CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

COMPANY PARTICULARS

DIRECTORS AND OFFICERS

Dr. Timothy Coughlin, CEO and Director
Ms. Cindy Davis, CFO
Mr. Eric Lowy, Corporate Secretary
Mr. Peter Mullens, Director
Mr. Vernon Arseneau, Director
Mr. Daniel De Narvaez, Director
Mr. Jonathan Hill, Director

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AUDITORS

Grant Thornton LLP
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Independent auditor's report

To the Shareholders of Royal Road Minerals Limited,

We have audited the consolidated financial statements of Royal Road Minerals Limited which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of loss and comprehensive loss, statements of changes in equity, and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Royal Road Minerals Limited as at December 31, 2017 and 2016, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Grant Thornton LLP

April 30, 2018
Toronto, Canada

Chartered Professional Accountants
Licensed Public Accountants

Royal Road Minerals Limited
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2017	As at December 31, 2016
ASSETS		
Non-current assets		
Property and equipment (note 6)	**$ 15,790**	$ 28,050
Exploration and evaluation assets (notes 4 and 11)	**3,572,794**	132,125
Total non-current assets	**3,588,584**	160,175
Current assets		
Cash and cash equivalents	**1,554,737**	703,859
Prepaid expenses and other assets (note 5)	**234,627**	64,886
Total current assets	**1,789,364**	768,745
Total assets	**$ 5,377,948**	$ 928,920
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital (note 8)	**$ 15,067,349**	$ 10,189,613
Warrants (note 9)	**2,213,869**	851,897
Contributed surplus	**702,173**	294,667
Translation of foreign operations	**35,654**	76,685
Accumulated deficit	**(12,735,714)**	(10,668,654)
Equity attributable to shareholders	**5,283,331**	744,208
Non-controlling interest	**(113,411)**	(52,952)
Total equity	**5,169,920**	691,256
Current liabilities		
Accounts payable and accrued liabilities	**208,028**	237,664
Total liabilities	**208,028**	237,664
Total liabilities and equity	**$ 5,377,948**	$ 928,920

Subsequent Events (note 17)

Approved on behalf of the Board:

"Tim Coughlin" Director *"Peter Mullens"* Director

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

Royal Road Minerals Limited
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Expenses		
Exploration and evaluation expenditures (note 11)	**$ 1,072,325**	$ 822,866
Professional fees (note 12)	**269,873**	278,326
General and administrative	**425,014**	264,655
Employee salaries and benefits (note 12)	**297,943**	218,489
Stock based compensation (note 10)	**407,506**	149,672
Write-off of exploration and evaluation assets	**132,125**	-
Loss from operations	**(2,604,786)**	(1,734,008)
Other items		
Gain on sale of Caza Gold Corp.	**307,410**	-
Foreign exchange loss	**(4,770)**	(35,400)
	302,640	(35,400)
Net loss for the year before discontinued operations	**(2,302,146)**	(1,769,408)
Loss from discontinued operations (note 4)	**(37,434)**	-
Net loss for the year	**(2,339,580)**	(1,769,408)
Other comprehensive loss		
Exchange differences arising on translation of foreign operations	**(41,031)**	78,220
Total comprehensive loss for the year	**$ (2,380,611)**	$ (1,691,188)
Net loss for the period attributable to:		
Shareholders of the Company	**$ (2,279,121)**	$ (1,716,456)
Non-controlling interest	**(60,459)**	(52,952)
	$ (2,339,580)	$ (1,769,408)
Net loss per share attributable to shareholders of the Company - basic and diluted	**$ (0.02)**	$ (0.03)
Weighted average number of shares outstanding - basic and diluted	**123,338,014**	58,832,364

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

Royal Road Minerals Limited
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating activities		
Net loss for the year	**$ (2,339,580)**	$ (1,769,408)
Adjustments for:		
Depreciation	**12,260**	11,912
Stock based compensation	**407,506**	149,672
Write-off of exploration and evaluation assets	**132,125**	-
Unrealized foreign exchange loss	**-**	35,400
Gain on sale of Caza Gold Corp.	**(307,410)**	-
Changes in non-cash working capital items:		
Prepaid expenses and other assets	**(135,597)**	(9,088)
Accounts payable and accrued liabilities	**(332,460)**	76,266
Cash used in operating activities	**(2,563,156)**	(1,505,246)
Cash used in operating activities - discontinued operations	**(91,030)**	-
Net cash used in operating activities	**(2,654,186)**	(1,505,246)
Investing activities		
Acquisition of equipment	**-**	(14,094)
Purchase of exploration rights	**-**	(90,116)
Net cash used in investing activities	**-**	(104,210)
Financing activities		
Proceeds from issuance of share capital	**4,350,000**	1,329,650
Payments for share issue costs	**(275,175)**	(51,104)
Cash received from sale of Caza Gold Corp.	**80,000**	-
Cash received from acquisition of Caza Gold Corp.	**156,911**	-
Repayment of promissory note payable	**(750,000)**	-
Net cash provided by financing activities	**3,561,736**	1,278,546
Net change in cash and cash equivalents	**907,550**	(330,910)
Effect of foreign currencies on cash	**(56,672)**	65,737
Cash and cash equivalents, beginning of year	**703,859**	969,032
Cash and cash equivalents, end of year	**$ 1,554,737**	$ 703,859

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

Royal Road Minerals Limited

Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital	Warrants	Contributed Surplus	Translation of Foreign Operations	Accumulated Deficit	Non-controlling Interest	Total
Balance, January 1, 2016	**$ 9,306,749**	**$ 456,215**	**$ 144,995**	**$ (1,535)**	**$ (8,952,198)**	**$ -**	**$ 954,226**
Shares issued for cash, net of costs	882,864	395,682	-	-	-	-	1,278,546
Stock based compensation	-	-	149,672	-	-	-	149,672
Total comprehensive loss for the year	-	-	-	78,220	(1,716,456)	(52,952)	(1,691,188)
Balance, December 31, 2016	**$ 10,189,613**	**$ 851,897**	**$ 294,667**	**$ 76,685**	**$ (10,668,654)**	**$ (52,952)**	**$ 691,256**
Shares issued for cash, net of costs	2,712,853	1,361,972	-	-	-	-	4,074,825
Shares issued to acquire Caza Gold Corp. (note 4)	2,164,883	-	-	-	-	-	2,164,883
Elimination of non-controlling interest	-	-	-	-	212,061	-	212,061
Stock based compensation	-	-	407,506	-	-	-	407,506
Total comprehensive loss for the year	-	-	-	(41,031)	(2,279,121)	(60,459)	(2,380,611)
Balance, December 31, 2017	**$ 15,067,349**	**$ 2,213,869**	**$ 702,173**	**$ 35,654**	**$ (12,735,714)**	**$ (113,411)**	**$ 5,169,920**

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

1. Nature of Operations

Royal Road Minerals Limited ("RRM" or 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 ("RRMC"), a corporation resulting from the amalgamation of Kirkcaldy Capital Corp. ("Kirkcaldy") and Royal Road Minerals Canada Limited ("Tigris Subco"). As a result of the Arrangement, on April 20, 2015, the ordinary shares (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.

The Company is a gold and copper focused exploration and development company and has a project in Southern Colombia. The Company is advancing the La Golondrina high-grade gold project under a definitive option agreement to earn 100% of that property, which was entered into on October 6, 2015. The Company also entered into an option agreement for the La Redención gold project on March 31, 2016. RRM carries on its operations in Colombia through its 92.5% owned subsidiary, Minerales Camino Real, SAS ("MCR"), which was incorporated in December 2015. The Company also carries on its operations in Nicaragua through its wholly-owned subsidiary, Nicaza S.A.

2. Significant Accounting Policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Committee ("IFRIC"), effective for the Company's reporting for the years ended December 31, 2017 and 2016.

The policies applied in these consolidated financial statements are based on IFRS issued and effective as of December 31, 2017. The Board of Directors approved the statements on April 30, 2018.

(b) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis and presented in Canadian dollars.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. As at December 31, 2017, the Company has two wholly-owned subsidiaries, RRMC incorporated in Canada and Nicaza S.A. incorporated in Nicaragua; owns 92.5% of MCR, incorporated in Colombia; and owns 95% of MCR Peru, incorporated in Peru. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

2. Significant Accounting Policies (Continued)

(c) Basis of consolidation (continued)

Non-controlling interest, presented as part of equity, represents the portion of a subsidiary's profit or loss and net assets that is not held by the Company. The Company attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests. Transactions with non-controlling interests that do not result in a loss of control are accounted for as transactions with equity owners of the Company.

(d) Foreign currencies

The individual financial statements of each entity in the Group are prepared in the currency of the primary economic environment in which the entity operates (its "functional currency"). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Canadian dollars, which is the functional currency of the parent.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized in profit or loss in the period in which they arise. The functional currencies of the Company's Colombian, Nicaraguan and Peruvian subsidiaries are the Colombian Peso, Nicaraguan Cordoba and the Peruvian Sol, respectively.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's operations are expressed in Canadian dollars using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transaction are used. Exchange differences arising, if any, are recognized directly into other comprehensive loss and transferred to the Group's translation of foreign operations reserve. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed.

(e) Joint arrangements

Joint arrangements exist where there is joint control and the arrangement may be either a joint venture or joint operation. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. A joint operation on the other hand is an arrangement where the parties have rights to the assets, obligations and liabilities relating to the arrangement.

During 2017, the Group entered into a joint operation in Nicaragua which results in the recognition of the proportionate share of the joint operations' assets, liabilities, revenues and expenses.

2. Significant Accounting Policies (Continued)

(f) Exploration and evaluation

Exploration and evaluation assets acquired are initially recognized at fair value as exploration and evaluation assets. Exploration and evaluation expenditures other than those acquired are expensed as incurred. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activities.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

(g) Impairment of exploration and evaluation

The Company is required to assess exploration and evaluation assets for impairment. As part of this assessment, management must make an assessment as to whether there are indicators of impairment. If there are indicators, management performs an impairment test on the major assets within this balance.

The recoverability is dependent on a number of factors common to the resources sector. These include the extent to which the Company can continue to renew its exploration and evaluation licenses with local authorities, establish economically recoverable reserves on its properties, the availability of necessary financing and future profitable production or proceeds from the disposition thereof.

(h) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Where an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment for depreciation purposes.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of loss.

Expenditure to replace a component of an item of property equipment that is accounted for separately is capitalized and the existing carrying amount of the component written off. Other subsequent expenditure is capitalized if future economic benefits will arise from the expenditure. All other expenditure, including repair and maintenance, is recognized in the consolidated statement of loss as incurred.

Depreciation is charged to the consolidated statement of loss based on the cost, less estimated residual value, of the asset on a straight-line basis over the estimated useful life. Depreciation commences when the assets are available for use. The estimated useful lives are as follows:

Vehicles	3 – 5 years
Equipment	3 – 5 years

2. Significant Accounting Policies (Continued)

(i) Impairment of property and equipment and intangible assets with finite lives

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of the fair value less costs to sell and value in use. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the property and equipment at the date the impairment is reversed does not exceed what the cost less accumulated depreciation would have been had the impairment not been recognized.

(j) Taxation

The Group has no taxable profit and no current income tax.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of the related asset or liability in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and increased or reduced to the extent that it is probable, or no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period in which the liability is settled or the asset realized based on tax rates that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognized as an expense or income in the profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting in a business combination.

2. Significant Accounting Policies (Continued)

(k) Financial assets

Financial assets other than hedging instruments are divided into the following categories:

- loans and receivables
- financial assets at fair value through profit or loss
- available-for-sale financial assets
- held-to-maturity investments

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant for the way it is measured and whether any resulting income and expense is recognized in profit or loss or directly in equity.

Generally, the Group recognizes all financial assets using settlement day accounting. An assessment of whether a financial asset is impaired is made at least at each reporting date. All income and expense relating to financial assets are recognized in the consolidated statement of loss except for income or loss on any available-for-sale financial assets which are recognized in equity.

(l) Impairment of financial assets

Financial assets, other than those carried at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available-for-sale equity instruments, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

(m) Financial liabilities

The Group’s financial liabilities include accrued liabilities and other payables which are initially recognized at fair value and subsequently stated at amortized cost. Trade payables are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after reporting date.

(n) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

2. Significant Accounting Policies (Continued)

(o) Stock based compensation

Equity-settled awards, including stock options are accounted for using the fair value-based method. Under the fair value-based method, compensation cost of a stock option is measured at fair value at the date of the grant and is expensed over the stock option's vesting period, with a corresponding increase to contributed surplus.

When these stock options are exercised or expired, the proceeds, together with the amount recorded in contributed surplus, are recorded in share capital.

(p) Restoration and rehabilitation

A provision for restoration and rehabilitation is recognized when there is a present obligation as a result of exploration and development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of dismantling and removal of facilities, restoration and monitoring of the affected areas. The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

The initial estimate of the restoration and rehabilitation provision relating to exploration and evaluation is capitalized into the cost of the related asset and amortized on the same basis as the related asset. Changes in the estimate of the provision of restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognized as a finance cost rather than being capitalized into the cost of the related asset.

The Group has no current obligations for restoration and rehabilitation.

(q) Provisions

A provision is recognized in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(r) Segment information

The Company operates in one business segment, mineral exploration.

The Group has identified its operating segments based on the internal reports that are reviewed and used by executive management (collectively, the Chief Operating Decision Maker, or "CODM") in assessing performance and in determining the allocation of resources. The CODM considers the business from a geographic perspective and assesses the performance of geographic segments based on measures of profit and loss as well as assets and liabilities. These measures include operating expenditures, expenditures on exploration, property and equipment, non-current assets and total debt, if any.

During the year ended December 31, 2017, the Group operated under three geographic segments engaged in mineral exploration and development in Colombia, Nicaragua and Peru (2016 - one; Colombia). Financial information about each of these operating segments is reported to the CODM on at least a monthly basis. As the operations comprise a single segment, amounts disclosed in the consolidated financial statements also represent segment amounts.

2. Significant Accounting Policies (Continued)

(s) Change in accounting policies

IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") was issued in May 2014, and establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective. At January 1, 2017, the Company adopted this standard and there was no material impact on the Company's consolidated financial statements.

(t) Future accounting pronouncements

The accounting pronouncements detailed in this note have been issued but is not yet effective. The Company has not early adopted this standard and is currently evaluating the impact, if any, these standards might have on its consolidated financial statements.

(i) IFRS 9 - Financial Instruments ("IFRS 9") was issued by the IASB in July 2014 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. A new hedge accounting model is introduced and represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. The Company has evaluated the adoption of IFRS 9 to have no material effect on its consolidated financial statements and related disclosures.

(ii) IFRS 16 - Leases ("IFRS 16") was issued by the IASB in January 2016. IFRS 16 eliminates the current dual model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. IFRS 16 is effective for periods beginning on or after January 1, 2019. Earlier application is permitted. Management is currently assessing the impact on the Company.

3. 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, 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:

<u>Functional currency</u>
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.

3. Critical Accounting Judgments and Key Sources of Estimates Uncertainty (Continued)

Critical judgments in applying the Company's accounting policies (continued)

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.

The Black-Scholes Option Pricing Model was developed for use in estimating the fair value of traded options which were fully tradable with no vesting restrictions. This option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options and warrants have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

4. Caza Gold Corp.

Acquisition

On February 28, 2017, the Company was successful in its bid to acquire Caza Gold Corp. ("Caza"). The acquisition included Caza as well as its wholly-owned subsidiaries, Caza, Minera Caza S.A. de C.V., Minera Canarc de Mexico S.A. and Nicaza S.A.. A total of 134,886,372 common shares of Caza, representing approximately 90% of Caza's issued and outstanding common shares were deposited.

The Company extended the deposit period for the mandatory 10-day extension period required under applicable securities laws, to enable those shareholders who have not yet tendered their shares, to deposit their Caza common shares. The period was extended until March 13, 2017.

In March 2017, the Company completed the compulsory acquisition of all of the remaining outstanding common shares of Caza, pursuant to the notice of compulsory acquisition made under Section 300 of the Business Corporations Act (British Columbia), and owned 100% of the outstanding Common Shares. The acquisition was accounted for as if the Company acquired 100% of the shares and recognized a non-controlling interest financial instrument representing the amount of gross consideration payable to the non-controlling shareholders. 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 as the transaction is an asset purchase.

(Expressed in Canadian Dollars, unless otherwise indicated)

4. Caza Gold Corp. (Continued)

The fair value of the consideration is as follows:

Issuance of 24,054,258 RRM shares	$ 2,164,883
Transaction costs	177,138
	2,342,021

The allocation of purchase price is as follows:

Cash	$ 156,911
Receivables and prepaids	9,338
Equipment	1,253
Exploration and evaluation assets	3,572,794
Accounts payable	(477,813)
Promissory note (note 7)	(708,401)
Non-controlling interest	(212,061)
	$ 2,342,021

Disposition

In May 2017, Nicaza S.A., the operating subsidiary in Nicaragua, was transferred by Caza to RRM. On May 31, 2017, the Company completed 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.

5. Prepaid Expenses and Other Assets

	As at December 31, 2017	As at December 31, 2016
Prepaid expenses	**$ 207,844**	$ 37,841
Security deposits	**26,783**	26,783
Other receivables	**-**	262
Total	**$ 234,627**	$ 64,886

(Expressed in Canadian Dollars, unless otherwise indicated)

6. Property and Equipment

Cost		**Equipment**		**Total**
Balance - January 1, 2016	$	45,993	$	45,993
Additions		14,094		14,094
Balance - December 31, 2016		**60,087**		**60,087**
Balance - December 31, 2017	**$**	**60,087**	**$**	**60,087**

Accumulated Depreciation		**Equipment**		**Total**
Balance - January 1, 2016	$	20,125	$	20,125
Charge for the year		11,912		11,912
Balance - December 31, 2016		**32,037**		**32,037**
Charge for the year		12,260		12,260
Balance - December 31, 2017	**$**	**44,297**	**$**	**44,297**

Carrying Amount		**Equipment**		**Total**
Balance - December 31, 2017	**$**	**15,790**	**$**	**15,790**
Balance - December 31, 2016	**$**	**28,050**	**$**	**28,050**

7. Promissory Note Payable

In May 2016, Caza closed a loan agreement with Polygon Mining Opportunity Master Fund (“Polygon”) pursuant to which Polygon advanced a loan in the principal amount of US$500,000 to Caza, as evidenced by a promissory note. The loan had an initial maturity date of May 13, 2018 and was payable on demand upon Caza consummating an equity or loan financing with net proceeds of at least US$2.5 million. The loan bears interest at the rate of 10% per annum payable quarterly beginning on June 30, 2016. Interest payments may, at the option of Caza, be added to the principal amount of the loan. As security for the payment of Caza’s obligations and for the fulfilment and satisfaction of all covenants and agreements made under the loan agreement, Caza also entered into a general security agreement with Polygon pursuant to which Caza granted Polygon a security interest in all personal property of Caza, including the issued and outstanding shares of Caza’s wholly-owned Nicaraguan subsidiary, Nicaza S.A, which holds certain mineral exploration properties located in Nicaragua, including the Los Andes project and the Piedra Iman property.

Caza and Polygon entered into an Agreement in respect of Investment Agreements and Loan Agreement dated January 19, 2017 whereby the maturity date of the loan was extended to May 13, 2019 subject to RRM having taken up and paid for Caza’s common shares which were held and deposited by Polygon by March 2, 2017 pursuant to RRM's tender offer to acquire Caza (note 4).

During the year ended December 31, 2017, the promissory note payable in the amount of US$549,102 ($750,000) was fully repaid.

(Expressed in Canadian Dollars, unless otherwise indicated)

8. Share Capital

(a) Authorized share capital

The authorized share capital consists of an unlimited number of Ordinary Shares without par value. Each Ordinary Share entitles the holder to one vote. All Ordinary Shares of the Company rank equally as to dividends, voting powers and participation in assets upon a dissolution or winding up of the Company.

(b) Common shares issued

At December 31, 2017, the issued share capital amounted to $15,067,349. The change in issued share capital for the periods presented were as follows:

	Number of Shares	Amount
Balance, January 1, 2016	**40,052,951**	**$ 9,306,749**
Shares issued for cash (i)	26,593,000	1,329,650
Issuance costs - cash	-	(51,104)
Issuance costs - warrant valuation (i)	-	(395,682)
Balance, December 31, 2016	**66,645,951**	**$ 10,189,613**
Shares issued for cash (ii)(iii)	43,500,000	4,350,000
Issuance costs - cash	-	(205,037)
Issuance costs - warrant valuation (ii)(iii)	-	(1,432,110)
Shares issued to acquire Caza (note 4)	24,054,258	2,164,883
Balance, December 31, 2017	**134,200,209**	**$ 15,067,349**

(i) On April 15, 2016 and April 25, 2016, the Company closed non-brokered private placements pursuant to which the Company issued an aggregate of 26,593,000 units (each a "Unit") of the Company at a purchase price of $0.05 per Unit for aggregate gross proceeds of $1,329,650. Each Unit is comprised of one ordinary share of the Company and one-half of one ordinary share purchase warrant (each whole warrant a "Warrant"). Each Warrant entitles the holder thereof to acquire one ordinary share of the Company at a price of $0.10 for a period of 24 months from the date of issuance.

In connection with the Offering, the Company agreed to pay a cash commission of $31,908 to certain parties in an amount equal to 6% of the aggregate proceeds received from investors sourced by such parties. The fair value of the Warrants at the date of issue of $395,682 was estimated using the Black Scholes valuation model with the following weighted average assumptions: a 2 year expected term; a 115% expected volatility based on historical trends; risk free interest rate of 0.59%; share price at the date of grant of $0.06; and an expected dividend yield of 0%.

(ii) On February 17, 2017, the Company closed a private placement, pursuant to which the Company issued an aggregate of 36,000,000 units (each a “Unit”) of the Company, with each Unit comprised of one ordinary share and one-half of one ordinary share purchase warrant (each whole warrant, a “Warrant”), at a price of $0.10 per Unit for total aggregate gross proceeds of $3.6 million. Each Warrant entitles the holder thereof to acquire one ordinary share of the Company at a price $0.20 until February 17, 2019.

In connection with the private placement, the Company paid a total cash commission to the agents of $205,037 and issued 2,160,000 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 $0.10 until February 17, 2019.

The fair values of the Warrants and Broker Warrants at the date of issue of $1,080,000 and $153,360 was estimated using the Black Scholes valuation model with the following weighted average assumptions: a 2 year expected term; a 149% expected volatility based on historical trends; risk free interest rate of 0.77%; share price at the date of grant of $0.10; and an expected dividend yield of 0%.

(Expressed in Canadian Dollars, unless otherwise indicated)

8. Share Capital (Continued)

(b) Common shares issued (continued)

(iii) On April 19, 2017, the Company closed a non-brokered strategic private placement offering (the "Offering") with Polygon and the Company's Chairman, Mr. Peter Mullens. The Offering is comprised of 7,500,000 units (each a "Unit") of the Company at a purchase price of $0.10 per Unit for aggregate gross proceeds $750,000. Each Unit is comprised of one ordinary share of the Company and one-half of one ordinary share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to acquire one ordinary share of the Company at a price $0.20 for a period of 24 months from the date of issuance. The proceeds were used to extinguish the promissory note payable (note 7).

The fair values of the Warrants at the date of issue of $198,750 was estimated using the Black Scholes valuation model with the following weighted average assumptions: a 2 year expected term; a 150% expected volatility based on historical trends; risk free interest rate of 0.70%; share price at the date of grant of $0.09; and an expected dividend yield of 0%.

9. Warrants

The following table reflects the continuity of warrants for the periods presented:

	Number of Warrants	Weighted Average Exercise Price
Balance, January 1, 2016	**15,217,368**	**$ 0.53**
Issued (note 8(b)(i))	13,296,500	0.10
Balance, December 31, 2016	**28,513,868**	**0.33**
Issued (note 8(b)(ii)(iii))	23,910,000	0.19
Expired	(238,750)	0.30
Balance, December 31, 2017	**52,185,118**	**$ 0.27**

The Company had the following warrants outstanding at December 31, 2017:

Number of Warrants	Exercise Price	Expiry Date
8,751,265	$0.60	April 15, 2018
1,750,000	$0.45	April 15, 2018
4,393,766	$0.45	April 15, 2018
83,587	$0.09	October 14, 2018
10,374,000	$0.10	April 15, 2018
2,922,500	$0.10	April 22, 2018
18,000,000	$0.20	February 17, 2019
2,160,000	$0.10	February 17, 2019
3,750,000	$0.20	April 19, 2019
52,185,118		

(Expressed in Canadian Dollars, unless otherwise indicated)

10. Stock Options

On April 10, 2015, the Company adopted a new incentive stock option plan (the “2015 Option Plan”) which replaced the Company’s former stock option plan (the “Former Option Plan”). No further awards will be granted under the Former Option Plan. However, any outstanding awards granted under the Former Option Plan shall remain outstanding and will continue to be governed by the provisions of the Former Option Plan.

The 2015 Option Plan is a rolling stock option plan under which options may be granted in respect of authorized and unissued Ordinary Shares to any director, officer, employee (part-time or full-time), service provider or consultant of the Company or any of its subsidiaries provided that, the aggregate number of Ordinary Shares reserved by the Company for issuance and which may be purchased upon the exercise of all options shall not exceed 10% of the issued and outstanding Ordinary Shares at the time of granting of options (on a non-diluted basis). If any option granted under the 2015 Option Plan is surrendered, terminated, expires or is exercised, the Ordinary Shares reserved for issuance, or issued, pursuant to such option shall be available for new options granted under the 2015 Option Plan.

The following table reflects the continuity of stock options for the periods presented:

	Number of Options	Weighted Average Exercise Price
Balance, January 1, 2016	**3,325,000**	**$ 0.27**
Granted (i)	2,500,000	0.15
Expired / forfeited	(2,125,000)	0.34
Balance, December 31, 2016	**3,700,000**	**0.13**
Granted (ii)(iii)	6,460,000	0.15
Expired / forfeited	(1,400,000)	0.11
Balance, December 31, 2017	**8,760,000**	**$ 0.15**
Vested, end of the period	8,280,000	$ 0.15

(i) On June 20, 2016, 2,500,000 stock options were granted to officers, directors and consultants of the Company at a price of $0.15, expiring June 20, 2018. The stock options vest 30% 60 days from the grant date; a further 30% of the options, 90 days from the grant date; and the remainder of the options, 120 days from the grant date.

The options were assigned a fair value of $140,000 using the Black-Scholes option pricing model with the following assumptions: a 2 years expected term; a 129% expected volatility based on historical trends; risk free interest rate of 0.57%; share price at the date of grant of $0.10; forfeiture rate of 5% and an expected dividend yield of 0%.

(ii) On February 17, 2017, the Company granted 4,360,000 stock options to certain directors, officers, employees and consultants of the Company at an exercise price of $0.15 per share, expiring on February 17, 2019, pursuant to the terms of the Company's stock option plan. The options are exercisable until February 17, 2019 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.

The options were assigned a fair value of $283,400 using the Black-Scholes option pricing model with the following assumptions: share price $0.10, dividend yield 0%, expected volatility 148.72% (based on the historical price history of the Company's common shares), risk-free interest rate 0.77%, forfeiture rate of 5% and an expected life of 2 years.

(Expressed in Canadian Dollars, unless otherwise indicated)

10. Stock Options (Continued)

(iii) On April 27, 2017, the Company granted 200,000 stock options to a director of the Company at an exercise price of $0.15 per share, expiring on April 27, 2019, pursuant to the terms of the Company's stock option plan. The options are exercisable until April 27, 2019 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.

The options were assigned a fair value of $10,200 using the Black-Scholes option pricing model with the following assumptions: share price $0.085, dividend yield 0%, expected volatility 144% (based on the historical price history of the Company's common shares), risk-free interest rate 0.73%, forfeiture rate of 5% and an expected life of 2 years.

(iv) On August 15, 2017, the Company granted 700,000 stock options to a director of the Company at an exercise price of $0.15 per share, expiring on August 15, 2020, pursuant to the terms of the Company's stock option plan. The options are exercisable until August 15, 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.

The options were assigned a fair value of $32,900 using the Black-Scholes option pricing model with the following assumptions: share price $0.075, dividend yield 0%, expected volatility 126% (based on the historical price history of the Company's common shares), risk-free interest rate 1.27%, forfeiture rate of 5% and an expected life of 3 years.

(v) On September 27, 2017, the Company granted 1,200,000 stock options to senior employees of the Company at an exercise price of $0.15 per share, expiring on September 27, 2020, pursuant to the terms of the Company's stock option plan. The options are exercisable until September 27, 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.

The options were assigned a fair value of $86,400 using the Black-Scholes option pricing model with the following assumptions: share price $0.105, dividend yield 0%, expected volatility 126% (based on the historical price history of the Company's common shares), risk-free interest rate 1.64%, forfeiture rate of 5% and an expected life of 3 years.

The Company had the following stock options outstanding as of December 31, 2017:

Number of Options		Exercise	Weighted Average Remaining Contractual	
Outstanding	**Exercisable**	**Price**	**Life (years)**	**Expiry Date**
2,500,000	2,500,000	$ 0.15	0.47	June 20, 2018
4,160,000	4,160,000	$ 0.15	1.13	February 17, 2019
200,000	200,000	$ 0.15	1.32	April 27, 2019
700,000	700,000	$ 0.15	2.62	August 15, 2020
1,200,000	720,000	$ 0.15	2.74	September 27 2020
8,760,000	8,280,000		1.29	

(Expressed in Canadian Dollars, unless otherwise indicated)

11. Exploration and Evaluation Assets and Expenditures

Exploration and evaluation assets consisted of:

	As at December 31, 2017	As at December 31, 2016
Colombia		
Balance - beginning of the year	**$ 132,125**	$ 39,102
Additions	**-**	93,023
Written-off	**(132,125)**	-
Balance - end of the year	**-**	132,125
Nicaragua		
Balance - beginning of the year	**-**	-
Additions	**3,572,794**	-
Balance - end of the year	**3,572,794**	-
Balance - end of the year	**$ 3,572,794**	$ 132,125

Exploration and evaluation expenditures consisted of:

	Year Ended December 31, 2017	2016
Colombia	**$ 731,390**	$ 822,866
Nicaragua	**287,533**	-
Peru	**53,402**	-
Total exploration and evaluation expenditures	**$ 1,072,325**	$ 822,866

Colombia

(i) La Golondrina Project

On October 6, 2015, the Company entered into an option agreement over the La Golondrina gold project in Nariño Province of southern Colombia. Under the terms of the La Golondrina Option Agreement, the Company has the option to acquire a 100% undivided interest in the La Golondrina project. In order to exercise the Option, the Company must:

- pay to the Optionors the aggregate sum of US$30,000 (CAD$39,102) (paid) within three days of the effective date of the Option Agreement;
- pay to the Optionors the aggregate sum of US$50,000 (CAD$66,445) (paid) on or before the date that the Company first commences drilling on the La Golondrina project;
- pay to the Optionors the aggregate sum of US$60,000, payable in three equal installments of US$20,000 on the first (CAD$26,578) (paid), second and third anniversary dates of the effective date of the Option Agreement.

11. Exploration and Evaluation Assets and Expenditures (Continued)

(i) La Golondrina Project (continued)

In addition, the Company must carry out the following exploration work on the La Golondrina project on or before the third anniversary of the effective date of the Option Agreement:

- complete detailed surveying and sampling of the mine site and surrounding veins to plan drill holes;
- complete a detailed review of the induced polarization (IP) survey and ground magnetic survey; and
- carry out a minimum of 1,500 meters of drilling.

After making these payments and completing the required exploration work, the Company may, prior to the third anniversary of the effective date of the Option Agreement, give a notice to the Optionors of its intention to complete a feasibility study. If, after completing the feasibility study, the Company determines that the development of a mine is justified at such time, the Company may exercise the option and, thereupon, it will acquire a 100% interest in the La Golondrina project (subject to the royalty described below), the Optionors shall cease all mining operations at the La Golondrina project, and the Company shall pay the Optionors an aggregate of US$100,000 per annum until the Company commences commercial production. In the alternative, the Company may, at such time, elect to defer making a production decision and exercising its option for up to a further three years, and instead pay to the Optionors the aggregate sum of US$20,000 per annum during such deferral period.

Upon any exercise by the Company of the option, the Optionors will have the right to elect to receive either:

i) a 20% net profit royalty to be paid once payback of all capital invested to expand and construct the operation has been made; or
ii) a 15% net profit royalty, to be paid once payback of all capital invested to expand and construct the operation has been made, plus a 1% net smelter royalty.

On November 14, 2017, the Company terminated its option agreement on the La Golondrina project and wrote-off $132,125.

(ii) La Redención Gold Project

On April 4, 2016, the Company announced that it has entered into an option agreement (the “Option Agreement”) effective as of March 31, 2016, with Mesias Oliver Acosta Benavides, Euberto Ernesto Calderón and Jesús Yerobi Santander (collectively, the “Optionors”) to acquire 100% of the La Redención gold project, which is located approximately 450 meters north of the license boundary of the Company’s La Golondrina gold project in the Nariño Province of southern Colombia.

The following is a summary of principal terms of the Option Agreement:

- The Company has the option to acquire a 100% undivided interest in the La Redención project;

- In order to exercise the Option Agreement, the Company must:
  i) Assist the Optionors to a maximum cost of US$20,000 to complete all ongoing regulatory work to a high level and acquire the additional required approvals for exploration activities on the license area;
  ii) On acquisition of regulatory approvals, pay to the Optionors the aggregate sum of US$20,000;
  iii) Pay to the Optionors the aggregate sum of US$25,000 on or before the date that the Company first commences drilling on the La Redención project;
  iv) Pay to the Optionors the aggregate sum of US$30,000, payable in three equal installments of US$10,000 on the first, second and third anniversary dates of regulatory approval; and
  v) Complete a minimum of 750 meters of drilling at La Redención on or before the third anniversary of the effective date of regulatory approvals.

11. Exploration and Evaluation Assets and Expenditures (Continued)

(ii) La Redención Gold Project (continued)

- After making these payments and completing this exploration work, the Company may, prior to the third anniversary of the date of regulatory approvals, give a notice to the Optionors of its intention to complete a feasibility study. If, after completing the feasibility study, the Company determines that the development of a mine is justified at such time, the Company may exercise the option and, thereupon, it will acquire a 100% interest in the La Redención project (subject to the royalty described below). In the alternative, the Company may, at such time, elect to defer making a production decision and exercising its option for a period of up to five years, and instead pay to the Optionors the aggregate sum of US$10,000 per annum during such deferral period; and

- Upon any exercise by the Company of the option, the Optionors will have the right to receive a 20% net profit royalty to be paid once payback of all capital invested to explore, develop and construct the operation has been made.

(iii) Nariño Region

On October 18, 2016, the Company announced that it has filed applications for concession contracts on a first-come, first-served basis covering prospective areas amounting to approximately 162 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. The Company has submitted a proposal to the Colombian Government for a heli-borne magnetic and radiometric survey across the entire region and under terms of a private-public-partnership.

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.

This 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 RRM, Ecomún, local communities and nominated independents.
- Community Liaison Committees will be established and will report to the Management Committee.
- Ecomún will provide RRM 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.
- In exchange for Ecomún's performance of its obligations under the proposed definitive agreement, RRM 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, RRM 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.

11. Exploration and Evaluation Assets and Expenditures (Continued)

(iii) Nariño Region (continued)

- The royalty 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 RRM'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.

(iv) La Maria Gold Project

On July 12, 2016, the Company announced that it has entered into a binding Letter of Intent with the mining concessionaire with respect to the Mina La Maria gold project, which is located approximately 4 kilometers to the west of the Company’s La Golondrina and La Redención gold projects in the La Llanada gold district of Nariño Province, southern Colombia. The Letter of Intent provides the Company with the exclusive right to conduct exploration and legal due diligence on the Mina La Maria gold project property for a period of three months commencing July 9, 2016. On October 18, 2016, the Company announced that after the completion of the exploration and legal due diligence, the Company decided not to proceed with a joint venture arrangement.

<u>Nicaragua</u>

Los Andes project and Piedra Iman property

The Company acquired the Los Andes project and Piedra Iman property through its acquisition of Caza Gold in February 2017. The Los Andes district is located 90 km from Managua in the Department of Boaco. The property consists of a number of gold and copper-gold targets occurring around a well-defined caldera structure. The Piedra Iman property covers a large alteration zone identifying an intrusion-related iron oxide copper – gold system.

In September 2017, RRM executed a strategic alliance agreement with Hemco S.A. ("Hemco"), forming a strategic alliance (the "Alliance") for mineral exploration in Nicaragua. Under the terms of the Alliance, Hemco and RRM 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 RRM 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. RRM 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 RRM.

(Expressed in Canadian Dollars, unless otherwise indicated)

12. Related Party Balances and Transactions

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 years presented was as follows:

	Year Ended December 31, 2017	Year Ended December 31, 2016
Salaries	**$ 289,537**	$ 191,000
Stock based compensation	**245,052**	74,287
	$ 534,589	$ 265,287

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

The Chief Financial Officer is a senior employee of Marrelli Support Services Inc. ("MSSI"). During the year ended December 31, 2017, the Company incurred professional fees of $22,749 (2016 - $22,500). As at December 31, 2017, MSSI was owed $1,445.

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.

(Expressed in Canadian Dollars, unless otherwise indicated)

13. Segmented Information

The Company's information about its operations and assets by geographic location is detailed below.

Year ended December 31, 2017	Jersey	Colombia	Nicaragua	Peru	Total
Net loss from continuing operations	$(1,167,258)	$ (863,515)	$ (199,769)	$ (71,604)	$(2,302,146)
Net loss from discontinued operations	$ (37,434)	$ -	$ -	$ -	$ (37,434)

Year ended December 31, 2016	Jersey	Colombia	Nicaragua	Peru	Total
Net loss from continuing operations	$ (946,542)	$ (822,866)	$ -	$ -	$(1,769,408)

As at December 31, 2017

	Jersey	Colombia	Nicaragua	Peru	Total
Non-current assets	$ 15,790	$ -	$ 3,572,794	$ -	$ 3,588,584

As at December 31, 2016

	Jersey	Colombia	Nicaragua	Peru	Total
Non-current assets	$ 28,050	$ 132,125	$ -	$ -	$ 160,175

14. 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, 2017 totalled $5,169,920 (2016 - $691,256). 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.

15. 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 consists 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. Management considers interest rate risk to be minimal given that, as at December 31, 2017 and 2016, no amounts were held in short-term deposit certificates.

Foreign exchange risk
As at December 31, 2017, the cash and cash equivalents was $1,554,737 (2016 - $703,859). The Company's cash and cash equivalents are denominated in the following currencies:

As at December 31,	**2017**	**2016**
Denominated in Canadian dollars	**$ 776,448**	$ 688,026
Denominated in US dollars	**264,091**	4,744
Denominated in British pound	**50,589**	8,487
Denominated in Colombian pesos	**24,019**	2,602
Denominated in Nicaraguan Cordoba	**439,590**	-
	$ 1,554,737	$ 703,859

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.

(Expressed in Canadian Dollars, unless otherwise indicated)

16. Income Taxes

There was no tax payable by the Group in the years ended December 31, 2017 and 2016.

Year Ended December 31,	2017	2016
Loss before income taxes, from continuing operations	**$ (2,302,146)**	$ (1,769,408)
Statutory rate	**20%**	20%
Expected income tax recovery	**(497,600)**	(353,800)
Items not deductible for tax purposes	**-**	29,900
Losses not recognized	**497,600**	323,900
Income taxes	**$ -**	$ -

The Group has taxation losses under jurisdiction of Jersey (Channel Islands) and Colombia (subject to confirmation with the tax authorities).

17. Subsequent Events

(i) 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. The Company also announces that it purchased an additional 5% of the equity of Minerales Camino Real S.A.S. ("RRM Colombia"), increasing its ownership interest to 97% of the total equity of RRM Colombia.

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. The Company also issued 2,000,000 Ordinary Shares to the seller in consideration for the 5% additional equity interest in RRM Colombia acquired by the Company.

In connection with the Financing Transactions, the Company (i) paid a total cash commission equal to 6.0% of the aggregate gross proceeds, and (ii) issued broker warrants (the "Broker Warrants") equal to 6.0% of the ordinary shares sold, to the Agents. Each Broker Warrant entitles the holder to acquire one ordinary share at a price of $0.16 until February 15, 2020.

(ii) 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.