company: (i) volatility in commodity prices and foreign exchange rates; (ii) tightening of credit markets characterized by stricter covenant requirements for borrowers and higher interest rate fluctuations; (iii) increased counterparty risk; and (iv) volatility in the prices of publicly traded entities. Although capital markets appear to be stabilizing, a climate of volatility, illiquidity, wide credit spreads, a lack of price transparency, credit losses and tight credit conditions persists. These factors have impacted the ability of the Company to obtain equity or debt financing on terms favourable to the Company in order to fund its operations. These factors, as well as other related factors, may cause further decreases in asset values, which may result in additional impairment losses. If these increased levels of volatility and market turmoil continue, the Company's operations could continue to be adversely impacted and the trading price of its securities may be adversely affected.

Currency fluctuations

The Company is subject to currency risks. The Company's functional currency is the Canadian dollar, which is exposed to fluctuations against other currencies. For much of the year ended December 31, 2018, the Company had operations located in Colombia, Nicaragua and Peru and was exposed to fluctuations in the Colombian peso, Nicaraguan Cordoba. The Company maintains its principal office in Jersey, Channel Islands, maintains cash accounts in U.S. dollars, British Pounds and Canadian dollars and has monetary assets and liabilities in U.S. and Canadian dollars, British Pounds, Colombian pesos and Nicaraguan Cordoba. As such, the Company's results of operations are subject to foreign currency fluctuation risks and such fluctuations may adversely affect the financial position and operating results of the Company. The Company has not undertaken to mitigate transactional volatility in British Pounds, Pesos, the U.S. dollar or the Canadian dollar at this time. The Company may, however, enter into foreign currency forward contracts in order to match or partially offset existing currency exposures.

No Assurance of Title to Assets

Establishing title to mineral properties is a very detailed and time-consuming process. Title to and the area of mineral properties may be disputed. There is no guarantee of title to the property. The property may be subject to adverse land claims, prior unregistered agreements or transfers and title may be affected by undetected defects. The validity of the Company's mining claims and access rights can be uncertain and may be contested. Although the Company is satisfied it has taken reasonable measures to acquire the rights needed to undertake its operations and activities as currently conducted, some risk exists that some titles and access rights may be defective. No assurance can be given that such claims are not subject to prior unregistered agreements or interests or to undetected or other claims or interests which could be materially averse to the Company. While the Company has used its best efforts to ensure title to all its properties and secured access to surface rights, these titles or rights may be disputed, which could result in costly litigation or disruption of operations. From time to time, a land possessor may dispute the Company's surface access rights, and as a result the Company may be barred from its legal occupation rights. Surface access issues have the potential to result in the delay of planned exploration programs, and these delays may be significant. The Company expects that it will be able to resolve these issues, however, there can be no assurance that this will be the case. Future property acquisition, relocation benefits, legal and related costs may be material. There is no guarantee, however, that local residents will support the Company's operations or projects.

Commodity Prices

Factors beyond the control of the Company may affect the marketability and price of any minerals discovered, if any. Resource prices have fluctuated widely in recent years and are affected by numerous factors beyond the control of the Company, including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors cannot be accurately predicted.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, several risks and, in particular, unexpected or unusual geological or operating conditions, may occur. It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks due to high premiums or for other reasons. Should such liabilities arise they could reduce or eliminate any future profitability and result in an increase in costs and a decline in value of the securities of the Company. The Company will not be insured against most environmental risks. Insurance against environmental risks (including potential liability for pollution or other hazards due to the disposal of waste products occurring from exploration and production) has not been generally available to companies within the industry. The Company will periodically evaluate the cost and coverage of the insurance against certain environmental risks that is available to determine if it would be appropriate to obtain such insurance. Without such insurance, and if the Company becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate its available funds or could exceed the funds the Company has to pay such liabilities and result in bankruptcy. Should the Company be unable to fully fund the remedial cost of an environmental problem, it might be required to enter into interim compliance measures pending completion of the required remedy.

Volatile Stock Price

The stock price of the Company is expected to be highly volatile and will be drastically affected by exploration and test results. The Company cannot predict the results of its exploration activities expected to take place in the future. The results of these tests will inevitably affect the Company's decisions related to further exploration and/or production at any of the properties that the Company may explore in the future and will likely trigger major changes in the trading price of the Ordinary Shares.

Competition

Competition in the mineral exploration business is intense and could adversely affect the ability of the Company to suitably develop its properties. The Company will be competing with many other exploration companies possessing greater financial resources and technical facilities. Accordingly, there is a high degree of competition for desirable mineral claims and leases, suitable prospects for drilling operations and necessary mining equipment, as well as for access to funds. There can be no assurance that the necessary funds can be raised or that any projected work will be completed.

Infrastructure

Mining, processing, development and exploration activities depend on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important requirements, which affect capital and operating costs. Unusual or infrequent weather, phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect future operations of the Company.

Regulatory Matters

The mining industry operates under legislation and regulation governing such matters as land tenure, prices, royalties, environmental protection controls, income, the exportation of copper, gold and other metals, as well as other matters. The industry is also subject to regulation by governments in such matters as the awarding or acquisition of exploration and production rights or other interests, the imposition of specific exploration obligations, environmental protection controls, control over the development and abandonment of properties (including restrictions on production) and possibly expropriation or cancellation of contract rights. Government regulations may be changed from time to time in response to economic or political conditions. The exercise of discretion by governmental authorities under existing regulations, the implementation of new regulations or the modification of existing regulations affecting the mining industry could increase the Company's costs and have a Material Adverse Effect on the Company. Before proceeding with a project, the participants in the project must obtain all required regulatory approvals. The regulatory approval process can involve stakeholder consultation, environmental impact assessments and public hearings, among other things. In addition, regulatory approvals may be subject to conditions including security deposit obligations and other commitments. Failure to obtain regulatory approvals, or failure to obtain them on a timely basis, could result in delays and abandonment or restructuring of the projects undertaken by the Company and increased costs, all of which could have a material adverse effect on the Company.

Environmental Regulations

The Company's operations are subject to environmental regulations promulgated by local and federal government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner, which means stricter standards and enforcement, and fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

Regulatory and Permitting Delays

A number of approvals, licenses and permits are required for various aspects of exploration and mine development. The Company is uncertain if all necessary permits will be maintained or obtained on acceptable terms or in a timely manner. Future changes in applicable laws and regulations or changes in their enforcement or regulatory interpretation could negatively impact current or planned exploration and development activities or any other projects with which the Company becomes involved. Any failure to comply with applicable laws and regulations or failure to obtain or maintain permits, even if inadvertent, could result in the interruption of production, exploration or development, or material fines, penalties or other liabilities. It remains uncertain if the Company's existing permits may be affected in the future or if the Company will have difficulties in obtaining all necessary permits that it requires for its proposed or existing mining activities.

In order to maintain mining concessions in good standing under Colombian mining law, concession holders must advance their projects efficiently, including by obtaining the necessary permits prior to stipulated deadlines. The Company has implemented plans to obtain all necessary permits prior to the relevant deadlines. While the Company is confident in its ability to meet all required deadlines or milestones in order to maintain its concessions in good standing, there is risk that the relevant Colombian permitting and licensing authorities will not respond in a timely manner. If these deadlines are not met, the Company believes that extensions to deadlines for obtaining the required approvals and permits could be negotiated so that the concessions would remain in good standing. However, there is no guarantee that the Company will be able to obtain the approvals and permits as planned or, if unable to meet such deadlines, that negotiations for an extension will be successful in order to maintain its concessions in good standing. If the concessions were to expire, this could have a material adverse impact on the Company and its ability to control and develop its Colombian project.

Reliance on Key Personnel

The Company is dependent upon the continued support and involvement of a number of key management personnel. The loss of the services of one or more of such personnel could have a Material Adverse Effect on the Company. The Company's ability to manage its exploration and development activities and, hence, its success, will depend in large part on the efforts of these individuals. The Company faces intense competition for qualified personnel and there can be no assurance that the Company will be able to attract and retain such personnel. Finding or hiring qualified people or obtaining all necessary services for the Company's operations may be difficult. It may be difficult to hire qualified people, or to retain service providers, with the requisite expertise who are situated in or willing to work in the relevant local jurisdiction at reasonable rates. If qualified people and services cannot be obtained in the relevant local jurisdiction, the Company may need to obtain those services from people located outside such jurisdiction, which will require work permits and compliance with applicable laws and could result in delays and higher costs to the Company to conduct its operations.

Liquidity Risk

The Company might incur additional debt in order to fund its exploration and development activities, which would continue to reduce its financial flexibility and could have a Material Adverse Effect on the Company's business, financial condition or results of operation. The Company's ability to meet any debt obligations and reduce its level of indebtedness depends on future performance. General economic conditions, copper, gold and other metal prices and financial, business and other factors affect the Company's operations and future performance. Many of these factors are beyond the Company's control. The Company has no operations that generate cash flow and its long-term financial success is dependent on management's ability to discover economically viable quantities of precious metals. The exploration process can take many years and is subject to factors that are beyond the Company's control. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for exploration investment, the Company's track record and the experience and caliber of its management. The Company cannot assure investors that it will be able to generate sufficient cash flow to pay the interest on any debt or that future working capital, borrowings or equity financing will be available to pay or refinance such debt. Factors that will affect its ability to raise cash through an offering of securities or a refinancing of its debt include financial market conditions, the value of its assets and performance at the time the Company needs capital. The Company cannot assure investors that it will have sufficient funds to make such payments. If the Company does not have sufficient funds and is otherwise unable to negotiate renewals of its borrowings or arrange new financing, it might have to sell significant assets. Any such sale could have a Material Adverse Effect on the Company's business, operations and financial results.

Political and Economic Risk in Colombia and Nicaragua

The economics of the mining and extraction of precious metals are affected by many factors, including the costs of mining and processing operations, variations of grade of ore discovered or mined, fluctuations in metal prices, foreign exchange rates and the prices of goods and services, applicable laws and regulations, including regulations relating to royalties, allowable production and importing and exporting goods and services. Depending on the price of minerals, the Company may determine that it is neither profitable nor advisable to acquire or develop properties, or to continue mining activities. The Company's mineral properties are located in Colombia and Nicaragua. Economic and political conditions in these countries could adversely affect the business activities of the Company. These conditions are beyond the Company's control, and there can be no assurances that any mitigating actions by the Company will be effective. Colombia and Nicaragua have experienced political and regulatory instability. Changes to existing governmental regulations may affect mineral exploration and mining activities, or the Company's ability to generate cash flow and profits from operations. Associated risks include, but are not limited to terrorism, corruption, extreme fluctuations in currency exchange rates and high rates of inflation.

Changing laws and regulations relating to the mining industry or shifts in political conditions may increase the costs related to the Company's activities including the cost of maintaining its properties. Operations may also be affected to varying degrees by changes in government regulations with respect to restrictions on production, price controls, export controls, income taxes, royalties, expropriation of property, environmental legislation and mine safety. The effect of these factors cannot be accurately predicted. Economic instability could result from current global economic conditions, and could contribute to currency volatility and potential increases to income tax rates, both of which could significantly impact the Company's future profitability.

The Company's activities are subject to extensive laws and regulations governing worker health and safety, employment standards, waste disposal, protection of historic and archaeological sites, mine development, protection of endangered and protected species and other matters.

Enforcement of Judgments

It may be difficult if not impossible to enforce judgments obtained in Jersey or Canadian courts predicated upon the civil liability provisions of the securities laws of certain provinces against substantially all of the Company's assets which are located outside Jersey and Canada.

Dividends

To date, the Company has not paid any dividends on its outstanding securities and the Company does not expect to do so in the foreseeable future. Any decision to pay dividends on the Ordinary Shares will be made by the board of directors of the Company on the basis of the Company's earnings, financial requirements and other conditions.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit. Presently the Company and/or its directors and officers are not aware of, or subject to, any legal proceedings.

Risk Management

Mineral exploration and development companies face many and varied kinds of risks. While risk management cannot eliminate the impact of all potential risks, the Company will strive to manage such risks to the extent possible and practical.

Insurance coverage

The mining industry is subject to significant risks that could result in damage to, or destruction of, mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. The Company's policies of insurance may not provide sufficient coverage for losses related to these or other risks. The Company's insurance does not cover all risks that may result in loss or damages and may not be adequate to reimburse the Company for all losses sustained. In particular, the Company does not have coverage for certain environmental losses or certain types of earthquake damage. The occurrence of losses or damage not covered by insurance could have a material and adverse effect on the Company's cash flows, results of operation and financial condition. In the course of exploration, development and production of mineral properties, certain risks and, in particular, unexpected or unusual geological operating conditions including cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Adoption of New and Revised Standrads

(i) IFRS 9, Financial Instruments

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

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

Below is a summary showing the classification and measurement bases of our financial instruments as at January 1, 2018 as a result of adopting IFRS 9 (along with comparison to lAS 39).

Classification	IAS 39	IFRS 9
Cash and cash equivalents	Loans and receivables (amortized cost)	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost

As a result of the adoption of IFRS 9, the accounting policy for financial instruments as disclosed in the Company's December 31, 2017 consolidated financial statements has been updated as follows:

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

- Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss.

- Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

The Company's cash and cash equivalents are classified as financial assets and measured at amortized cost.

- Financial assets recorded at FVTOCI

Financial asset previously classified as available-for-sale satisfied the conditions for classification as financial assets at FVTOCI and the Company elected to irrevocably designate them at FVTOCI. This cost exemption is not available under IFRS 9.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

- Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's accounts payable and accrued liabilities do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified at FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

When an instrument at FVTOCI is sold, the accumulated gains or losses are reclassified from accumulated other comprehensive income (loss) directly to deficit.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected Credit Loss Impairment Model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Future accounting pronouncements

IFRS 16, Leases

The IASB published IFRS 16 in January 2016 effective for annual periods beginning on or after January 1, 2019. IFRS 16 may be applied before that date but only in conjunction with IFRS 15. The standard establishes principles to determine recognition, measurement, presentation and disclosure of leases. IFRS 16 replaces IAS 17 and related interpretations.

All leases will be recorded on the statement of financial position, except short-term leases and leases of low-value items. This is expected to result in an increase to both "right of use" leased assets and lease obligations on the balance sheet upon adoption of the standard along with changes to the timing of recognition and classification of expenses associated with such lease arrangements.

The Company intends to adopt the modified retrospective approach and will not restate balances for the comparative period. The Company is completing its review of all existing operating leases to identify contracts in scope for IFRS 16 and the quantitative impact of the adoption.

Critical Accounting Judgments and Key Sources of Estimates Uncertainty

Critical judgments in applying the Company's accounting policies

In the application of the Company's accounting policies, which are described in Note 2 of the consolidated financial statements, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The most significant critical judgment that members of management have made in the process of applying the entity's accounting policies are as follows:

Functional currency
Management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. As part of this approach, management gives priority to indicators like the currency that mainly influences costs and the currency in which those costs will be settled and the currency in which funds from financing activities are generated. The functional currency of the parent is the Canadian dollar. The Company has determined the functional currency of its Colombian, Nicaraguan and Peruvian subsidiaries to be the Colombian peso, Nicaraguan cordoba and Peruvian sol.

Business combinations

Determination of whether a group of assets acquired and liabilities assumed constitute the acquisition of a business or an asset may require the Company to make certain judgments as to whether or not the assets acquired and liabilities assumed include the inputs, processes and outputs necessary to constitute a business as defined in IFRS 3 Business Combinations.

Key sources of estimation uncertainty

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Share based payments

The determination of the fair value of share based payments is not based on historical cost, but is derived based on subjective assumptions input into an option pricing model. The model requires that management make forecasts as to future events, including estimates of the average future hold period of issued stock options before exercise, expiry or cancellation, future volatility of the share price in the expected hold period (using historical volatility as a reference) and the appropriate risk-free rate of interest.

The resulting value calculated is not necessarily the value that the holder of the option could receive in an arm's length transaction, given that there is no market for the options and they are not transferable. It is management's view that the value derived is highly subjective and dependent entirely upon the input assumptions made.

Additional Disclosure for Venture Issuers without Significant Revenue

General and administrative

Detail	Year ended December 31, 2018 $	Year ended December 31, 2017 $
Investor relations and regulatory	207,246	151,524
Travel and accommodation	282,768	142,788
Office expenses	89,857	88,165
Depreciation	2,416	12,260
Insurance	26,316	30,277
Other (net reversal)	(41,955)	-
Total	**566,648**	**425,014**

Exploration and evaluation expenditures

Colombia	**Year ended December 31, 2018 ($)**	**Year ended December 31, 2017 ($)**
Claims		17,211
Drilling		130,188
Professional and consulting services	191,888	105,645
Lab analysis	2,392	13,757
Site security and logistic support	7,664	1,317
Field supplies and consumables	12,394	13,380
General and administration	153,075	146,508
Wages	416,893	168,401
Travel costs	114,702	134,983
Cost Recovery from Nicaragua 2017	(97,835)	
Miscellaneous	(11,220)	
	789,952	**731,390**

Nicaragua	**Year ended December 31, 2018 ($)**	**Year ended December 31, 2017 ($)**
Professional and consulting services	74,814	16,047
Lab analysis	131,752	
Field supplies and consumables	37,505	12,166
General and administration	378,005	139,176
Wages	294,029	54,170
Travel costs	85,452	19,961
Public services	10,592	
Taxes	115,923	46,013
	1,128,072	**287,533**

Note: Nicaragua exploration includes $933,184 attributable to the Hemco strategic alliance.

Peru	**Year ended December 31, 2018 ($)**	**Year ended December 31, 2017 ($)**
Mining concessions		51,357
Field supplies and consumables	46	789
Professional and consulting services	15,858	
General and administration	34,667	19
Travel costs	2,990	1,237
Miscellaneous	550	
	54,111	**53,402**