Gold Springs Resource Corp.

(formerly TriMetals Mining Inc.)

(An Exploration Stage Company)

Consolidated Financial Statements
Years ended December 31, 2019 and 2018

(*Expressed in U.S. dollars*)

Independent auditor's report

To the Shareholders of Gold Springs Resource Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Gold Springs Resource Corp. (formerly TriMetals Mining Inc.) and its subsidiaries (together, the Company) as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of earnings (loss) and comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

(signed) PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 27, 2020

Gold Springs Resource Corp.

(An Exploration Stage Company)

Consolidated Statements of Financial Position

(Expressed in U.S. dollars)

	Note	December 31, 2019	December 31, 2018
		$	$
Assets			
Current			
Cash and cash equivalents		3,831,570	11,678
Restricted cash	**9**	450,408	-
Receivables and prepaids	**5**	408,735	115,088
		4,690,713	126,766
Non-current assets			
Equipment		25,619	45,257
Reclamation deposits	**7**	470,131	234,800
Other receivables	**5**	295,487	-
Investment in associate	**6**	1,819,796	-
Mining claims and deferred exploration costs	**7**	17,527,069	32,516,391
Arbitration award asset	**9**	-	11,874,819
		24,828,815	44,798,033
Liabilities			
Current			
Trade accounts payable and accrued liabilities	**13**	146,572	419,794
Redemption liability	**9**	450,408	-
		596,980	419,794
Non-current liabilities			
Class B shares and other arbitration award liabilities	**9**	-	9,463,383
Total Liabilities		596,980	9,883,177
Equity attributable to shareholders			
Share capital	**11**	98,466,930	97,678,334
Contributed surplus	**11**	13,725,401	13,403,664
Accumulated other comprehensive loss		(327,157)	(337,601)
Deficit		(87,633,339)	(75,829,541)
		24,231,835	34,914,856
		24,828,815	44,798,033

Contingencies (Note 14)
Subsequent events (Note 18)

Approved by the Board of Directors:

(signed) “Tina Woodside-Shaw” (signed) “Roman Mironchik”

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

Gold Springs Resource Corp.

(An Exploration Stage Company)

Consolidated Statements of Earnings (Loss) and Comprehensive Income (Loss)

For the years ended December 31

(Expressed in U.S. dollars)

	Note	2019	2018
		$	$
General and administrative expenses			
Arbitration		391,221	75,113
Consulting		45,134	23,812
Depreciation and amortization		19,638	24,554
Directors' fees	**13**	52,848	59,775
Filing and transfer agent fees		63,147	62,092
Office and administration		115,211	160,501
Professional fees	**13**	364,788	415,694
Reconnaissance and sundry exploration		5,511	21,351
Shareholder information and investor relations		35,550	79,042
Share-based payments	**11,13**	319,294	107,659
Wages and benefits	**13**	165,652	317,082
		(1,577,994)	(1,346,675)
Other income (expenses)			
Interest and other income		36,939	48,792
Share of loss of equity accounted investee	**6**	(103,264)	-
Foreign exchange gain (loss)		207	(4,017)
Loss on sale of the Escalones property	**8**	(13,471,723)	-
Change in fair value of arbitration award assets, Class B shares and other arbitration award liabilities	**9**	3,312,037	5,232,464
Accretion, interest and gain on modification of convertible notes	**10**	-	(256,731)
Gain on disposal of equipment		-	6,439
Derecognition of Malku Khota project		-	(1,147,249)
Change in fair value of options exercisable into Class B shares		-	58,456
		(10,225,804)	3,938,154
Net earnings (loss) for the year		(11,803,798)	2,591,479
Other comprehensive income (loss)			
Items that will not be subsequently reclassified to profit or loss:			
Unrealized loss on marketable securities		-	(85,155)
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences		10,444	39,327
Total other comprehensive income (loss) for the year		10,444	(45,828)
Total comprehensive income (loss) for the year		(11,793,354)	2,545,651
Net loss per share:			
Basic and Diluted		(0.05)	0.01
Weighted average number of shares outstanding:			
Basic and Diluted		240,779,344	195,503,672

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

Gold Springs Resource Corp.

(An Exploration Stage Company)

Consolidated Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(Expressed in U.S. dollars)

	Share Capital		Contributed Surplus	Convertible notes – equity component	Deficit	AOCL[1]	Total
	Number	$	$	$	$	$	$
Balance, December 31, 2017	**177,047,407**	**94,395,573**	**12,631,120**	**317,197**	**(78,421,020)**	**(291,773)**	**28,631,097**
Shares issued on private placement	19,123,570	1,596,497	237,414	-	-	-	1,833,911
Less: issue costs – cash	-	(97,844)	-	-	-	-	(97,844)
Convertible notes – maturity extension	-	-	-	78,312	-	-	78,312
Convertible notes – conversion	33,398,487	1,784,108	395,509	(395,509)	-	-	1,784,108
Share-based payments	-	-	139,621	-	-	-	139,621
Total comprehensive income (loss)	-	-	-	-	2,591,479	(45,828)	2,545,651
Balance, December 31, 2018	**229,569,464**	**97,678,334**	**13,403,664**	**-**	**(75,829,541)**	**(337,601)**	**34,914,856**
Shares issued on private placement	17,748,181	701,856	-	-	-	-	701,856
Less: issue costs – cash	-	(39,828)	-	-	-	-	(39,828)
Shares issued on warrant exercise	1,071,428	105,201	(15,800)	-	-	-	89,401
Shares issued on settlement of trade payables	400,000	21,367	-	-	-	-	21,367
Share-based payments	-	-	337,537	-	-	-	337,537
Total comprehensive income (loss)	-	-	-	-	(11,803,798)	10,444	(11,793,354)
Balance, December 31, 2019	**248,789,073**	**98,466,930**	**13,725,401**	**-**	**(87,633,339)**	**(327,157)**	**24,231,835**

1 Accumulated other comprehensive loss

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

Gold Springs Resource Corp.

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

For the years ended December 31

(Expressed in U.S. dollars)

	2019	2018
	$	**$**
Cash flows used in operating activities		
Net earning (loss) for the year	(11,803,798)	2,591,479
Items not affecting cash		
Depreciation and amortization	19,638	24,554
Arbitration	104,737	-
Change in fair value of arbitration award assets, Class B shares and other arbitration award liabilities	(3,312,037)	(5,232,464)
Share-based payments	319,294	107,659
Loss from investment in associate	103,264	-
Loss on sale of Escalones property	13,471,723	-
Interest paid in common shares	-	32,030
Change in fair value of stock options exercisable into Class B shares	-	(58,456)
Gain on disposal of equipment	-	(6,439)
Derecognition of Malku Khota	-	1,147,249
Accretion and gain on modification of convertible notes	-	173,424
Interest income	(36,939)	(7,185)
Unrealized foreign exchange gain	(36,060)	(74,643)
	(1,170,178)	(1,302,792)
Interest received	33,696	6,102
Changes in non-cash operating working capital		
Change in receivables and prepaids	1,463	472
Change in accounts payable and accrued liabilities	(192,209)	185,764
	(1,327,228)	(1,110,454)
Cash flows from (used in) investing activities		
Receipt of settlement from Bolivia, net of Tribunal’s cost order	25,588,525	-
Mining claims and deferred exploration costs	(832,143)	(1,337,419)
(Costs) Proceeds on sale of Escalones	(166,015)	112,790
Reclamation deposit	(235,331)	-
Repayment of drilling advance	-	66,519
Purchase of equipment	-	(1,483)
Proceeds on disposal of equipment	-	8,581
	24,355,036	(1,151,012)
Cash flows from (used in) financing activities		
Private placement	701,856	1,833,911
Share issuance costs	(39,828)	(97,844)
Exercise of warrants	89,401	-
Payment of Class B shares and other arbitration award liabilities	(19,844,789)	-
Installment from the working capital funding facility with the Fund	500,000	-
Repayment of the working capital funding facility with the Fund	(625,000)	-
	(19,218,360)	1,736,067
Increase (decrease) in cash and cash equivalents	3,809,448	(525,399)
Foreign exchange effect on cash and cash equivalents	10,444	39,327
Cash and cash equivalents[1] – Beginning of year	11,678	497,750
Cash and cash equivalents[1] – End of year	3,831,570	11,678

[1] *Cash and cash equivalents as at December 31, 2019 and 2018 was solely comprised of cash.*

Supplemental cash flow information (Note 16)

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

1 Nature of operations and liquidity risk

Gold Springs Resource Corp. ("GRC" or the "Company") was incorporated pursuant to the *Canada Business Corporations Act* by articles of incorporation dated September 28, 2006 and was continued under the *Business Corporations Act* (British Columbia) ("BCBCA") on December 17, 2013. On November 1, 2019 the Company changed its name from TriMetals Mining Inc. to Gold Springs Resource Corp. On November 5, 2019, the Company changed its stock symbol on the Toronto Stock Exchange ("TSX") to GRC and on November 12, 2019 changed its stock symbol on the OTCQB Venture Market ("OTCQB") in the U.S. to GRCAF. On December 31, 2019 the Company amalgamated with its 100% subsidiary, MK Acquisition Corp., and continued under the name Gold Springs Resource Corp. The Company's registered and head office is located at Suite 880, 580 Hornby Street, Vancouver, British Columbia, Canada. The Company's principal activities include the acquisition, exploration and development of mineral properties. The principal country where the Company has been undertaking exploration activities is the United States. Property interests are held through wholly owned subsidiaries.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months.

At December 31, 2019, the Company had a working capital of $4,093,733 (December 31, 2018 – working capital deficit of $293,028), which the Company believes is sufficient to meet its obligations and continue its operations for at least the next twelve months.

Beyond the next 12 months, the Company's ability to continue as a going concern will be dependent upon its ability to obtain the necessary financing to meet its general operating expenses and to continue to explore its mineral properties. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

2 Basis of presentation

Statement of compliance

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS") effective for the Company's reporting for the year ended December 31, 2019. The consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments carried at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These financial statements were approved by the board of directors on March 27, 2020.

Basis of consolidation
The consolidated financial statements include the results or financial information of Gold Springs Resource Corp. (formerly TriMetals Mining Inc.) and its significant wholly-owned subsidiaries listed in the following table:

Name	**Country of incorporation**
South American Silver Limited	Bermuda
TriMetals Mining Chile SCM [1]	Chile
Compania Minera Malku Khota S.A.	Bolivia
High Desert Gold Corporation	Canada
Gold Springs Resource Corp. (formerly TriMetals Mining Inc.)	U.S.A.
Gold Springs LLC	U.S.A.

[1] *Disposed of on September 26, 2019*

The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. All significant intercompany transactions and balances have been eliminated.

Summary of significant accounting policies

Cash and cash equivalents
Cash and cash equivalents include cash and highly liquid investments held in the form of money market investments and certificates of deposit with investment terms of less than three months at acquisition.

Equipment
Equipment is carried at cost less accumulated depreciation and any recognized impairment loss, net of reversals. Depreciation is computed using the straight-line method over estimated useful lives as follows:

Furniture and equipment	5 years
Computer hardware	3 years
Computer software	1 year
Vehicles	5 years

Mining claims and deferred exploration costs
The Company is in the exploration stage and defers all exploration and evaluation expenditures related to its mineral properties until such time as the properties are put into commercial production, impaired, sold or abandoned. Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Mineral property option proceeds, if received, are credited against the deferred costs incurred by the Company on the property or properties being optioned. Under this method, the amounts shown as mining claims and deferred exploration represent costs incurred to date less amounts amortized and/or written off, and do not necessarily represent present or future values.

Once the technical feasibility and commercial viability of the extraction of mineral reserves or resources from a particular mineral property has been determined, expenditures are reclassified to development assets within property, plant and equipment and are carried at cost until the properties to which the expenditures relate are sold, abandoned or determined by management to be impaired in value.

If a property is put into commercial production, the carrying value will be depleted using the unit of production basis. If a property is impaired, sold or abandoned, the expenditures will be charged to profit or loss in the related period.

Exploration costs that are not attributable to a specific property or that are incurred prior to the Company acquiring the legal rights to a property are charged to profit or loss as reconnaissance and sundry exploration.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and regulatory requirements.

Recognition of Financial Instruments
The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes a party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Financial assets at FVTOCI
Investments in equity instruments designated at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with both realized and unrealized gains and losses recognized in other comprehensive income (loss) in the period in which they arise.

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition of financial assets and liabilities
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss in the period in which they arise. However, gains and losses on derecognition of financial assets designated as FVTOCI are recorded in other comprehensive income (loss) in the period in which they arise. Cumulative gains and losses on derecognized financial assets designated as FVTOCI are reclassified from accumulated other comprehensive income (loss) to deficit.

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, 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.

Impairment of long-lived assets
At the end of each reporting period the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset (or cash-generating unit) is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of the fair value less costs to sell and the value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Management's assessment of a property's estimated fair market value may also be based upon a review of other property transactions that have occurred in the same geographic area as that of the property under review.

In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

Investment in associate

Investments over which the Company exercises significant influence but do not control or jointly control are associates. Investment in associates are accounted for using the equity method.

The equity method involves recording the initial investment at cost and subsequently adjusting the carrying value of the investment for our proportionate share of any other changes in the associate's net assets. The Company's share of the profit or loss from the associate is recorded in the Consolidated Statements of Loss and Comprehensive Loss. Our proportionate share of the associate's income or loss and other comprehensive income or loss is based on its most recent financial statements. Adjustments are made to align any inconsistencies between our accounting policies and our associate's accounting policies before applying the equity method.

Restoration, rehabilitation and environmental obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of facts such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a risk free rate that reflects the time value of money are used to calculate the net present value. The capitalized costs are charged against profit or loss over the economic life of the related asset, through amortization using the unit-of production method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an accretion expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company may in the future be affected from time to time by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable. The Company has no material restoration, rehabilitation or environmental obligation as the disturbance to date is minimal.

Earnings per share

Basic earnings or loss per share represents the profit or loss for the period, divided by the weighted average number of common shares in issue during the period. Diluted earnings or loss per share represents the profit or loss for the period, divided by the weighted average number of common shares in issue during the period plus the weighted average number of dilutive shares resulting from the exercise of stock options, warrants and other similar instruments where the inclusion of these would not be anti-dilutive. Diluted earnings or loss per share is calculated using the Treasury Stock Method which assumes proceeds raised from the assumed exercise of stock options, warrants and other similar instruments are used to repurchase common shares in the open market.

Foreign currencies

The financial statements for the Company and each of its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the parent company, GRC, is the Canadian dollar; and the functional currency of each of the Company's subsidiaries is the U.S. dollar. The presentation currency of these consolidated financial statements is the U.S. dollar.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

The statement of financial position of the parent company is translated into U.S. dollars using the exchange rate at the statement of financial position date and the statement of operations is translated into U.S. dollars using the average exchange rate for the period. All gains and losses on translation from the functional currency to the presentation currency are charged to other comprehensive income (loss).

Income tax

Income tax on the earnings or loss for the periods presented comprises current and deferred tax. Income tax is recognized in earnings or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Company does not provide for temporary differences relating to differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share capital
Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

Share-based payments
The Company has established a share incentive plan (the "Plan") for the benefit of full-time and part-time employees, officers, directors and consultants of the Company and its affiliates. The Plan includes a stock award plan comprised of stock options and share appreciation rights. The maximum number of shares available under the Plan is limited to 10% of the issued common shares and that number of Class B shares as are required to be issued upon the exercise of awards issued prior to the Arrangement.

The fair value of all stock options granted is recorded as a charge to operations or deferred exploration costs and a credit to contributed surplus under the graded attribution method. The fair value, as adjusted for the estimated forfeiture rate, is measured at the date of grant and is recognized over the vesting period. The Company's stock options are subject to graded vesting and thus each tranche in the award is considered a separate grant, with a different vesting date and fair value for purposes of recognizing share-based payment expense. Prior to the vesting date, the then-current fair values of stock options granted are recognized as share-based payment expense from the date of grant to the reporting date and credited to contributed surplus. Any consideration received on the exercise of stock options together with the related portion of contributed surplus is credited to share capital. The fair value of stock options is estimated using the Black-Scholes option pricing model.

Convertible notes
For accounting purposes, each unit consisting of convertible notes and common share purchase warrants is separated into its liability and equity components using the residual equity method. The value of the liability component at the time of issue is calculated as the discounted cash flows for the convertible notes assuming a risk-adjusted interest rate which represents the estimated rate for a note without a conversion feature. The fair value of the equity component (conversion or warrant feature) is determined at the time of issue as the difference between the face value of the convertible notes and the fair value of the liability component.

3 Adoption of new accounting standards

IFRS 16, Leases
IFRS 16, Leases ("IFRS 16") eliminates the classification of leases as either operating or finance leases for a lessee. Instead all leases are capitalized by recognizing the present value of lease payments and recognizing an asset and a financial liability representing an obligation to make future lease payments. The principles in IFRS 16 provide a more consistent approach to acquiring the use of an asset whether by leasing or purchasing an asset. The new leasing standard results in lease assets previously recorded as operating leases now being recognized as "right of use" assets on the statement of financial position. IFRS 16 is applicable to all entities and will supersede current lease accounting standards under IFRS. IFRS 16 became effective for the Company on January 1, 2019. There was no material impact to the Company's consolidated financial statements upon adoption.

4 Use of estimates, assumptions and judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ significantly from these estimates. 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.

Significant accounting judgements are made in particular with regard to the Company's ability to continue as a going concern and the assessment of impairment to the carrying value of mineral properties.

Going concern
The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the financial resources to continue in business for at least the next twelve months. The factors considered by management are disclosed in Note 1.

Mining claims and deferred exploration costs
The recoverability of amounts shown as mining claims and deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties, and the ultimate realization of profits through future production or sale of the properties.

Management reviews the carrying values of its mining claims on at least an annual basis, or when an impairment indicator exists, to determine whether an impairment should be recognized. In making its assessment, management considers, among other things, exploration results to date and future exploration plans for a particular property. In addition, capitalized costs related to relinquished property rights are written off in the period of relinquishment. Capitalized costs in respect of the Company's mining claims may not be recoverable and there is a risk that these costs may be written down in future periods.

Other critical estimates and assumptions have been made in particular with regard to the assumptions used in calculating the fair value of the arbitration award assets and other arbitration award liabilities and the Class B share options and warrants and share-based payments.

Share-based payments
The Company uses the fair-value method of accounting for share-based payments related to incentive stock options and compensation warrants granted, modified or settled. Under this method, compensation cost attributable to options granted is measured at fair value at the grant date and expensed over the vesting period. In determining the fair value, the Company makes estimates of the expected volatility of the stock, the expected life of the options, and an estimated risk-free interest rate.

(Expressed in U.S. dollars)

Arbitration award asset and other arbitration award liabilities
The fair value of the arbitration award assets and other arbitration award liabilities was estimated based on the quoted price of the Class B shares on the TSX. Changes to these estimates in previous years could have resulted in the fair value of the Class B shares being less than or greater than the amount recorded.

Warrants
In determining the fair value of warrants included in unit placements, the Company makes estimates of the expected volatility of the stock, the expected life of the warrants, and an estimated risk-free interest rate.

Investment in associate
The carrying value of the investment in associate is included in the consolidated statements of financial position. Management has estimated the cost of the initial investment based on the shares received from Wealth Copper Ltd. and applying the expected pricing of the Concurrent Financing, as discussed in Note 8. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggests the carrying amount exceeds the recoverable amount. Any change in the assumptions used could impact the carrying value of the investment on the consolidated statement of financial position with a corresponding adjustment to the consolidated statement of earnings (loss) and comprehensive income (loss).

5 Receivables and prepaids

	December 31, 2019	December 31, 2018
	$	$
GST receivable	13,502	5,221
Other receivables	15,731	9,616
Other prepaids and advances	87,635	100,251
Receivables from sale of the Escalones property (note 8)	587,354	-
	704,222	115,088
Less: long term receivable from sale of the Escalones property (note 8)	(295,487)	-
	408,735	115,088

6 Investment in associate

Upon completion of the sale of the Escalones property (note 8) on September 26, 2019, the Company received 25,000,000 common shares of Wealth Copper Ltd. ("Wealth Copper") a private company incorporated in British Columbia. On initial recognition, in absence of available market information on the value of Wealth Copper's shares, the Company estimated the value of the common shares of Wealth Copper to equal Cdn $0.10/share, being the price per common share applicable to the portion of the Concurrent Financing by Wealth Copper (note 8) that was raised prior to closing of the Escalones transaction (note 8), totalling an initial recognition cost of $1,887,000. As at December 31, 2019 the Company owns 42.6% of the issued and outstanding common shares of Wealth Copper.

(Expressed in U.S. dollars)

The Company's investment in associate as at December 31, 2019 and the changes for the year then ended are as follows:

	December 31, 2019
	$
Initial recognition	1,887,000
Share of loss in equity accounted investee	(103,264)
Foreign exchange	36,060
	1,819,796

The following is a summary of Wealth Copper's financial information on a 100% basis as at December 31, 2019. Wealth Copper's financial statements are prepared in accordance with IFRS.

	December 31, 2019
	$
Cash and cash equivalents	128,352
Total current assets	136,020
Total non-current assets	3,066,046
Total current liabilities	(291,079)
Total non-current liabilities	(807,811)
Net asset value	2,231,528
Net loss from September 26, 2019 to December 31, 2019	242,216
Proportionate share of net loss (42.6% ownership)	103,264

7 Mining claims and deferred exploration costs

Mining claims and deferred exploration costs are associated with the following projects:

	Gold Springs	Escalones	Total
	$	$	$
Balance at December 31, 2017	**15,835,450**	**15,485,881**	**31,321,331**
Land and option payments	224,447	160,142	384,589
Laboratory	44,497	-	44,497
Field supplies	11,734	10	11,744
Camp	26,874	10,114	36,988
Consulting and supervision	417,414	118,927	536,341
Environmental	118,432	3,593	122,025
Technical consulting	19,995	13,910	33,905
Trenching	-	3,630	3,630
Travel and accommodation	92,954	8,088	101,042
Share-based payments	31,962	-	31,962
Value added tax credits	-	1,127	1,127
Deposit received for the sale of Escalones (note 8)	-	(112,790)	(112,790)
	988,309	206,751	1,195,060
Balance at December 31, 2018	**16,823,759**	**15,692,632**	**32,516,391**

(Expressed in U.S. dollars)

	Gold Springs	Escalones	Total
	$	$	$
Balance at December 31, 2018	**16,823,759**	**15,692,632**	**32,516,391**
Land and option payments	295,085	50,613	345,698
Laboratory	45,709	-	45,709
Field supplies	6,939	-	6,939
Camp	16,962	3,711	20,673
Consulting and supervision	120,233	25,191	145,424
Drilling	141,293	-	141,293
Environmental	7,163	3,314	10,477
Technical consulting	10,898	4,489	15,387
Travel and accommodation	17,222	-	17,222
Trenching	23,563	-	23,563
Share-based payments	18,243	-	18,243
Value added tax credits	-	112	112
	703,310	87,430	790,740
Sale of Escalones property (note 8)	-	(15,780,062)	(15,780,062)
Balance at December 31, 2019	**17,527,069**	**-**	**17,527,069**

Gold Springs, USA

The Gold Springs mineral property was acquired through the 2013 acquisition of High Desert Gold Corporation (“HDG”).

During the year ended December 31, 2017 the Company increased the size of the Gold Springs property by entering into lease and surface use agreements. Pursuant to the agreements, the Company has entered into a 30 year lease beginning on October 25, 2017 for the mineral rights on certain patented mining claims and a 30 year surface use agreement on certain homestead lands upon payment as follows: $41,035 paid on execution of the agreement, $40,000 on October 25, 2018 (paid), $45,000 on October 25, 2019 (paid), $50,000 on October 25, 2020 and $55,000 on each anniversary until October 25, 2047. In addition, upon commencement of commercial production, the Company is to pay the lessor a 3% net smelter returns royalty which is to be increased in relation to the average price per troy ounce of gold. The Company has the right and option, prior to commencement of commercial production, to buy back 0.5% of the net smelter returns royalty for the sum of $1,000,000, payable within 60 days from and after commencement of commercial production.

As at December 31, 2019 the Company had $470,131 (2018 - $234,800) of cash on direct deposit with Nevada and Utah land and environmental regulatory authorities for future remediation costs. The carrying values represent the cash placed directly with those authorities. The cash on deposit, and for fiscal 2018, in conjunction with surety bonds, as applicable, are the amounts to meet the expected remediation costs as advised by those regulatory authorities.

(Expressed in U.S. dollars)

8 Sale of Escalones property

	$
Disposal of mining claims and deferred exploration costs (note 7)	15,780,062*
Cash consideration receivable (note 5)	(587,354)
Investment in associate (note 6)	(1,887,000)
Transaction costs incurred	166,015
Loss on sale of Escalones property	13,471,723

* This is net of $112,790 advanced proceeds received during the year ended December 31, 2018 (Note 7)

On May 31, 2019, the Company and its wholly-owned subsidiary, Escalones Resource Corp. ("ERC") entered into a definitive share purchase agreement, as amended (the "Share Purchase Agreement"), with Wealth Minerals Ltd. ("Wealth") and its then wholly-owned subsidiary, Wealth Copper Ltd. ("Wealth Copper") pursuant to which, Wealth Copper agreed to acquire from ERC all of the issued and outstanding shares of the Company's subsidiaries SASC Metallurgy Corp. and Escalones Copper Corp. (the "Purchased Shares"), and thereby 100% of the Company's Chilean subsidiary, TriMetals Mining Chile SCM, and its interest in the Escalones property (the "Escalones Transaction"). The Escalones Transaction closed on September 26, 2019.

As consideration to the Company for the purchase of the Escalones property, Wealth Copper

(i) issued 25,000,000 common shares in its capital (each, a "Wealth Copper Share") to the ERC;

(ii) will pay the Company an aggregate of $754,638 (Cdn$1,000,000) in cash (the "Cash Consideration") of which $112,790 (Cdn$150,000) was paid in 2018, and credited against the Cash Consideration, and Cdn$350,000 due upon closing of the Concurrent Financing (as defined below, still to occur) and Cdn$500,000 due on the 12-month anniversary of the closing of the Concurrent Financing (still to occur); and

(iii) granted the Company a 2% net smelter returns royalty payable on production from those mining rights or exploitation concessions that supersede or shall derive from the Escalones Exploration Concessions if the price of copper is greater than US$0.75 per pound or a 1% net smelter returns royalty if the copper price is equal to or less than US$0.75 per pound (the "Royalty"). The Royalty shall be subject to a buyback right pursuant to which the Royalty may be purchased for US$3 million at any time during the 5 years following the first sale of minerals produced from such mining rights or exploitation concessions, and US$5 million after such 5-year period. In calculating the loss on sales of the Escalones property, a $nil value was ascribed to the Royalty due to uncertainty of occurrence.

Wealth Copper also agreed to reimburse the Company for the 2019 land payments of the Escalones property of $54,000 upon closing of the Concurrent Financing (as defined below, still to occur).

At closing of the Escalones Transaction, the Company held 25,000,000 Wealth Copper Shares and 25,000,000 Wealth Copper Shares were held by Wealth, which collectively represented 85.2% of the issued and outstanding Wealth Copper Shares, excluding any Wealth Copper Shares to be issued in connection with the Concurrent Financing (as defined below).

Wealth Copper has entered into a letter of intent with Allante Resources Ltd. (TSXV: ALL.H) ("Allante") dated June 7, 2019 in respect of a reverse take-over transaction (the "Going-Public Transaction"), whereby Allante (which, after the closing of the Going-Public Transaction, shall be the "Resulting Issuer") is to acquire all of the issued and outstanding Wealth Copper Shares from Wealth and ERC and continue the business of Wealth Copper in exchange for the issuance of common shares in the capital of Allante to the Wealth Copper shareholders on a one (1) for one (1) basis. The Share Purchase Agreement contemplates that in connection with the Going-Public Transaction, Wealth Copper and/or Allante shall have completed private placement financings to raise an aggregate of at least Cdn$5,000,000 (the "Concurrent Financing") of which, at closing of the Escalones Transaction, Wealth Copper has already raised approximately Cdn$814,000 with the issuance of 8,140,000 Wealth Copper Shares at a price of Cdn$0.10 per Wealth Copper Share. Wealth Copper is to complete by itself (or in conjunction with Allante), private placement financing(s) in the aggregate amount of at least Cdn$2,000,000 prior to the closing of the Going-Public Transaction, with the outstanding amount of the Concurrent Financing to be raised on our before August 31, 2020.

Pursuant to the Share Purchase Agreement, the Company's ownership interest in the Resulting Issuer is not to be less than 30% immediately after giving effect to the Going-Public Transaction and the Concurrent Financing and the Company is to be granted the right to participate in future equity financings of the Resulting Issuer to allow the Company to maintain up to its pro rata ownership interest in the equity capital of the Resulting Issuer. In addition, following closing of the Going-Public Transaction, the Company and Wealth will each be granted the right to nominate one director to the board of directors of the Resulting Issuer for so long as each holds at least 20% of the issued and outstanding shares of the Resulting Issuer.

If the Going-Public Transaction has not closed by June 30, 2020, ERC shall have the right to demand, on or before July 15, 2020, that Wealth Copper return and transfer the Purchased Shares (including the shares of TMI Chile) to ERC. In the event that the Purchased Shares are returned by Wealth Copper to ERC, then ERC would be required to return its Wealth Copper Shares to Wealth Minerals.

9 Arbitration related assets and liabilities

On October 23, 2012, the Company's wholly-owned Bermudian subsidiary, South American Silver Limited ("SASL"), notified the Plurinational State of Bolivia ("Bolivia") of an investment dispute as a result of acts and omissions of the Government of Bolivia including the issuance of Supreme Decree No.1308 on August 1, 2012 (the "Decree"). The Decree revoked mining concessions held by the Company's Bolivian subsidiary, Compañia Minera Malku Khota S.A. ("CMMK"), a wholly-owned subsidiary of SASL.

On April 30, 2013, SASL commenced international arbitration against the Government of Bolivia under the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL) pursuant to the UK-Bolivia Treaty seeking compensation based on fair market value of the Malku Khota project.

On May 23, 2013, the Company entered into a privileged arbitration funding agreement (the "Arbitration Funding Agreement") with a third-party funder (the "Fund") pursuant to which the Fund would cover most of the Company's future costs and expenses related to its international arbitration proceedings against Bolivia.

On November 22, 2018, an Arbitration Tribunal of the Permanent Court of Arbitration issued an award to SASL for $18,700,000 in respect of amounts invested and interest thereon (the "Award").

(Expressed in U.S. dollars)

During the year ended December 31, 2018, as a result of the completion of the arbitration process on November 22, 2018, the Malku Khota project was derecognized and the arbitration award asset was recorded at its estimated fair value of $17,586,751. This resulted in a loss on derecognition of $1,147,249. The change in fair value of arbitration award asset, Class B shares and other arbitration award liabilities of $5,232,464 for the year ended December 31, 2018 comprises an unrealized fair value gain of $10,944,395 on the total arbitration award liabilities and an unrealized fair value loss of $5,711,931 on the arbitration award asset.

On April 4, 2019 the Company executed an addendum to its 2013 Arbitration Funding Agreement with the Fund whereby the Company could elect to receive up to $2 million for working capital purposes. The Fund made such working capital funding facility available to the Company in four semi-annual installments of $500,000 each. The first $500,000 installment was received in June 2019 and repaid to the Fund in September 2019.

On August 29, 2019, the Company and its wholly-owned subsidiaries SASL and CMMK, entered into an agreement with Bolivia for $25,798,000 to settle SASL's international arbitration against Bolivia, and to transfer to Bolivia the exploration data of the Malku Khota project owned by the Company (the "Data").

On September 5, 2019 the Company received $25,588,525, being net of $209,475 for the Tribunal's cost order included in the Award, from the Government of Bolivia as a final settlement amount for (i) SASL's Award against Bolivia and (ii) the transfer of the Data by the Company to Bolivia. During the year ended December 31, 2019, the Company paid $8,408,603 of arbitration award liabilities.

The settlement with Bolivia resulted in a net change in fair value of arbitration award assets, Class B shares and other arbitration award liabilities to the Company of $3,312,037, comprised as follows:

	$
Arbitration settlement proceeds received from Bolivia, net of Tribunal's cost order	25,588,525
Settlement of arbitration award asset	(11,874,819)
Change in fair value of Class B shares and other arbitration award liabilities[(1)]	(10,381,406)
Other arbitration costs	(20,263)
Change in fair value of arbitration award assets, Class B shares and other arbitration award liabilities	**3,312,037**

[(1)] *Comprised of (i) payment of arbitration award liabilities of $8,408,603 and (ii) redemption of Class B shares for total redemption proceeds of $11,436,186, net of the December 31, 2018 carrying value of the Class B shares and other arbitration award liabilities of $9,463,383.*

On November 4, 2019 the Class B shares were redeemed for $0.09827 per Class B share for an aggregate redemption amount of $11,436,186. On November 5, 2019 the Class B shares were delisted from the TSX and the OTCQB. As at December 31, 2019 there was $450,408 (2018 - $nil) of redemption funds remaining held in trust with Company's Transfer Agent, and representing amounts not yet claimed for redemption by prior Class B shareholders.

(Expressed in U.S. dollars)

10 Convertible Notes

	Liability component	Equity component	Contributed surplus
	$	**$**	**$**
Balance – December 31, 2017	**1,731,609**	**317,197**	**-**
Extension of maturity date	(299,755)	78,312	-
Accretion	394,867	-	-
Foreign exchange	(74,643)	-	-
Conversion of notes	(1,752,078)	(395,509)	395,509
Balance – December 31, 2018 and 2019	**-**	**-**	**395,509**

During 2015, the Company closed a non-brokered private placement of units consisting of Cdn. $2,296,000 principal amount of convertible notes bearing 6% interest and maturing July 23, 2018 (the "Notes") and 7,446,486 common share purchase warrants (the "Warrants") for gross proceeds of $1,770,572 (Cdn. $2,296,000).

On July 11, 2018 the Company gave notice to the convertible note holders that repayment of the Notes would cause financial hardship and exercised the right to extend the maturity date to July 23, 2020. A non-cash gain of $221,443 was recorded in connection with the extension of the maturity date.

On October 19, 2018, the convertible note holders converted 100% of the outstanding balance of the Notes, plus $32,030 of accrued interest, into an aggregate of 33,398,487 common shares of the Company at an amended conversion price of Cdn $0.07 per common shares. The Notes and the security interests provided to secure payment of the Notes, were thereby extinguished.

11 Share capital

Authorized
An unlimited number of common shares without par value and up to 127,328,790 Class B Shares without par value

The holders of the common shares are entitled to one vote per share. The holders of the common shares are entitled to dividends, when and if declared by the directors of the Company. No dividends have ever been declared or paid as at December 31, 2019.

On November 4, 2019 the Company redeemed the Class B shares at a price of US$0.09827 per share for an aggregate redemption amount of $11,436,186. On November 5, 2019 the Class B shares were delisted from the TSX and the OTCQB. As at December 31, 2019 there was $450,408 (2018 - $nil) of redemption funds remaining held in trust with Company's Transfer Agent, and representing amounts not yet claimed for redemption by prior Class B shareholders.

Financings
On August 16, 2019 the Company closed, in two tranches, a private placement, issuing 8,548,181 common shares at a price of Cdn $0.055 per share, raising gross proceeds of $356,442 (Cdn $470,150). The Company incurred share issuance costs of $11,265.

(Expressed in U.S. dollars)

On March 20, 2019 the Company completed a private placement for gross proceeds of $345,414 (Cdn $460,000) through the issuance of 9,200,000 common shares at a price of Cdn $0.05 per share. The Company incurred share issuance costs of $28,563.

In addition, during the year ended December 31, 2019, the Company issued 400,000 common shares at a price of Cdn $0.05 per share to settle trade debts payable and a total of 1,071,428 warrants were exercised for gross proceeds of $89,401.

On October 25, 2018, the Company completed a private placement in two tranches of 6,428,571 units for total gross proceeds of $343,900 (Cdn $450,000). Each unit consists of one common share of the Company and one-half of one common share purchase warrant of the Company. A value of $47,401 was attributed to these warrants using the Black-Scholes option-pricing model and has been credited to contributed surplus. Assumptions used in the pricing model were as follows: average risk-free interest rate – 1.36%; expected life – 2 years; expected volatility – 61%; and expected dividends – nil. The Company incurred share issuance costs of $26,531.

On April 5, 2018, the Company completed a private placement in three tranches for gross proceeds of $1,490,011 (Cdn. $1,904,250) through the issuance of 12,694,999 units at a price of Cdn. $0.15 per unit. Each unit is comprised of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at an exercise price of Cdn. $0.25 per share for a period of 24 months from the closing date of the private placement. The warrants are subject to an acceleration clause should the Company's common shares trade at a price of Cdn. $0.35 or greater for 10 consecutive trading days. A value of $190,013 was attributed to these warrants using the Black-Scholes option-pricing model and has been credited to contributed surplus. Assumptions used in the pricing model were as follows: average risk-free interest rate – 1.21%; expected life – 2 years; expected volatility – 71% to 74%; and expected dividends – nil. The Company incurred share issuance costs of $71,313.

Stock options

The Company's stock options outstanding as at December 31, 2019 and 2018 and the changes for the years then ended are as follows:

	Number of options	Weighted average exercise price (per share)	Weighted average remaining life (years)
		Cdn $	
Balance – December 31, 2017	11,541,458	0.30	2.57
Expired	(5,206,458)	0.31	
Granted	3,650,000	0.10	
Balance – December 31, 2018	9,985,000	0.22	2.62
Expired	(1,660,834)	0.35	
Forfeited	(1,116,666)	0.18	
Granted	13,450,000	0.06	
Balance – December 31, 2019	**20,657,500**	**0.11**	**2.08**
Exercisable – December 31, 2019	**17,907,500**	**0.12**	**2.03**

(Expressed in U.S. dollars)

During the year ended December 31, 2019, the Company granted 13,450,000 stock options. A total of 7,400,000 vested immediately, 1,333,332 will vest 3 months following the date of grant, 666,667 will vest 6 months following the date of grant, 66,667 will vest 9 months following the date of grant, 666,667 will vest 12 months following the date of the grant, 66,667 will vest 18 months following the date of grant and 3,250,000 will vest based on performance milestones (achieved) set out by the board of directors.

During the year ended December 31, 2018, the Company granted 3,650,000 stock options. A total of 883,333 vested immediately, 883,333 will vest 9 months following the date of the grant, 883,334 will vest 18 months following the date of the grant and 1,000,000 will vest based on performance milestones (20% achieved and 80% forfeited) set out by the board of directors.

During the year ended December 31, 2019, the Company recorded share-based payments of $337,537 (2018 - $139,621) in respect of the vesting of previously granted stock options and newly granted options. Of this amount, $319,294 (2018 - $107,659) was recorded as a charge to operations and $18,243 (2018 - $31,962) was included in deferred exploration costs. The weighted average grant date fair value of options granted during the year ended December 31, 2019 was $0.025 per share (2018 - $0.05 per share). The fair value of each option grant during the years ended December 31, 2019 and 2018 was estimated at the time of the grant using the Black-Scholes option pricing model with assumptions for grants as follows:

	2019	**2018**
Weighted average exercise price	Cdn. $0.06	Cdn. $0.11
Weighted average grant date share price	Cdn. $0.06	Cdn. $0.10
Risk-free interest rate	1.58%	1.51%
Expected life	3 years	3.7 years
Expected volatility	83%	86%
Dividend rate	0%	0%

Grant date share price is the closing market price on the date the options were granted. Expected volatility was determined by measuring the historical volatility of the Company's share price. The historical period used to measure historical volatility was the same as the expected life of the options granted.

The balance of options outstanding as at December 31, 2019 is as follows:

Expiry date	**Exercise price Cdn$**	**Number of options outstanding**	**Number of options exercisable**
August 12, 2020	0.21	1,727,500	1,727,500
May 19, 2021	0.305	1,427,500	1,427,500
October 10, 2021	0.285	250,000	250,000
November 21, 2021	0.225	50,000	50,000
November 27, 2021	0.05	2,050,000	1,366,667
February 8, 2022	0.055	200,000	133,333
February 15, 2022	0.06	2,000,000	2,000,000
April 8, 2022	0.06	6,500,000	6,500,000
May 1, 2022	0.045	2,000,000	1,333,333
May 9, 2022	0.045	500,000	500,000
June 12, 2022	0.30	1,702,500	1,702,500
September 9, 2022	0.08	2,250,000	916,667
		20,657,500	17,907,500

(Expressed in U.S. dollars)

All of the outstanding options have associated share appreciation rights which allow the optionees to exercise their options on a cashless basis resulting in a lesser number of common shares to be issued to the optionee pursuant to their exercise.

Warrants

The Company's warrants outstanding as at December 31, 2019 and 2018 and the changes for the years then ended are as follows:

	Number of warrants	**Weighted average exercise price (per share)**	**Weighted average remaining life (years)**
		Cdn$	
Balance – December 31, 2017	17,768,331	0.35	1.72
Issued	9,561,785	0.20	
Expired	(79,200)	0.30	
Balance – December 31, 2018	27,250,916	0.30	0.96
Expired	(17,689,131)	0.35	
Exercised	(1,071,428)	0.11	
Balance – December 31, 2019	**8,490,357**	**0.21**	**0.34**

Warrants to acquire common shares are outstanding at December 31, 2019 as follows:

Expiry Date	**Exercise Price Cdn$**	**Number of warrants outstanding**
February 28, 2020	0.25	4,039,166
March 2, 2020	0.25	1,475,000
April 5, 2020	0.25	833,333
October 19, 2020	0.11	714,286
October 25, 2020	0.11	1,428,572
		8,490,357

Subsequent to December 31, 2019 a total of 5,514,166 warrants with an exercise price of Cdn $0.25 expired unexercised (Note 18).

(Expressed in U.S. dollars)

12 Income taxes

The tax on the Company's profit before tax differs from the amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2019	2018
Tax rate	27%	27%
		$
Net earnings (loss) for the year	(11,803,798)	2,591,479
Provision for income taxes at applicable rates	3,187,025	(699,699)
Tax effects of:		
Prior year adjustments	(159,108)	106,433
Foreign exchange and rate differences	(110,159)	29,279
Non-deductible expenses and non-taxable gains	(1,183,832)	310,002
Differences as a result of changing tax rates	-	618,279
Losses and benefits recognized (not recognized)	(1,733,926)	(364,294)
Income tax expense	-	-

The analysis of deferred tax assets and deferred tax liabilities as at December 31, 2018 and 2017 is as follows:

	2019	2018
	$	$
Deferred tax assets	9,865,806	9,986,926
Deferred tax liabilities	-	(288,029)
Benefits not recognized	(9,865,806)	(9,698,897)
Net deferred tax balance	-	-

The movement of deferred tax assets for the years ended December 31, 2019 and 2018 are as follows:

	Operating loss carry forwards	Capital loss carry forward	Excess of tax basis over carrying value of assets	Tax basis of financing fees in excess of book value	Unrealized gains and losses charged to OCI	Total
	$	$	$	$	$	$
Balance, December 31, 2017	**9,900,806**	**-**	**388,435**	**83,504**	**197,879**	**10,570,624**
Charged to equity	-	-	-	26,418	-	26,418
Charged (credited) to the statement of loss	(656,043)	-	50,469	(24,526)	-	(630,100)
Charged to OCI	-	-	-	-	19,984	19,984
Balance, December 31, 2018	**9,244,763**	**-**	**438,904**	**85,396**	**217,863**	**9,986,926**
Charged to equity	-	-	-	25,996	-	25,996
Charged (credited) to the statement of loss	(916,624)	1,188,884	(398,389)	(34,970)	-	(161,099)
Charged to OCI	-	-	-	-	13,983	13,983
Balance, December 31, 2019	**8,328,139**	**1,188,884**	**40,515**	**76,422**	**231,846**	**9,865,806**

(Expressed in U.S. dollars)

The Company has a non-capital loss carried forward available to reduce future taxable income of approximately $32,280,000. Of this amount, $246,000 do not expire. The remainder of the losses expire as follows:

	$
2026	87,000
2027	307,000
2028	710,000
2029	1,184,000
2030	2,937,000
2031	5,499,000
2032	5,578,000
2033	5,551,000
2034	3,021,000
2035	2,245,000
2036	1,857,000
2037	1,463,000
2038	798,000
2039	797,000
	32,034,000

The potential benefits of these carry-forward non-capital losses, capital losses and deductible temporary differences has not been recognized in these financial statements as it is not considered probable that sufficient future taxable profit in the same entity will allow the deferred tax asset to be recovered.

13 Related party transactions

Key management includes all the Officers and Directors of the Company. The compensation paid or payable to key management for services during the years ended December 31, 2019 and 2018 is as follows:

	2019	**2018**
	$	**$**
Directors' fees	52,848	59,775
Professional fees	81,776	69,413
Wages and benefits	180,781	326,000
Share-based payments	294,218	74,262
	609,623	529,450

Included in accounts payable at December 31, 2019 is an amount of $38,670 (December 31, 2018 - $281,499) due to related parties. These amounts are non-interest bearing and have no specific terms of repayment.

(Expressed in U.S. dollars)

The Company incurred the following additional expenditures with related parties during the years ended December 31, 2019 and 2018:

	2019	**2018**
	$	**$**
Consulting fees	52,582	18,357
Consulting fees - mineral property costs	21,326	89,867
Professional fees	236,432	113,222
Share issuance costs	22,351	41,224
	332,691	262,670

14 Contingencies

The Company may be subject to various contingent liabilities that occur in the normal course of operations. The Company is not aware of any pending or threatened proceedings that would have a material adverse effect on the consolidated financial condition or future results of the Company.

15 Segment information

The Company's operations are limited to a single industry segment, being mineral exploration and development. Geographic segment information of the Company's assets and liabilities as at December 31, 2019 and 2018 is as follows:

Identifiable assets	**December 31, 2019**	**December 31, 2018**
		$
Bolivia	11,127	11,881,004
Canada	6,652,716	81,442
Chile	-	15,698,557
United States	18,164,972	17,137,030
Total assets	24,828,815	44,798,033

Identifiable liabilities	**December 31, 2019**	**December 31, 2018**
		$
Bolivia	10,091	8,853
Canada	577,186	289,711
Chile	-	33,371
United States	9,703	87,859
Total liabilities	596,980	419,794

(Expressed in U.S. dollars)

Geographic segmentation of the Company's net earnings (loss) for the years ended December 31, 2019 and 2018 is as follows:

	2019	**2018**
	$	**$**
Bolivia	3,202,804	(100,277)
Canada	(940,038)	3,145,210
Chile	(13,652,785)	(52,016)
United States	(413,779)	(401,438)
Net earnings (loss)	(11,803,798)	2,591,479

16 Supplemental cash flow information

The Company conducted non-cash investing activities during the years ended December 31, 2019 and 2018 as follows:

	2019	**2018**
	$	**$**
Shares issued to settle accounts payable	21,367	-
Investing activities		
Deferred exploration costs included in accounts payable	517	(60,163)
Financing activities		
Share-based payments included in deferred exploration costs	18,243	31,962

17 Financial instruments

The Company's financial instruments as at December 31, 2019 and 2018 consist of cash and cash equivalents, receivables, reclamation deposits, arbitration award asset, accounts payable, redemption obligations and Class B shares and other arbitration award liabilities. Cash and cash equivalents, receivables, reclamation deposits, accounts payable and redemption obligations are classified as amortized cost. Arbitration award assets, Class B shares and other arbitration award liabilities are designated as FVTPL.

Fair Value of Financial Instruments

The Company classified the fair value of the financial instruments according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments:

- Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.

- Level 2 – Values based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.

- Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

The Class B shares are Level 1 fair values. The arbitration award asset and the other arbitration award liabilities are Level 2 fair values, which are derived from the valuation of the Class B shares.

Discussions of risks associated with financial assets and liabilities are detailed below:

Currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. A portion of the Company's financial assets and liabilities is denominated in foreign currencies giving rise to risks from changes in foreign exchange rates. The Company is exposed to currency exchange rate risks to the extent of its activities in the U.S., Bolivia and, up to the time of disposal of its subsidiaries on September 26, 2019, Chile and/or in currencies which are not the functional currency of the economic environment in which the Company or its subsidiaries operate. Based on this exposure as at December 31, 2019 a 5% change in exchange rates could give rise to a change in the net loss by approximately $225,000, which is primarily driven by the parent Company's USD cash balance of $3.6 million at December 31, 2019 (because the parent Company has a Canadian Dollar functional currency). As at December 31, 2018 the Company was not exposed to significant currency risk. The Company does not use derivative financial instruments to reduce its foreign exchange exposure.

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The majority of the Company's credit risk exposure arises from its cash balances which are held with a Canadian chartered bank and from reclamation deposits held directly with governmental authorities in the United States. Accordingly, the Company's exposure to credit risk is considered to be limited. Cash equivalents consist of term deposits which have an original maturity of three months or less from the date of purchase and which are readily convertible into a known amount of cash. The Company also maintains deposits for ongoing working capital at major banks in the jurisdictions in which its foreign subsidiaries operate.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages its cash according to its operational needs and to maximize interest revenue. The Company is not significantly exposed to interest rate risk.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by maintaining sufficient cash and cash equivalents balances to enable settlement of transactions on the due date. The Company's investment policy is to invest its cash in term deposits, with maturities of three months or less from the original date of acquisition. See Note 1. The Company's accounts payable are due on normal commercial terms. The Company's redemption obligations are due on demand and are supported by cash balances held directly with the Company's Transfer Agent to facilitate, as Redemption Agent, the redemption of such obligations as they arise.

Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure which optimizes the costs of capital as an acceptable risk. In the management of capital, the Company includes the components of equity attributable to shareholders and the convertible notes (up to the date of conversion).

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust capital structure, the Company may attempt to issue new shares, issue debt, or acquire or dispose of assets.

The Company is dependent on the equity markets as its principal source of operating working capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Company is not subject to any capital requirements imposed by a regulator, other than continued listing requirements of the TSX. The Company expects its current capital resources will be sufficient to carry out its exploration plans and operations through the current operating period.

There have been no changes to the Company's approach in managing capital during the year ended December 31, 2019.

18 Subsequent events

Subsequent to December 31, 2019, a total of 5,514,166 warrants with an exercise price of Cdn $0.25 expired unexercised.

Subsequent to December 31, 2019 the Company and ERC signed an amendment to the Share Purchase Agreement with Wealth Copper and Wealth to extend the deadlines for (i) the Going-Public Transaction to occur on or before June 30, 2020, (ii) ERC's right to demand the return, to ERC, of the Purchased Shares (including the shares of TMI Chile) to occur on or before July 15, 2020 and (iii) the outstanding amount of the Concurrent Financing to be raised by Wealth to occur on or before August 31, 2020.

Subsequent to year-end significant declines in the stock market have occurred for various reasons linked to the COVID-19 pandemic and other conditions impacting worldwide metal prices. The impacts to the Company are not determinable at this date, however this could have a material impact on the Company's forecasted exploration work and the Company's financial position, results of operation and cash flows. The Company's liquidity and ability to continue as a going concern may also be impacted.