

TriMetals Mining Inc.
(An Exploration Stage Company)

Condensed Interim Consolidated Financial Statements
Three months ended March 31, 2018 and 2017

(unaudited - expressed in U.S. dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

TriMetals Mining Inc.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in U.S. dollars)

	Note	March 31, 2018	December 31, 2017
		\$	\$
Assets			
Current			
Cash and cash equivalents		1,204,041	497,750
Receivables and prepaids	5	82,193	180,996
Marketable securities		82,858	85,155
		1,369,092	763,901
Non-current assets			
Equipment		63,861	70,470
Reclamation deposit		234,800	234,800
Mining claims and deferred exploration costs	6	31,729,310	31,321,331
Malku Khota project	7	18,734,000	18,734,000
		52,131,063	51,124,502
Liabilities			
Current			
Accounts payable and accrued liabilities		230,612	295,561
Convertible notes	8	1,723,444	1,731,609
		1,954,056	2,027,170
Non-current liabilities			
Class B shares	9	18,953,607	20,407,779
Stock options exercisable into Class B shares	10	58,456	58,456
		19,012,063	22,493,405
Equity attributable to shareholders			
Share capital	10	95,641,741	94,395,573
Contributed surplus	10	12,865,720	12,631,120
Convertible notes - equity component	8	317,197	317,197
Accumulated other comprehensive loss		(259,425)	(291,773)
Deficit		(77,400,289)	(78,421,020)
		31,164,944	28,631,097
		52,131,063	51,124,502

Going concern (note 1)

Contingencies (note 12)

Approved by the Board of Directors:

(signed) "Paul Sheehan"

(signed) "Roman Mironchik"

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

TriMetals Mining Inc.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Earnings and Comprehensive Income

For the three months ended March 31

(Unaudited - Expressed in U.S. dollars)

	Note	2018 \$	2017 \$
General and administrative expenses			
Arbitration	7	17,927	17,921
Consulting		7,380	23,479
Depreciation and amortization		8,093	10,059
Directors' fees	11	13,575	11,850
Filing and transfer agent fees		36,022	34,174
Office and administration		53,914	67,593
Professional fees	11	84,216	88,159
Reconnaissance and sundry exploration		3,457	12,937
Shareholder information and investor relations		20,090	24,073
Share-based payments	11	32,997	55,448
Wages and benefits	11	92,098	111,147
		(369,769)	(456,840)
Other income (expenses)			
Interest and other income		2,078	5,771
Accretion and interest on convertible notes	8	(65,252)	(60,028)
Foreign currency loss		(498)	(924)
Change in fair value of Class B shares	9	1,454,172	2,426,771
Change in fair value of stock options exercisable into Class B shares	10	-	1,449
		1,390,500	2,373,039
Net earnings for the period			
		1,020,731	1,916,199
Other comprehensive earnings (loss)			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences		34,645	(9,196)
Unrealized gain (loss) on marketable securities		(2,297)	1,289
Total other comprehensive earnings (loss)		32,348	(7,907)
Total comprehensive income			
		1,053,079	1,908,292
Basic and diluted net earnings per share			
		0.01	0.01
Weighted average number of shares outstanding			
		180,780,499	156,529,796

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TriMetals Mining Inc.

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Condensed Interim Consolidated Statements of Changes in Equity

For the three months ended March 31, 2018 and 2017

(Unaudited - Expressed in U.S. dollars)

	Share Capital		Contributed Surplus	Convertible notes - equity component	Deficit	AOCI	Total
	Number	\$	\$	\$	\$	\$	\$
Balance, January 1, 2017	156,529,796	92,326,275	11,529,067	317,197	(76,444,446)	(171,227)	27,556,866
Share-based payments	-	-	62,743	-	-	-	62,743
Total comprehensive income for the period	-	-	-	-	1,916,199	(7,907)	1,908,292
Balance, March 31, 2017	156,529,796	92,326,275	11,591,810	317,197	(74,528,247)	(179,134)	29,527,901
Shares issued on private placement	16,058,270	2,137,074	716,903	-	-	-	2,853,977
Less: issue costs - cash	-	(358,372)	-	-	-	-	(358,372)
Less: issue costs - warrants	-	(94,093)	94,093	-	-	-	-
Shares issued on exercise of SAR's	256,098	14,910	(14,910)	-	-	-	-
Shares issued on exercise of warrants	4,203,243	369,779	(57,526)	-	-	-	312,253
Share-based payments	-	-	300,750	-	-	-	300,750
Total comprehensive loss for the period	-	-	-	-	(3,892,773)	(112,639)	(4,005,412)
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	12,694,999	1,299,987	190,013	-	-	-	1,490,000
Less: issue costs - cash	-	(53,819)	-	-	-	-	(53,831)
Share-based payments	-	-	44,586	-	-	-	44,586
Total comprehensive income for the period	-	-	-	-	1,020,731	32,348	1,053,079
Balance, March 31, 2018	189,742,406	95,641,741	12,865,719	317,197	(77,400,289)	(259,425)	31,164,944

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TriMetals Mining Inc.

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Condensed Interim Consolidated Statements of Cash Flows

For the three months ended March 31, 2018 and 2017

(Unaudited - Expressed in U.S. dollars)

	2018	2017
	\$	\$
Cash flows (used in) from operating activities		
Net income for the period	1,020,731	1,916,199
Items not affecting cash		
Accretion on convertible notes	38,542	34,133
Depreciation and amortization	8,093	10,059
Change in fair value of Class B shares	(1,454,172)	(2,426,771)
Change in fair value of stock options exercisable into Class B shares	-	(1,449)
Interest income	(2,078)	(5,771)
Unrealized foreign exchange loss	(46,707)	14,090
Share-based payments	32,997	55,448
	(402,594)	(404,062)
Interest received	995	2,649
Changes in non-cash operating working capital		
Change in receivables and prepaids	33,367	(6,622)
Change in accounts payable and accrued liabilities	30,101	(24,673)
	(338,131)	(432,708)
Cash flows (used in) from investing activities		
Mining claims and deferred exploration costs	(491,439)	(574,498)
Repayment of drilling advance	66,519	25,000
Purchase of equipment	(1,484)	(11,237)
	(426,404)	(560,735)
Cash flows from financing activities		
Private placement of units	1,490,000	-
Share issuance costs	(53,819)	-
	1,436,181	-
Decrease in cash and cash equivalents	706,291	(993,443)
Foreign exchange effect on cash and cash equivalents	34,645	(9,196)
Cash and cash equivalents - Beginning of period	497,750	2,193,518
Cash and cash equivalents - End of period	1,204,041	1,190,879

Supplemental cash flow information (Note 14)

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

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Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2018 and 2017

(Unaudited - Expressed in U.S. dollars)

1 Nature of operations and going concern

TriMetals Mining Inc. (“TMI” 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. 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 countries where the Company has been undertaking exploration activities are the United States and Chile. Property interests in these countries are held through various wholly owned subsidiaries.

These condensed interim 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.

The Company has incurred losses since inception and expects to incur further losses in the development of its business and at March 31, 2018, the Company had a working capital deficit of \$584,964 (December 31, 2017 – working capital deficit of \$1,263,369). At that date, the Company also had an accumulated deficit of \$77,400,289 which has been funded primarily by the issuance of equity.

The Company’s ability to continue as a going concern is 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. These factors may cast significant doubt upon the Company’s ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. These consolidated financial statements do not reflect the adjustments to the carrying values of the assets and liabilities, the reported expenses and the statements of financial position classifications that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2 Basis of presentation

Statement of compliance

The Company’s condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2017, which have been prepared in accordance with IFRS.

The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended December 31, 2017.

These financial statements were approved by the board of directors on May 11, 2018.

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Basis of consolidation

The consolidated financial statements include the results or financial information of TriMetals Mining Inc. and its significant wholly-owned subsidiaries listed in the following table:

<u>Name</u>	<u>Country of incorporation</u>
South American Silver (U.S.) Ltd.	U.S.A.
South American Silver Limited	Bermuda
TriMetals Mining Chile SCM	Chile
Compania Minera Malku Khota S.A.	Bolivia
High Desert Gold Corporation	Canada
TriMetals Mining Inc. (formerly High Desert Gold Corporation)	U.S.A.
Gold Springs LLC	U.S.A.
Minera Genminmex S.A. de C.V.	Mexico

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.

3 Adoption of new accounting standards and standards issued but not yet effective

IFRS 9, Financial Instruments

This standard replaces IAS 39 Financial Instruments: Recognition and Measurement and became effective for the Company on January 1, 2018. IFRS 9 includes requirements for classification and measurement of financial assets and financial liabilities; impairment methodology for financial instruments; and general hedge accounting. IFRS 9 has specific requirements for whether debt instruments are accounted for at amortized cost, fair value through other comprehensive income or fair value through profit or loss. IFRS 9 requires equity instruments to be measured at fair value through profit or loss unless an irrevocable election is made to measure them at fair value through other comprehensive income, which results in changes in fair value not being recycled to the income statement. The adoption of this standard did not have a material measurement or disclosure impact on the Company's financial statements.

IFRS 16, Leases

The new standard 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 is applicable to all entities and will supersede current lease accounting standards under IFRS. IFRS 16 is mandatory for annual periods beginning on or after January 1, 2019.

4 Use of estimates, assumptions and judgments

In preparing these condensed interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2017.

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5 Receivables and prepaids

	March 31, 2018	December 31, 2017
	\$	\$
GST receivable	7,615	7,348
Drilling advance	-	66,519
Other receivables	7,542	7,542
Other prepaids and advances	67,036	99,587
	82,193	180,996

6 Mining claims and deferred exploration costs

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

	Escalones	Gold Springs	Total
	\$	\$	\$
Balance at December 31, 2017	15,485,881	15,835,450	31,321,331
Land and option payments	54,864	24,000	78,864
Laboratory	-	16,342	16,342
Field supplies	-	3,279	3,279
Camp	2,566	9,942	12,508
Consulting and supervision	38,621	146,389	185,010
Environmental	-	36,640	36,640
Technical consulting	3,675	-	3,675
Trenching	3,630	-	3,630
Travel and accommodation	10,453	44,109	54,562
Share-based payments	-	11,589	11,589
Value added tax credits	1,880	-	1,880
	115,689	292,290	407,979
Balance at March 31, 2018	15,601,570	16,127,740	31,729,310

Escalones, Chile

In 2004, the Company entered into an option agreement (the “Boezio Option”) to acquire the remaining 4,689 hectares of the Escalones property located in Chile which are not already 100% owned by the Company. Pursuant to the Boezio Option, as revised on June 23, 2017, the Company has the right until June 30, 2022 to purchase the claims upon payment of \$7,800,000. As at March 31, 2018, \$3,300,000 has been paid. The remaining \$4,500,000 is payable as follows: \$100,000 on June 30, 2018, \$400,000 on June 30, 2019, \$500,000 on each of June 30, 2020 and 2021, and a final payment of \$3,000,000 on June 30, 2022.

The Company is required to pay all amounts required to protect and maintain the property during the option period. There is a 2% net smelter royalty (“NSR”) payable on production if the price of copper is greater than \$0.75 per pound and a 1% NSR if the copper price is equal to or less than \$0.75 per pound. The NSR may be

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purchased for \$3,000,000 within the five years following the first sale of minerals produced and \$5,000,000 after five years of the date of the first sale of minerals produced.

If the Company purchases the concessions, the Boezio Option requires the Company to commence exploitation of the concessions within two years thereafter. Once Escalones is acquired and until exploitation begins, the Company is required to pay annual advance royalty payments of \$200,000 which are credited against future royalty payments. Failure to commence exploitation within the two year period triggers an obligation to make annual indemnity payments of \$300,000 until exploitation begins. In this event, the \$200,000 annual payments made from the date of exercise of the option are deemed to be indemnity payments, not advance royalty payments. Royalty payments are suspended if exploitation of the mining concessions is suspended for reasons beyond the Company's control.

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, \$45,000 on October 25, 2019, \$50,000 on October 25, 2019 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 return for the sum of \$1,000,000, payable within 60 days from and after commencement of commercial production.

7 Malku Khota project

On October 23, 2012, the Company's wholly-owned Bermudian subsidiary, South American Silver Limited ("SASL"), delivered a formal letter to the State of Bolivia notifying it of an investment dispute between the Company and Bolivia. The dispute has arisen 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 revoked mining concessions held by the Company's Bolivian subsidiary, Compañía Minera Malku Khota S.A. ("CMMK"), a wholly-owned subsidiary of SASL.

SASL is a protected investor under the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Bolivia for the Promotion and Protection of Investments ("UK-Bolivia Treaty"), and the actions and omissions of the Bolivian government are in violation of the UK-Bolivia Treaty and of international law. Notification of the investment dispute triggered a six-month cooling-off period during which the disputing parties could negotiate a settlement. That cooling-off period ended on April 23, 2013 and on April 30, 2013, the Company 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.

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On May 23, 2013, the Company entered into the Arbitration Costs Funding Agreement pursuant to which the Fund will cover most of the Company's future costs and expenses related to its international arbitration proceedings against Bolivia.

On September 24, 2014, SASL filed its statement of claim and memorial on the merits. On March 31, 2015, Bolivia filed its statement of defense and counter-memorial marking the conclusion of the preliminary written pleadings phase of the arbitration and the beginning of the document production phase. In accordance with the procedural calendar SASL's reply to Bolivia's statement of defense and counter-memorial was filed on November 30, 2015. Pursuant to extensions granted by the Tribunal to both parties, Bolivia's rejoinder was filed on March 21, 2016 and SASL's Rejoinder on Jurisdiction was filed on May 3, 2016. The oral hearing was held in Washington, D.C., on July 11 to July 21, 2016. Pursuant to the procedural orders in place, both parties submitted post-hearing memorials on October 31, 2016, after which the Tribunal will deliberate and issue a final award.

SASL seeks monetary compensation for damages in the amount of \$385.7 million which includes \$307.2 million for all of its losses caused by Bolivia's breaches of the UK-Bolivia Treaty, plus \$78.5 million in pre-award interest but excludes fees and costs incurred in connection with the arbitration proceeding. As an alternative, SASL had been seeking restitution of the Malku Khota project along with monetary damages for project-delay in the amount of \$176.4 million, including pre-award interest, but after the second round of pleadings, SASL elected not to pursue its claim for restitution of the project itself along with the delay damages due to, among other things, the fact that restitution is rarely granted by tribunals (and even when it is, States are usually given the option of paying current fair market value in lieu of restitution), the changes in the Bolivian mining law since the expropriation impose onerous conditions on foreign investors, and Bolivia's conduct during the arbitration.

8 Convertible notes

	Liability component	Equity component	Contributed surplus
	\$	\$	\$
Balance – December 31, 2017	1,731,609	317,197	-
Accretion	38,542	-	-
Foreign exchange	(46,707)	-	-
Balance – March 31, 2018	1,723,444	317,197	-

During 2015, the Company closed a non-brokered private placement of units consisting of Cdn. \$2,296,000 principal amount 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).

If the repayment of the Notes on the maturity date would expose the Company to undue financial hardship, then the Company has the right to extend the maturity date to July 23, 2020 for no additional consideration. Notwithstanding the foregoing, if the Company receives a cash payment pursuant to any award or settlement in the arbitration by its subsidiary against Bolivia of at least \$5 million (after the payment of all Malku Khota Arbitration Expenses and the Class B Share Entitlement, each as defined in the Company's Articles), the holders shall have the right to demand repayment of the outstanding principal amount of the Notes and accrued interest thereon, in cash, within 60 days of the first public disclosure by the Company of receipt of such net cash payment.

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The holders of the Notes have the option to convert all or any portion of the outstanding principal amount of the Notes into common shares of the Company at any time at the conversion price of Cdn. \$0.20 per share ("Conversion Price"). If the closing price of the common shares of the Company on the TSX is at least Cdn. \$0.40 for 10 consecutive trading days, the Company has the right to convert all or any portion of the outstanding principal amount of the Notes into common shares, without penalty. Shares issued to repay the principal amount of the Notes shall be issued at the Conversion Price, while accrued interest on the converted portion Notes shall be paid in cash.

The Notes are secured by a pledge of approximately 20.7% of the shares of the Company's subsidiary in Chile, the holder of the Escalones property.

At the date of issue, \$1,349,618 (Cdn. \$1,750,125) was attributed to the liability component of the convertible notes based on an effective interest rate of 17%. \$102,362 (Cdn. \$132,739) was attributed to the 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 – 1.03%; expected life – 2.0 years; expected volatility – 111%; and expected dividends – nil. The residual amount of \$318,592 (Cdn. \$413,136) was attributed to the equity component of the convertible notes, being the lenders' conversion option to common shares.

9 Class B shares

As at March 31, 2018, an aggregate 116,375,152 Class B shares are issued and outstanding, with each Class B share having the attributes described in Note 12 a). The Class B shares are recorded at their estimated fair value which is based on the quoted price of the Class B shares on the Toronto Stock Exchange ("TSX").

	\$
Balance – December 31, 2017	20,407,779
Change in fair value	(1,454,172)
Balance – March 31, 2018	18,953,607

The Class B shares are considered financial instruments and are disclosed as non-current liabilities.

10 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, and, subject to the rights of the holders of the Class B shares, to the distribution of the residual assets of the Company in the event of the liquidation, dissolution or winding-up of the Company. No dividends have ever been declared or paid as at March 31, 2018.

The Class B shares carry redemption and retraction rights and rights on liquidation which entitle the holders collectively to 85% of the net cash, if any, (after deducting all costs, taxes and expenses and the third party funder's

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portion thereof) received by TMI from an award or settlement in relation to TMI's wholly-owned subsidiary SASL's arbitration proceeding against the State of Bolivia for the expropriation of the Malku Khota project. The Class B shares are non-voting and non-participating in regards to dividends and on liquidation other than as described above.

Financings

During the three months ended March 31, 2018, the Company completed a private placement for gross proceeds of \$1,490,000 (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 \$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 \$53,819.

Stock options

The Company's stock options outstanding as at March 31, 2018 and the changes for the three months then ended are as follows:

	Number of options	Weighted average exercise price (per share) Cdn \$	Weighted average remaining life (years)
Balance – December 31, 2017	11,541,458	0.30	2.57
Expired	(828,333)	0.30	
Granted	250,000	0.22	
Balance – March 31, 2018	10,963,125	0.30	2.33
Exercisable – March 31 2018	9,763,958	0.30	2.12

During the three months ended March 31, 2018, the Company recorded share-based payments of \$44,586 (2017 - \$62,743) in respect of the vesting of previously granted stock options and newly granted options. Of this amount, \$32,996 (2017 - \$55,448) was recorded as a charge to operations and \$11,590 (2017 - \$7,295) was included in deferred exploration costs.

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The balance of options outstanding as at March 31, 2018 is as follows:

Expiry date	Exercise price Cdn\$	Number of options outstanding	Number of options exercisable
October 21, 2018 ⁽¹⁾	0.44	958,333	958,333
October 22, 2018	0.65	515,625	515,625
December 23, 2018	0.10	1,500,000	1,500,000
January 28, 2019	0.365	300,000	300,000
November 13, 2019	0.42	1,367,500	1,367,500
August 12, 2020	0.21	1,917,500	1,917,500
May 19, 2021	0.305	1,757,500	1,471,667
October 10, 2021	0.285	250,000	250,000
November 21, 2021	0.225	50,000	50,000
June 12, 2022	0.30	2,096,667	1,350,000
January 15, 2023	0.22	250,000	83,333
		10,963,125	9,763,958

(1) These are stock options to acquire one common share and one Class B share. These stock options have been categorized as a financial liability. The fair values of these options has been estimated using the Black Scholes option-pricing model. The fair value of these options did not materially change from December 31, 2017.

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 March 31, 2018 and the changes for the three months then ended are as follows:

	Number of options	Weighted average exercise price (per share) Cdn\$	Weighted average remaining life (years)
Balance – December 31, 2017	17,768,331	0.35	1.72
Issued	6,347,500	0.25	
Expired	(79,200)	0.30	
Balance – March 31, 2018	24,036,631	0.32	1.60

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Warrants to acquire common shares are outstanding at March 31, 2018 as follows:

Expiry Date	Exercise Price Cdn\$	Number of warrants outstanding
July 5, 2019	0.40	4,472,500
July 11, 2019	0.40	4,224,000
December 2, 2019	0.30	7,300,000
December 2, 2019 ⁽²⁾	0.25	876,000
December 8, 2019	0.30	729,135
December 8, 2019 ⁽²⁾	0.25	87,496
February 28, 2020	0.25	4,039,167
March 2, 2020	0.25	1,475,000
March 31, 2020	0.25	833,333
		24,036,631

(2) These represent compensation warrants. Each compensation-warrant entitles the holder to acquire one unit consisting of one common share and one half of one common share purchase warrant, with each whole warrant entitling the holder to purchase an additional common share at the exercise price shown.

11 Related party transactions

The Company incurred the following expenditures during the three months ended March 31, 2018 and 2017 that were charged by related parties:

	2018	2017
	\$	\$
Consulting fees	4,107	13,689
Consulting fees - mineral property costs	11,612	6,138
Professional fees	18,620	22,251
Share issuance costs	30,713	-
	65,052	42,078

Included in accounts payable at March 31, 2018 is an amount of \$89,153 (December 31, 2017 - \$94,936) due to related parties. These amounts are non-interest bearing and have no specific terms of repayment.

Key management includes the Chief Executive Officer, the Chief Financial Officer and the remaining directors. The compensation paid or payable to key management for services during the three months ended March 31, 2018 and 2017 is as follows:

	2018	2017
	\$	\$
Directors' fees	12,675	11,850
Professional fees	18,958	-
Wages and benefits	40,994	69,938
Share-based payments	21,663	31,304
	92,290	113,092

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12 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.

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Under the terms of the privileged Arbitration Costs Funding Agreement, the Company has given certain warranties and covenants to the Fund and is obliged to pledge at least 35% of the shares of the Company's subsidiary in Chile, beneficiary of the Escalones property, as security for its obligations. In consideration for the funding, the Company has agreed to pay to the Fund a portion of any recoveries received pursuant to the arbitration proceedings or any settlement with Bolivia. As at March 31, 2018, the arbitration has not been settled and the amount of the contingent payment is deemed to be indeterminable. Accordingly nothing has been accrued for the Fund's portion of any recoveries in the arbitration.

The Company has agreed to a contingent success fee to its lead arbitration counsel to be determined based on the outcome of the arbitration. As at March 31, 2018, the arbitration has not been settled and accordingly the success fee is deemed to be indeterminable and accordingly nothing has been accrued.

A large majority of the costs of the arbitration to be incurred by SASL or the Company are payable only in the event there is an award in favour of SASL and will be paid out of the proceeds of any such award. These costs include certain fees and other expenses incurred in connection with the arbitration, including the Fund's portion of any recoveries received pursuant to the arbitration proceedings or any settlement with Bolivia, a contingent success fee payable to SASL's lead arbitration counsel, and other commitments. These fees, costs and expenses will be paid out of any such award, thus potentially reducing funds received by SASL by as much as one-third of the amount of any award in its favour.

Convertible notes

The Notes issued in 2015 (Note 8) are secured by a pledge of approximately 20.7% of the shares of the Company's subsidiary in Chile, the holder of the Escalones property.

Mexican uncertain tax position

The Company recorded a provision for Mexican tax on the 2013 acquisition of HDG. The provision related to the 2011 transfer of a Mexican mineral property. Management believes that it is unlikely that its 2011 Mexican tax return will be reassessed and during 2015 reversed the previous accrual amounting to \$426,503. The Mexican tax authorities have until 2018 to assess the existing filing.

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13 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 March 31, 2018 and December 31, 2017 is as follows:

Identifiable assets	March 31, 2018	December 31, 2017
	\$	\$
Bolivia	18,756,366	18,760,469
Canada	1,146,686	433,817
Chile	15,629,739	15,571,670
United States	16,598,272	16,418,155
Total assets	52,131,063	51,184,111

Identifiable liabilities	2018	2017
	\$	\$
Bolivia	5,902	5,373
Canada	169,348	158,291
Chile	11,619	9,598
United States	38,467	122,151
Total liabilities	225,336	295,413

Geographic segmentation of the Company's net earnings (loss) for the three months ended March 31, 2018 and 2017 is as follows:

	2018	2017
	\$	\$
Bolivia	(25,042)	(21,462)
Canada	1,186,907	2,104,001
Chile	(5,116)	(6,728)
United States	(126,054)	(159,612)
Net loss	1,030,695	1,916,199

14 Supplemental cash flow information

The Company conducted non-cash investing activities during the three months ended March 31, 2018 and 2017 as follows:

	2018	2017
	\$	\$
Interest income included in receivables and prepaids	1,083	403
Investing activities		
Deferred exploration costs included in accounts payable	26,644	112,981
Deferred exploration costs included in accounts payable as at December 31, 2017 and 2016 respectively	121,694	60,831
Share-based payments included in deferred exploration costs	11,590	7,295

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15 Financial instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, marketable securities, accounts payable and accrued liabilities, convertible notes, Class B shares, and stock options exercisable into Class B shares and common shares. Cash and cash equivalents and receivables are designated as loans and receivables, which are measured at amortized cost. The Company's marketable securities have been designated as available for sale. Accounts payable and accrued liabilities and convertible notes are designated as other financial liabilities which are measured at amortized cost. Class B shares and stock options exercisable into Class B and common shares are designated as FVTPL, which are measured at fair value, with changes in fair value recognized directly in earnings or loss in the period in which they arise.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. There have been no changes in any risk management policies since December 31, 2017.