RIZAL RESOURCES CORPORATION

Consolidated Financial Statements
Years Ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF RIZAL RESOURCES CORPORATION

We have audited the accompanying consolidated financial statements of Rizal Resources Corporation, which comprise the consolidated statements of financial position as at December 31, 2017 and 2016 and the consolidated statements of comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

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

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 30, 2018

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RIZAL RESOURCES CORPORATION
Consolidated Statements of Financial Position
As at
(Expressed in Canadian dollars)

	Notes	December 31, 2017	December 31, 2016
Assets			
Current			
Cash		$ 500,539	$ 418,163
Amounts and advances receivable		366,775	259,279
Prepaid expenses		1,276,504	915,752
Current portion of deferred financing fees	**14**	108,600	94,540
		2,252,418	1,687,734
Deferred financing fees	**14**	-	108,600
Property, plant and equipment	**8**	16,225,722	7,666,369
		$ 18,478,140	$ 9,462,703
Liabilities			
Current			
Accounts payable and accrued liabilities	**12**	$ 10,655,734	$ 6,209,390
Loans payable	**14**	6,732,565	3,142,681
Convertible notes	**9, 12**	3,769,155	4,740,666
Amounts due to related parties	**10, 12**	5,526,053	5,561,501
		26,683,507	19,654,238
Liability for site reclamation	**8**	2,048,228	1,286,718
Retirement benefit obligation	**13**	161,203	155,664
Loans payable	**14**	1,027,946	-
Deferred income tax liability	**16**	678,302	653,297
		30,599,186	21,749,917
Shareholders' deficiency			
Share capital	**11**	$ 66,474,770	$ 66,038,987
Units to be issued		1,973,958	-
Reserves	**11**	2,371,716	3,177,481
Deficit		(52,998,113)	(51,997,355)
Equity attributable to owners of the Company		17,822,331	17,219,113
Non-controlling interest		(29,943,377)	(29,506,327)
		(12,121,046)	(12,287,214)
		$ 18,478,140	$ 9,462,703

Approved on behalf of the Board:

"Neil Grimes" ………………………………………………………… Neil Grimes, Director

"Peter Main" ………………………………………………………… Peter Main, Director

See notes to the consolidated financial statements.

RIZAL RESOURCES CORPORATION
Consolidated Statements of Comprehensive Loss
Years Ended
(Expressed in Canadian dollars)

	Notes		December 31, 2017		December 31, 2016
Expenses					
Bank charges, interest and accretion	**9, 14**	$	2,321,444	$	1,852,783
Consulting fees			793,126		1,264,667
Exploration and evaluation expenses	**5**		10,301		409,509
Legal and professional			483,797		270,170
Travel and accommodation			-		37,136
Office and miscellaneous			846,532		834,200
Regulatory and shareholder costs			77,751		63,739
Rent			-		16,968
Repairs and maintenance			900,234		1,092,980
Share-based payments	**11, 12**		239,764		150,000
Loss before other items			(5,672,949)		(5,992,152)
Other Items					
Accretion of site reclamation			15,335		(16,306)
Gain on sale of property, plant and equipment	**8**		-		27,813
Incidental revenues, net	**8**		2,290,239		1,273,335
Royalties on metal sales			-		(23,482)
Foreign exchange gain			665,076		216,435
Gain (loss) on debt settlement			243,967		(288,847)
Net loss before income taxes			(2,458,332)		(4,803,204)
Deferred income tax expense (recovery)	**16**		25,005		(974,041)
Net loss and comprehensive loss		$	(2,483,337)	$	(3,829,163)
Net loss attributable to:					
Owners of the Company		$	(2,046,287)	$	(3,809,706)
Non-controlling interest			(437,050)		(19,457)
		$	(2,483,337)	$	(3,829,163)
Loss Per Share - basic and diluted		$	(0.013)	$	(0.023)
Weighted Average Number of Ordinary Shares Outstanding			188,875,974		166,996,724

See notes to the consolidated financial statements.

RIZAL RESOURCES CORPORATION

Consolidated Statements of Changes in Shareholders' Deficiency

(Expressed in Canadian dollars)

	Number of shares issued	Share capital	Share-based payments reserve	Units to be issued	Deficit	Equity attributable to owners of the Company	Non-controlling interest	Shareholders' deficiency
		($)	($)	($)	($)	($)	($)	($)
Balance at December 31, 2015	**146,443,212**	**63,985,212**	**2,085,310**	**-**	**(48,477,374)**	**17,593,148**	**(29,486,870)**	**(11,893,722)**
Common shares issued for cash ($0.05 per share) (note 11)	18,262,000	913,100	-	-	-	913,100	-	913,100
Common shares issued for services ($0.05 per share) (note 11)	3,000,000	150,000	-	-	-	150,000	-	150,000
Common shares issued for debt ($0.05 per share) (note 11)	20,397,500	1,019,875	-	-	-	1,019,875	-	1,019,875
Common shares issued for finder's fees (note 11)	115,000	5,750	-	-	-	5,750	-	5,750
Share issue costs (note 11)	-	(5,750)	-	-	-	(5,750)	-	(5,750)
Warrants issued and to be issued for credit facility (note 11)	-	-	720,405	-	-	720,405	-	720,405
Warrants issued as finder's fees (note 11)	-	-	283,620	-	-	283,620	-	283,620
Warrants issued for debt	-	-	377,871	-	-	377,871	-	377,871
Gain on shares issued for debt	-	(29,200)	-	-	-	(29,200)	-	(29,200)
Reclassification of the fair value of options and warrants on expiry	-	-	(289,725)	-	289,725	-	-	-
Net loss for year	-	-	-	-	(3,809,706)	(3,809,706)	(19,457)	(3,829,163)
Balance at December 31, 2016	**188,217,712**	**66,038,987**	**3,177,481**	**-**	**(51,997,355)**	**17,219,113**	**(29,506,327)**	**(12,287,214)**
Common shares issued for debt ($0.05 per share) (note 11)	9,610,620	435,783	-	-	-	435,783	-	435,783
Options issued	-	-	239,764	-	-	239,764		239,764
Units to be issued	-	-	-	1,973,958	-	1,973,958	-	1,973,958
Reclassification of the fair value of options and warrants on expiry	-	-	(1,045,529)	-	1,045,529	-	-	-
Net loss for year	-	-	-	-	(2,046,287)	(2,046,287)	(437,050)	(2,483,337)
Balance at December 31, 2017	**197,828,332**	**66,474,770**	**2,371,716**	**1,973,958**	**(52,998,113)**	**17,822,331**	**(29,943,377)**	**(12,121,046)**

See notes to the consolidated financial statements.

RIZAL RESOURCES CORPORATION
Consolidated Statements of Cash Flows
Years Ended
(Expressed in Canadian dollars)

		December 31, 2017		December 31, 2016
Cash flows from operating activities				
Net loss for the year	$	(2,483,337)	$	(3,829,163)
Items not involving cash				
Amortization		-		10,110
Accretion of site reclamation liability (asset)		(15,335)		16,306
Deferred income tax expense		25,005		(974,041)
Retirement benefit obligation		5,539		36,009
Gain on disposal of property, plant and equipment		-		(27,813)
Unrealized (gain) loss on foreign exchange		(264,630)		204,487
Loss (gain) on settlement of debt		(243,967)		288,847
Share-based payments		239,764		150,000
Amortization of deferred financing		94,540		80,480
Accretion and interest on debt		1,320,659		987,078
		(1,321,762)		(3,057,700)
Changes in non-cash working capital				
Amounts and advances receivable		(107,496)		577,473
Prepaid expenses		(360,752)		(356,101)
Accounts payable and accrued liabilities		4,061,781		(804,671)
Cash provided by (used in) operating activities		**2,271,771**		**(3,640,999)**
Cash flows from investing activities				
Proceeds on sale of property, plant and equipment		-		168,723
Purchase of property and equipment		(8,201,138)		(1,837,262)
Cash used in investing activities		**(8,201,138)**		**(1,668,539)**
Cash flows from financing activities				
Proceeds from issuance of common shares		-		913,100
Proceeds from loans payable		5,313,031		2,977,559
Repayment of loans payable		(682,093)		-
Proceeds from convertible notes		1,874,160		-
Repayment of convertible notes		-		1,651,461
Cash provided by financing activities		**6,011,743**		**5,542,120**
Inflow of Cash		82,376		232,582
Cash, Beginning of the year		418,163		185,581
Cash, End of the year	**$**	**500,539**	**$**	**418,163**

Supplemental cash flow information (note 18)

See notes to the consolidated financial statements.

1. GOING CONCERN AND NATURE OF OPERATIONS

Rizal Resources Corporation (the "Company" or "Rizal") was incorporated on November 14, 1977 and continued under the laws of British Columbia on August 28, 2007. The Company is a development stage company, and its principal business activity is natural resource exploration and mine development, focusing on resource properties located in the Philippines. The head office, principal and registered address, and records office of the Company is Suite 600 – 666 Burrard Street, Vancouver, British Columbia, Canada V6C 3P6.

These consolidated financial statements are prepared on a going concern basis, which contemplates that the Company will realize its assets and discharge its liabilities in the normal course of business. Accordingly, these consolidated financial statements do not give effect to any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company had cash of $500,539 at December 31, 2017 (December 31, 2016 - $418,163), but management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. For the year ended December 31, 2017, the Company had a net loss of $2,483,337 (December 31, 2016 - $3,829,163). At December 31, 2017, the Company had an accumulated deficit of $52,998,113 (December 31, 2016 - $51,997,355). The Company has not yet demonstrated an ability to produce a sustained source of revenue to satisfy its requirements to conduct its planned exploration, progress the development of the T'Boli mine and processing plant, meet repayment obligations of its debts and meet its administrative overhead and maintain its resource interests. The Company has relied principally upon the issuance of securities and debt to finance operations. If the Company is unable to raise additional capital in the future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures. Management is aware, in making its assessment, of these noted material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Mining and exploration involves a high degree of risk and there can be no assurance that current mining and exploration programs will result in profitable mining operations.

The recoverability of the Company's investment in, and expenditures on, exploration and evaluation assets, and property, plant and equipment is dependent on several factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of resource interests.

2. BASIS OF PRESENTATION

(a) Statement of Compliance

The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. The consolidated financial statements have also been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out in note 3 have been applied consistently to all periods presented, and have been applied consistently by the Company and its subsidiaries.

(b) Approval of the consolidated financial statements

The consolidated financial statements of the Company for the year ended December 31, 2017 were reviewed by the Audit Committee, and approved and authorized for issue by the Board of Directors on April 30, 2018.

(c) New accounting pronouncements and interpretations not yet adopted

At the date of authorization of these consolidated financial statements, the IASB has issued a number of new and revised standards and interpretations, which are not yet effective for the relevant reporting periods.

The Company has not early-adopted these standards, amendments and interpretations. The Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company. The new accounting standards and interpretations that will be adopted in future years are as follows:

IFRS 9 *Financial Instruments*

This is a finalized version of IFRS 9, which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a “fair value through other comprehensive income” category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.
- Impairment. The 2014 version of IFRS 9 introduces an “expected credit loss” model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Applicable to annual periods beginning on January 1, 2018.

IFRS 15 Revenue from Contracts with Customers

This new standard establishes a comprehensive framework for the recognition, measurement and disclosure of revenue replacing IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue — Barter Transactions Involving Advertising Services.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- Revenue is recognized based on a five-step model:
    1. Identify the contract with customer;
    2. Identify the performance obligations;
    3. Determine the transaction price;
    4. Allocate the transaction price to the performance obligations; and
    5. Recognize revenue when (or as) the performance obligations are satisfied.
- New disclosure requirements on information about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

Applicable to annual periods beginning on January 1, 2018.

IFRS 16 *Leases*

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 *Leases.*

Applicable to annual periods beginning on January 1, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements.

(a) Principles of consolidation

These consolidated financial statements include the accounts of the Company (the ultimate parent company), its wholly owned subsidiaries, Esperanza Capital Corp. and its 20% interest in Exploradora La Esperanza S.A. (a Colombian company); Sabena Limited and its subsidiaries (Australian companies); Tribal Holdings Inc., Batoto Holdings Inc. and Philco Holdings Inc. (Canadian companies); and Tribal Processing Corporation ("Tribal Processing") (Philippine company); and the accounts of its partially owned (40%) Philippine affiliates, Batoto Resources Corporation ("Batoto") and TMC Tribal Mining Corporation ("TMC"), referred to throughout the consolidated financial statements as the “Philippine companies”. The Company owns 40% of each of the Philippine companies, which have been consolidated, as they meet the criteria under IFRS 10 *Consolidated Financial Statements*. The Company's ownership percentage in the Philippine companies is a result of Philippine laws restricting foreign ownership, but the Company is acting as operator of the Philippine companies. The remaining 60% ownership of each of the Philippine companies is owned by the two respective presidents of those companies. Each president has signed an option agreement allowing the Company to acquire control in certain circumstances. All significant intercompany balances and transactions have been eliminated on consolidation.

The Company has a 20% interest in Agusan Metals Corporation ("Agusan") (notes 6 and 7) and is able to exert significant influence over Agusan. As a result, Agusan is considered to be an associate as at December 31, 2017 and 2016 and for the years then ended.

Non-controlling interest in the net assets of consolidated partially owned Philippine companies are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share of changes in equity since the date of acquisition.

(b) Use of judgments and estimates

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 and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. In particular, significant judgments made by management in the application of IFRS during the preparation of the consolidated financial statements and estimates with a risk of material adjustment are:

(i) Realization of assets

The Company's property, plant and equipment (note 8) comprises a significant portion of the Company's assets. Realization of the Company's investments is dependent upon the Company satisfying governmental requirements, satisfaction of possible aboriginal claims, raising sufficient funds to develop the respective projects, the attainment of successful production from the properties, or from the proceeds upon disposal of the Company's interests therein. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines.

(ii) Liability for site reclamation

Environmental legislation is becoming increasingly stringent and the costs of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development of mineral resource properties, the potential for production on the properties may be diminished or negated.

The Company is subject to laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral activities in compliance with applicable environmental protection legislation.

Management must make judgments about the existence and valuation of environmental liabilities. The assessment of provision for environmental liabilities requires management to assess the stage of exploration and development activities in each mineral property, compliance with local environmental regulations and agreements in place. Future obligations to retire an asset, including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations, when determined to exist are initially recognized and recorded as a liability based on estimated future cash flows discounted at a credit-adjusted risk-free rate.

Site reclamation costs will be incurred by the Company many years into the future. Amounts recorded for site reclamation require the use of management's best estimates of future decommissioning expenditures, expected timing of expenditures and future inflation rates. The estimates are based on internal and third-party information and calculations are subject to changes in laws and regulations, public expectations, prices, discovery and analysis of site conditions, and changes in clean up technology. Actual costs and outflows can differ from estimates and may have a material impact on earnings or financial position.

As at December 31, 2017, the Company has a liability for site reclamation of $2,048,228 (December 31, 2016 - $1,286,718).

(iii) Valuation of receivable

The loan to Agusan has no stated terms of repayment or interest rate attached to it. Management must make judgments about the valuation and recoverability of this receivable. Uncertainty around the collection schedule for the Agusan loan resulted in the carrying value of the loan to Agusan being impaired, in accordance with Level 3 of the fair value hierarchy, to $nil in prior years. Events and circumstances arising during the period, or that are foreseeable at year-end, are reflected in the valuation of this receivable in the consolidated statements of financial position and reflect management's best estimate of the fair value of this financial instrument. As at December 31, 2017, management maintained the carrying value of this loan at its impaired value of $nil. Management's basis for valuation is described in note 7.

(iv) Impairment assessment

Annually, the Company assesses whether indicators of impairment exist with respect to its exploration and evaluation assets, and property, plant and equipment. If indicators of impairment are identified, the Company then assesses whether its assets' carrying values are greater than their recoverable values. The Company has considered its incidental revenues from recovery of minerals, forecast budgets for development, exploration and financing, mineral commodity prices and the expected timelines to full production at the Company's T'Boli property (note 8) in assessing whether there were indicators of impairment for its property, plant and equipment, and exploration and evaluation costs. Impairment indicators were assessed on exploration ad evaluation costs incurred to the point in time when they became mine development assets, at which point they are reclassified to property, plant and equipment. Management is aware that variances to the data utilized in the assessment for indicators of impairment could result in a material variance to the amounts presented in the consolidated financial statements.

(v) Convertible notes and loans payable

Management must make judgments about the valuation of convertible notes and loans payable, principally through the determination of appropriate discount rates for similar debt without conversion features and/or attached warrants. The Company reviewed discount rates in use by companies of similar size, industry and life cycle stage, to determine appropriate discount rates. Management also considered the Company's history of borrowings, the general economic outlook for junior exploration and development entities, and its overall access to credit facilities. If the assumptions used in arriving at the discount rates used by management are determined to be incorrect, then a material variance to the amounts presented in the consolidated financial statements could result.

(vi) Contingencies

By their nature, contingencies, including the retirement benefit obligation, will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events, including the use of actuarial assumptions. If actual future events differ from the assumptions used by management, it could result in a material variance to the amounts recorded in the consolidated financial statements.

(vii) Deferred income taxes

Deferred tax assets and liabilities are recognized for the estimated tax consequences between amounts included in the consolidated financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences, and accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time. These differences could materially impact earnings.

(viii) Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to 12 months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern.

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 the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. While management believes the estimates noted above are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

(c) Property, plant and equipment

Property, plant and equipment are recorded at cost, less accumulated amortization and accumulated impairment losses. Land is not amortized. Amortization is recorded using the straight-line method at the following annual rates:

Buildings	- 4%
Vehicles and exploration equipment	- 20 to 25%
Office furniture and equipment	- 25 to 33%

(i) Subsequent costs

The cost of replacing part of an item within property, plant and equipment is recognized when the cost is incurred if it is probable that the future economic benefits will flow to the group and the cost of the item can be measured reliably. The carrying amount of the part that has been replaced is expensed. All other costs are recognized as an expense as incurred.

(ii) Construction in progress

Construction in progress reflects the cost of mine development assets under construction. Amortization is not taken on construction in progress until such time as the mine development assets are placed into service.

(iii) Impairment

The Company's tangible assets are reviewed for indications of impairment at each consolidated statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit or loss for the year.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future 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. 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.

(iv) Reversal of impairment

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

(d) Foreign currency translation

The Company's functional and presentation currency is the Canadian dollar. In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At each consolidated statement of financial position date, monetary assets and liabilities are translated using the period-end foreign exchange rate. 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 included in profit or loss.

(e) Investments in associates

Investments in which the Company exerts significant influence are accounted for using the equity method whereby the original cost of the investment is adjusted for the Company's share of earnings, losses and dividends during the current period. The Company's share of earnings and losses of such investments are included in profit or loss.

(f) Convertible notes

When the Company issues convertible debt with or without additional warrants attached, the proceeds are allocated first to the debt component, based on its discounted cash flows using a discount rate appropriate for similar debts without conversion features or attached warrants. The residual value is allocated to all equity components, and is included in share-based payments reserve. The debt component is accreted over its contractual life using the effective interest method, which includes other costs, such as finder's fees. The accretion expense is included in profit or loss as interest expense. On settlement of the debt, the equity components are transferred to deficit or share capital, depending on whether the notes are converted or not.

(g) Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods using the graded vesting method. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. Non-vesting conditions are considered in making the assumption about the number of awards that are expected to vest. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the recorded value in share-based payments reserve is transferred to share capital. Upon expiry, forfeiture or cancellation, the recorded value is transferred to deficit.

(h) Equity units

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market trading price of the common shares at the time the units are priced, and any excess is allocated to warrants.

(i) Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments on earnings per share. Under this method, the dilutive effect on earnings per share amounts is calculated presuming the exercise or conversion of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise or conversion would be used to repurchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

(j) Income taxes

The Company uses the balance sheet method of accounting for income taxes. Under this method of tax allocation, deferred tax assets and liabilities are determined based on differences between the consolidated financial statement carrying values and their respective income tax basis (temporary differences). Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is included in profit or loss in the period in which the change is enacted or substantively enacted. Deferred tax assets are recognized to the extent that it is probable that the benefits associated with them will be recognized in the future.

(k) Financial instruments

(i) Financial assets

Financial assets are classified into one of four categories: Fair value through profit or loss ("FVTPL"), held-to-maturity ("HTM"), available-for-sale ("AFS"), and loans and receivables. The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

FVTPL financial assets

Financial assets are classified as held for trading and are included in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Financial assets classified as FVTPL are stated at fair value with any resultant change in fair value recognized in profit or loss. The net income or loss recognized incorporates any dividend or interest earned on the financial asset. Transaction costs associated with financial assets at FVTPL are expensed as incurred.

HTM financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. HTM financial assets are initially measured on a trade-date basis at fair value, including transaction costs, and are subsequently adjusted using the effective interest rate method. Gains and losses are recognized in profit or loss when the financial asset classified in this category are derecognized or impaired.

AFS financial assets

Short-term investments and other assets not otherwise designated are classified as AFS and stated at fair value on the date of acquisition and each subsequent balance sheet date. Any change in fair value is recognized as other comprehensive income (loss); unless or until cumulative losses are determined to constitute an other-than-temporary-impairment, at which time the cumulative losses are recycled and recognized in profit or loss.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments and that are not quoted in an active market, are classified as loans and receivables.

Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss on receivables is based on a review of all outstanding amounts at period-end. Bad debts are written off during the period in which they are identified. Interest income is recognized by applying the effective interest rate method.

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(ii) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

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

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when the obligation specified in the relevant contract is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

(l) Exploration and evaluation assets

Once a permit or license to explore an area has been secured, acquisition costs are capitalized on a property-by-property basis. Exploration expenditures related to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential are expensed as incurred.

Management reviews the carrying value of capitalized costs at least annually. In the case of undeveloped projects, there may be only inferred resources to form a basis for the impairment review. The review is based on a status report regarding the Company's intentions for development of the undeveloped property.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to construction in progress, which is a component of property, plant and equipment.

The Company considers a project to be in commercial production following a reasonable period of testing of the production processes, and when the mine and processing plant are in the location and condition necessary to operate at their anticipated full capacity.

Subsequent recovery of the carrying value of exploration and evaluation assets depends on successful development or sale of the undeveloped project. If a project does not prove viable, all capitalized costs associated with the project, net of any impairment provisions, are written off.

(m) Provision for site reclamation liability

The Company records a liability based on the best estimate of costs for site reclamation activities that the Company is legally or constructively required to remediate and the liability is recognized at the time environmental disturbance occurs. The resulting costs are capitalized to the corresponding asset. The provision for reclamation liabilities is estimated using expected cash flows, discounted at a pre-tax rate specific to the liability.

The capitalized amount is amortized on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future reclamation cash flows.

Changes in closure and reclamation estimates are accounted for as a change in the corresponding capitalized cost.

Costs of rehabilitation projects for which a provision has been recorded are recorded directly against the provision as incurred.

(n) Employee benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Company to its employees in the Philippines include salaries and wages, contributions to Social Security System, Philippine Health Insurance Corporation, Home Development Mutual Fund, and thirteenth month pay and other benefits.

The Company has an unfunded, non-contributory defined benefit retirement plan for its Philippine employees. This benefit defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The cost of providing benefits is determined using the projected unit credit method, which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. Post-employment expenses include current service cost, past service cost and net interest on defined benefit asset/liability. Remeasurements that include cumulative actuarial gains and losses and changes in the effects of asset ceiling are recognized and presented under equity.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity.

Past-service costs are recognized immediately in profit or loss.

The liability recognized in the consolidated statements of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using discount rates based on market interest rates for financial instruments that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

(Expressed in Canadian dollars, unless otherwise stated)

4. FINANCIAL INSTRUMENTS

Categories of financial instruments

		December 31, 2017		December 31, 2016
Financial assets				
FVTPL, at fair value				
Cash	$	500,539	$	418,163
Loans and receivables				
Amounts and advances receivable[1]		303,873		213,314
Available-for-sale, at fair value				
Loan to Agusan		-		-
Total financial assets	$	804,412	$	631,477
Financial liabilities				
Other liabilities, at amortized cost				
Accounts payable and accrued liabilities	$	10,655,734	$	6,209,390
Loans payable		6,732,565		3,142,681
Convertible notes		3,769,155		4,740,666
Amounts due to related parties		5,526,053		5,561,501
Total financial liabilities	$	26,683,507	$	19,654,238

[1] Amounts and advances receivable are displayed net of Goods and Service Tax ("GST") receivable, which is not considered to be a financial instrument, at December 31, 2017 of $62,902 (December 31, 2017 - $45,965).

Fair value

The carrying values of amounts and advances receivable (excluding GST receivable), accounts payable and accrued liabilities, loans payable and amounts due to related parties approximate their fair values due to the short terms to maturity of these financial instruments.

The carrying values of convertible notes were determined, in accordance with Level 2 of the fair value hierarchy, by discounting the face value of the notes over the terms of each note by a discount rate of 25%, and accreting the discount over the respective term to the anticipated conversion date of the notes.

During the year ended December 31, 2017, the uncertainty around the collection schedule for the Agusan loan continued as Kopore Metals Limited ("Kopore") (formerly Metallum Limited) (the operator of Agusan) continues to report the project as being in care and maintenance status. As a result, the carrying value of the loan to Agusan continues to be impaired, in accordance with Level 3 of the fair value hierarchy, and has a carrying value of $nil.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

(Expressed in Canadian dollars, unless otherwise stated)

		December 31, 2017		December 31, 2016
Level 1				
Cash	$	500,539	$	418,163
Level 2				
Convertible notes	$	3,769,155	$	4,740,666
Level 3				
Loan to Agusan	$	-	$	-

(a) Credit risk

The Company is exposed to credit risk with respect to its cash. Cash has been placed on deposit with major Canadian and Philippine financial institutions. The risk arises from the non-performance of counterparties of contractual financial obligations.

The Company manages credit risk, in respect of cash, by maintaining deposits at major financial institutions with strong investment-grade ratings.

Concentration of credit risk exists with respect to the Company's cash, as the majority of the amounts are held with only a few Canadian and Philippine financial institutions. The Company's concentration of credit risk and maximum exposure thereto, is as follows:

		December 31, 2017		December 31, 2016
Canadian dollar equivalent				
Australian dollar	$	4,298	$	164,768
Canadian dollar		9,169		7,319
United States dollar		180		-
Philippine peso		486,892		246,076
Total cash	**$**	**500,539**	**$**	**418,163**

The Company is also exposed to credit risk with respect to its amounts and advances receivable and loan to Agusan (note 7). The Company maintains an equity investment in Agusan and receives periodic financial information from Kopore and Agusan with respect to that investment. The Company actively monitors the financial status of Agusan and Kopore to minimize the credit risk related to this loan. Other amounts receivable relate to input tax credits and advances to suppliers.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's cash is held in bank accounts. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on their estimated fair values as of December 31, 2017 and 2016. Future cash flows from interest income on cash are not expected to be material. The Company manages interest rate risk by investing in highly liquid investments with maturities of one year or less.

The Company's convertible notes, loans payable and amounts due to related parties are at fixed rates of interest.

(ii) Foreign currency risk

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars.

The Company is exposed to foreign currency risk with respect to cash, accounts payable and accrued liabilities, loans payable, convertible notes and amounts due to related parties, as a portion of these amounts are denominated in Philippine pesos, Australian dollars ("AU$") and United States dollars ("US$") as follows:

		December 31, 2017	December 31, 2016
Canadian dollar equivalent			
Philippine Pesos			
Cash	$	486,892	246,076
Accounts payable and accrued liabilities		(6,648,094)	(3,641,516)
Loans payable (note 14)		(516,861)	-
AU$			
Cash		4,298	164,768
Accounts payable and accrued liabilities		(1,805,095)	(1,289,585)
Amounts due to related parties (note 12)		(30,861)	(102,580)
Convertible notes (note 9)		(1,910,688)	(1,651,461)
US$			
Cash		180	-
Accounts payable and accrued liabilities		(513,422)	(479,373)
Loans payable (note 14)		(2,866,773)	(2,642,817)
Amounts due to related parties (notes 10 and 12)		(5,495,192)	(5,458,921)
Net exposure			
Canadian dollar equivalent	$	(19,295,616)	(14,855,409)

The Company manages foreign currency risk by only holding funds in foreign currencies for short-term requirements. The Company has not entered into any foreign currency contracts and does not utilize derivatives to mitigate this risk.

A 1% fluctuation in the value of the Philippine peso, Australian dollar and US dollar at December 31, 2017 would result in a change to net loss and comprehensive loss of approximately $193,000 (December 31, 2016 - $149,000).

(ii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not currently exposed to other price risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required for operations and anticipated investing and financing activities. Accounts payable are all due within thirty days and amounts due to related parties included within accounts payable, are without specific terms of repayment; however, they are expected to be repaid within one year.

The Company will require significant cash funding to conduct its exploration programs, meet its administrative overhead costs, meet its repayment obligations, maintain its resource interests and bring its T'Boli gold processing operation to full production capacity. This will require the Company to obtain additional financing.

5. EXPLORATION AND EVALUATION ASSETS

(a) Permits and licenses

Through its subsidiaries and affiliates, the Company has interests in certain permits and licenses to explore and develop exploration and evaluation assets located in the Philippines, as follows:

(i) Panag, Suriganon, Tagpura and Camanlangan, Municipalities of New Bataan and Nabunturan, Compostela Valley Province, Philippines

The Company completed the sale of 80% of the Company's interests in Agusan on January 17, 2012 and has retained a carried interest of 20% in Agusan (notes 6 and 7).

(ii) Batoto, Barangay Camanlangan, Municipality of New Bataan, Compostela Valley Province, Philippines

There are no royalties payable to the government of the Philippines, as the properties are located in an indigenous area. The indigenous peoples will, upon commercial production, be given a royalty equivalent to 1% of the operating cost of any operation. There are no annual work commitments.

Under IFRS 6 *Exploration for and Evaluation of Mineral Resources*, an indicator of impairment was identified for the Batoto property, due to a lack of currently available funding or plans for future exploration activities. Management was unable to determine a value in use or fair value less costs of disposal for the Batoto property, in accordance with IFRS accounting requirements for measurement of recoverable amount. Therefore, the Batoto property was impaired to $nil during the year ended December 31, 2014 and continues to be impaired at December 31, 2017, such impairment was determined in accordance with Level 3 of the fair value hierarchy.

(b) Title to exploration and evaluation asset interests

Although the Company has taken steps to verify the title to exploration and evaluation asset interests for which it has a permit and/or license, 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 or transfers and title may be affected by undetected defects.

(c) Exploration and evaluation expenses

Exploration and evaluation expenses include all material and supplies, wages, professional fees and contract labor costs associated with the exploration of the properties. For the year ended December 31, 2017 the Company spent $10,301 (December 31, 2016 - $41,516) in relation to the Batoto property, and $nil (December 31, 2016 - $367,993) in relation to the T'Boli property that was transferred to construction in process as a development property during the year-ended December 31, 2016.

6. AGUSAN METALS CORPORATION

On January 17, 2012, the Company completed the sale of 80% of the Company's interest in Agusan retaining a 20% investment in Agusan (note 7). Pursuant to a shareholders' agreement, Kopore had an obligation to fund AU $48 million in exploration activity in Agusan by January 17, 2017.

Upon Kopore funding the project to AU $48 million, both the Company and Kopore would fund further development pro rata, based on their ownership interests. Kopore did not meet the funding requirements, and the agreement contains dilution provisions. Kopore has reported AU $7.4 million in exploration expenditures to December 31, 2017 (December 31, 2016 - AU $7.4 million), which is a shortfall of AU $40.6 million. The Company is evaluating its options on the Agusan project.

(Expressed in Canadian dollars, unless otherwise stated)

7. INVESTMENT IN AND LOAN TO AGUSAN METALS CORPORATION

Pursuant to the January 17, 2012 sale of an 80% interest in Agusan (note 6), the Company retained a 20% investment in Agusan. The investment is accounted for as an investment in associate using the equity method. The 20% retained investment was revalued on the date of sale at $1,231,360. The carrying amounts as at December 31, 2017 and 2016 were $nil, calculated as follows:

	December 31, 2017	December 31, 2016
Investment amount	$ 1,231,360	$ 1,231,360
Pro rata share of increase in Agusan paid-up capital	112,635	112,635
Cumulative share of net loss	(1,164,240)	(1,164,240)
Impairment of investment in Agusan	(179,755)	(179,755)
Carrying amount	$ -	$ -
Loan to Agusan	$ -	$ -

The Company's loan to Agusan is unsecured, non-interest-bearing and has no specified terms of repayment. Pursuant to a shareholders' agreement, the Company's loan to Agusan will rank equally with amounts advanced by Kopore for exploration expenditures on the Agusan copper-gold project. The advances will be repaid first from distribution of profits on a proportional basis until each advance is repaid.

During the year ended December 31, 2014, uncertainty around the collection schedule for the Agusan loan was created as a result of Kopore putting that project on care and maintenance, which continues through to 2017. As a result the Agusan loan was impaired to $nil during the year ended December 31, 2014 and continues to be impaired in accordance with Level 3 of the fair value hierarchy.

As the Company's net investment in Agusan has been written-down to $nil as at December 31, 2017 (December 31, 2016 - $nil), the Company has discontinued the recognition of its share of net loss in Agusan.

(Expressed in Canadian dollars, unless otherwise stated)

8. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Vehicles and exploration equipment	Construction in progress	Office furniture and equipment	Total
Cost						
Balance, December 31, 2015	$182,548	$513,686	$ 2,742,479	$193,847	$54,339	$3,686,899
Disposals	-	-	(178,204)	-	-	(178,204)
Transfer from exploration and evaluation assets	-	-	-	2,265,891	-	2,265,891
Change in value of site reclamation	-	-	-	(40,267)	-	(40,267)
Additions	88,635	-	397,480	3,028,617	3,463	3,518,195
Balance, December 31, 2016	271,183	513,686	2,961,755	5,448,088	57,802	9,252,514
Change in value of site reclamation	-	-	-	(26,348)	-	(26,348)
Additions	-	-	1,208,148	7,870,591	2,583	9,081,322
Balance, December 31, 2017	$271,183	$513,686	$4,169,903	$13,292,331	$60,385	$18,307,488
Accumulated amortization and impairment losses						
Balance, December 31, 2015	$ -	$120,649	$1,048,928	$ -	$54,339	$1,223,916
Amortization on disposals	-	-	(37,295)	-	-	(37,295)
Amortization	-	26,679	369,500	-	3,345	399,524
Balance, December 31, 2016	-	147,328	1,381,133	-	57,684	1,586,145
Amortization	-	22,905	470,226	-	2,490	495,621
Balance, December 31, 2017	$ -	$170,233	$1,851,359	$ -	$60,174	$2,081,766
Net book value						
Balance, December 31, 2016	$271,183	$366,358	$1,580,622	$ 5,448,088	$118	$ 7,666,369
Balance, December 31, 2017	$271,183	$343,453	$2,318,544	$13,292,331	$211	$16,225,722

For the year ended December 31, 2017, amortization of $nil (December 31, 2016 - $10,110) is included as a component of TMC exploration and evaluation expenses, and amortization of $495,621 was capitalized to construction in progress (December 31, 2016 - $389,414).

During the year ended December 31, 2017, no vehicles and exploration equipment were sold (December 31, 2016 – $168,723, resulting in a gain of $27,813).

T'Boli, Barangay Kematu, Municipality of T'Boli, South Cotabato Province, Philippines

The Company has received the Mines and Geosciences Bureau's Declaration of Mining Project Feasibility enabling the Company to process mineralized material at the T'Boli gold-silver mine within the Mineral Processing and Sharing Agreement. However, to date the Company has used this ability only to process incidental stockpiles available from exploration activities. During January 2016, the Company determined that the T'Boli project had entered the development phase.

Incidental revenues for the year ended December 31, 2017 amounted to $2,290,239 (December 31, 2016 - $1,273,335). There is a 2% mineral royalty payable to the government of the Philippines in respect of mineral production.

As at December 31, 2017, a liability for site reclamation for this property amounted to $2,048,228 (December 31, 2016 - $1,286,718). The liability is estimated based on detailed mine rehabilitation plan costs of PHP 42,400,000 inflated at 1.95% (December 31, 2016 – 1.50%) over the term of the plan from 2010 to 2022 and discounted to present value using a 5-year risk free rate of 1.10% (December 31, 2016 – 5-year risk free rate of 1.11%).

In connection with the Company's credit facility agreement with Mighty River International Ltd. ("Mighty River"), Rizal, Mighty River and Rizal's Philippine affiliate, TMC, entered into royalty agreements pursuant to which Mighty River is entitled to receive a 1.5% production royalty on the T'Boli mine located in the Philippines for each US $1 million advanced to the Company.

In connection with the Claymore Capital Pty. Ltd. ("Claymore") debt facility agreement, Claymore is entitled to receive a 1.5% production royalty once the Company has received US $500,000. As at December 31, 2017, the Company had received US $2,300,000.

9. CONVERTIBLE NOTES

(a) During the year ended December 31, 2017, the Company received proceeds of AU $1,900,000 (Cdn $1,874,160) related to convertible notes. The notes were issued on January 1, 2017, have an interest rate of 12% per annum, and expire on December 31, 2017. The face value of the debt was allocated into its liability and conversion components. On issuance, the conversion feature did not meet the fixed-for-fixed test under IFRS, as a result of the convertible notes being denominated in Australian dollars, while the shares they are convertible into are denominated in Canadian dollars. As such, the conversion feature was accounted for as a financial liability and not as equity. The composition of the convertible note at issuance was as follows:

Debt liability fair value	$	984,562
Derivative liability fair value		993,345
Gain on issuance of derivative liability		(103,747)
	$	**1,874,160**

On December 31, 2017, $187,755 of the convertible notes were converted into 3,755,100 units, consisting of one common share and one common share purchase warrant. The units were not issued until 2018 (note 20). The value of the $187,755 to be converted is included within equity reserves as units to be issued. $254,021 of the convertible notes were extended until July 31, 2018. One holder of $1,656,666 convertible notes did not agree to extend or convert. On January 1, 2018, the conversion feature for the $1,656,666 convertible notes expired; these notes continue to remain outstanding and will continue to accrue interest at 12% per annum.

At December 31, 2017, the convertible notes had a carrying value of $1,967,094, while the principal and accrued interest totalled $1,910,687.

(b) The Company refinanced $1,930,873 of convertible notes that expired during the year ended December 31, 2017. The terms of the refinancing were as follows:

i. $1,105,125 of principal and accrued interest was refinanced into convertible notes with an interest rate of 12% per annum and an expiry date of June 30, 2018. The convertible note holders were also issued 22,102,500 common share purchase with an exercise price of $0.05 and an expiry of 3 years from the date of issuance.

ii. $686,058 of principal and accrued interest was refinanced into convertible notes with an interest rate of 12% per annum and an expiry date of January 31, 2019. The convertible note holders were also issued 13,721,160 common share purchase warrants with an exercise price of $0.05 and an expiry of 3 years from the date of issuance.

iii. $139,690 of principal and accrued interest was refinanced into convertible notes with an interest rate of 12% per annum and an expiry date of June 30, 2020. The convertible note holders were also issued 2,793,800 common share purchase warrants with an exercise price of $0.05 and an expiry of 3 years from the date of issuance.

(Expressed in Canadian dollars, unless otherwise stated)

At the date of the refinancing, the convertible notes were accounted for as follows:

Debt liability fair value	$	1,725,175
Equity conversion option		205,698
	$	**1,930,873**

At December 31, 2017, the carrying value of the convertible notes equalled the principal, accrued interest and accretion of $1,802,061.

(c) During the year ended December 31, 2017, the Company came to agreement with the holders of expired convertible notes totalling $1,588,563, to convert the outstanding balance into 31,771,260 units, each consisting of one common share and one common share purchase warrant. The value of $1,588,563 converted is included within equity reserves as units to be issued. The warrants have an exercise price of $0.05 and expire 1 year from the date of issuance. The units were not issued until subsequent to year-end (note 20).

The carrying values of the convertible notes as at December 31, 2017 and 2016 were:

		December 31, 2017		**December 31, 2016**
Debt obligation at inception	$	2,709,737	$	4,332,973
Derivative liability at inception		993,345		-
Gain on revaluation of derivative liability		(936,938)		-
Accrued interest		263,097		407,693
Accretion		739,914		-
	$	**3,769,155**	**$**	**4,740,666**

10. CREDIT FACILITY

On May 2, 2013, the Company entered into an agreement with Mighty River, who at the time the agreement was entered into was a related party, being a company that had a director in common with Rizal and who owned over 10% of the issued and outstanding shares of Rizal. Mighty River agreed to provide the Company with up to a US $5 million loan facility. Amounts drawn bear interest at a rate of 8% per annum and were repayable in 12 months from the draw date. In connection with the loan agreement, Rizal provided Mighty River with security over all its assets, and Rizal, Mighty River and Rizal's Philippine affiliate, TMC, entered into royalty agreements pursuant to which Mighty River is entitled to receive a 1% production royalty on the T'Boli mine located in the Philippines for each US $1 million advanced to Rizal (note 8).

On May 27, 2014, the Company and Mighty River amended the agreement extending the final maturity date and repayment date to December 31, 2015.

On November 27, 2015, the Company reached an agreement with Mighty River to extend the maturity date of the note to June 30, 2016, and refinance $904,000 (US $800,000), being a portion of the amounts owed on the credit facility for interest and royalties, and issued 18,080,000 units at $0.05 per unit. Each unit consisted of one common share and one warrant to purchase one common share for 12 months at $0.10.

On September 7, 2016, the Company reached an agreement with Mighty River to refinance $400,000 (US $307,500), being a portion of the amounts owed on the credit facility for interest and issued 8,000,000 units at $0.05 per unit. Each unit consisted of one common share and one warrant to purchase one common share for one year at $0.10. The warrants are subject to an acceleration provision. In the event the closing price of the Company's common shares on the TSX Venture Exchange ("TSXV") equals or exceeds $0.25 for a period of 15 consecutive trading days, the Company may accelerate the expiry date of the warrants by giving notice to the holders thereof and the warrants will thereafter expire on the date that is thirty days after the after the date of the notice to the holders (note 11).

The Company is in discussions on repayment terms with the Mighty River Credit Facility that matured as at December 31, 2016. At December 31, 2017, the Company had total principal, interest and royalties owing to Mighty

River of $5,495,192 (US $4,142,706) (December 31, 2016 - $5,458,921 (US $4,142,706), which is included in amounts due to related parties.

11. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value

(b) Issued

At December 31, 2017, 197,828,332 (December 31, 2016 – 188,217,712) common shares were issued and outstanding.

On December 7, 2017 the Company issued 9,610,620 shares for debt. The shares issued had a fair value of $435,783, resulting in a gain on debt settlement of $243,967.

On October 13, 2016, the Company issued 7,655,283 three year $0.06 warrants after receiving the remaining US $350,000 of the stage 3 funding under the terms of the debt facility described in note 14. The warrants issued have a fair value of $86,432.

On September 7, 2016, the Company issued 1,500,000 units at a price of $0.05 per unit and received gross proceeds of $75,000. Each unit consists of one common share and one common share purchase warrant at a price of $0.10 for a period of one year subject to an acceleration provision. In the event the closing price of the Company's common shares on the TSXV equals or exceeds $0.25 for a period of 15 consecutive trading days, the Company may accelerate the expiry date of the warrants by giving notice to the holders thereof and the warrants will thereafter expire on the date that is thirty days after the date of the notice to the holders.

On September 7, 2016, the Company reached agreement with a related party to convert $400,000 in debt and issued 8,000,000 units at a deemed value of $0.05 per unit. Each unit consists of one common share and one common share purchase warrant at a price of $0.10 for a period of one year subject to an acceleration provision. In the event the closing price of the Company's common shares on the TSXV equals or exceeds $0.25 for a period of 15 consecutive trading days, the Company may accelerate the expiry date of the warrants by giving notice to the holders thereof and the warrants will thereafter expire on the date that is thirty days after the date of the notice to the holders (note 10). The warrants issued have a fair value of $152,202.

On August 15, 2016, the Company issued 16,762,000 units at a price of $0.05 per unit and received gross proceeds of $838,100 and issued 115,000 units at a price of $0.05 per unit for finder's fees of $5,750. Each unit consists of one common share and one common share purchase warrant at a price of $0.10 per for a period of one year subject to an acceleration provision. In the event the closing price of the Company's common shares on the TSXV equals or exceeds $0.25 for a period of 15 consecutive trading days, the Company may accelerate the expiry date of the warrants by giving notice to the holders thereof and the warrants will thereafter expire on the date that is thirty days after the date of the notice to the holders.

On July 29, 2016, the Company issued 15,067,846 three-year $0.065 warrants after receiving stage 2 funding of US $600,000 under the terms of the debt facility described in note 14. The warrants issued have a fair value of $230,415.

On May 27, 2016, the Company reached agreement with trade creditors to convert $224,625 in debt and issued 4,492,500 units at a deemed value of $0.05 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable into one common share of the Company for a period of one year from closing at an exercise price of $0.10 (note 14). The warrants issued have a fair value of $163,081.

(Expressed in Canadian dollars, unless otherwise stated)

On May 18, 2016, the Company issued 11,750,000 three year $0.065 warrants after receiving stage 2 funding of US $600,000 under the terms of the debt facility described in note 14. The warrants issued have a fair value of $188,666.

On April 11, 2016, the Company reached agreement with trade creditors to convert $215,450 in outstanding debts and issued 4,309,000 units at a deemed value of $0.05 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable into one common share of the Company for a period of one year from closing at an exercise price of $0.10. The warrants issued have a fair value of $62,588.

On April 11, 2016, the Company reached agreement with insiders to convert $179,800 in outstanding debts and issued 3,596,000 shares at a deemed value of $0.05 per share.

On March 15, 2016, the Company issued 12,461,538 three-year $0.065 warrants after receiving stage 1 funding of US $600,000 under the terms of the debt facility described in note 14. The warrants were issued have a fair value of $214,892.

On March 15, 2016, the Company issued 5,800,000 five-year $0.10 warrants under the terms of the debt facility described in note 14. The warrants were valued using the Black-Scholes pricing model at $283,620.

On March 11, 2016, the Company issued 3,000,000 shares with a deemed value of $0.05 per share to its CEO in accordance with his employment contract.

(c) Stock options

The Company has a stock option plan whereby the Board of Directors is authorized to grant options to a rolling ceiling of 10% of the issued and outstanding common shares of the Company.

Options to purchase common shares have been granted to directors, employees and consultants at exercise prices determined by reference to the market value on the date of the grant. The terms of the option and the option price are fixed by the directors at the time of grant subject to restrictions imposed by the TSXV. Stock options awarded have a maximum term of ten years. The vesting terms of the options are determined by the directors; however, options granted to investor relations consultants are subject to a minimum twelve-month vesting schedule whereby no more than 25% vest in any three-month period. Stock options held by officers, directors, employees or consultants of the Company expire one year following their departure from the Company.

During the year ended December 31, 2017, the Company granted 6,000,000 options (December 31, 2016 - nil options) with an exercise price of $0.05 expiring between May 22, 2022 and December 5, 2022. The Company valued the options granted using the Black-Scholes option pricing model and arrived at a fair value of share-based compensation of $239,764 (December 31, 2016 - $nil). The inputs to the Black-Scholes option pricing model for the year ended December 31, 2017 were as follows:

i.	Risk free rate:	2.8%
ii.	Volatility:	159%
iii.	Dividend yield:	nil
iv.	Term to maturity:	5 years
v.	Share price at grant:	$0.05 per share

During the year ended December 31, 2017, 163,738 options with exercise prices between $1.20 and $4.00 expired unexercised (December 31, 2016 - 223,000 options with exercise prices between $1.20 and $4.00). As at December 31, 2017 and 2016, the following incentive stock options were outstanding and exercisable:

(Expressed in Canadian dollars, unless otherwise stated)

Expiry Date	Exercise Price		**December 31, 2017**	**December 31, 2016**
July 24, 2017	$	4.00	-	18,738
October 16, 2017	$	1.20	-	125,000
November 6, 2017	$	4.00	-	20,000
December 23, 2020	$	0.05	12,000,000	12,000,000
May 22, 2022	$	0.05	5,000,000	-
December 5, 2022	$	0.05	1,000,000	-
			18,000,000	12,163,738

The options outstanding and exercisable at December 31, 2017 and 2016 have weighted average remaining contractual lives of 3.43 and 3.94 years, respectively.

Stock option activity is as follows:

	December 31, 2017			**December 31, 2016**		
	Number of Options	Weighted Average Exercise Price		Number of Options	Weighted Average Exercise Price	
Outstanding and exercisable, beginning of year	12,163,738	$	0.07	12,386,738	$	0.11
Granted	6,000,000	$	0.05	-	$	-
Expired	(163,738)	$	3.06	(223,000)	$	2.15
Outstanding and exercisable, end of year	18,000,000	$	0.05	12,163,738	$	0.07

The fair value of options that expired in the year ended December 31, 2017 was $423,561 (2016 - $289,725).

(d) Warrants

During the year ended December 31, 2017, the Company issued 48,228,080 warrants (December 31, 2016 - 87,913,167) that expire between December 7, 2018 and December 18, 2020 with an exercise price of $0.05 (2016 - exercise prices between $0.065 and $0.10), and 35,178,500 warrants with an exercise price of $0.10 expired (December 31, 2016 - 149,391,184 warrants with an exercise price of $0.10).

(Expressed in Canadian dollars, unless otherwise stated)

As at December 31, 2017 and 2016, the following share purchase warrants were outstanding:

Expiry Date	Exercise Price	December 31, 2017	December 31, 2016
April 11, 2017	$ 0.10	-	4,309,000
May 27, 2017	$ 0.10	-	4,492,500
August 15, 2017	$ 0.10	-	16,877,000
September 7, 2017	$ 0.10	-	8,000,000
September 7, 2017	$ 0.10	-	1,500,000
December 7, 2018	$ 0.05	7,490,620	-
March 15, 2019	$ 0.065	12,461,538	12,461,538
May 18, 2019	$ 0.065	11,750,000	11,750,000
July 29, 2019	$ 0.065	15,067,846	15,067,846
October 13, 2019	$ 0.06	7,655,283	7,655,283
June 30, 2020	$ 0.05	2,793,800	-
November 21, 2020	$ 0.05	22,102,500	-
December 7, 2020	$ 0.05	2,120,000	-
December 18, 2020	$ 0.05	13,721,160	-
March 15, 2021	$ 0.10	5,800,000	5,800,000
		100,962,747	87,913,167

Share purchase warrant transactions and the number of share purchase warrants outstanding are summarized as follows:

	December 31, 2017		**December 31, 2016**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	87,913,167	0.08	149,391,184	$ 0.10
Issued	48,228,080	0.05	87,913,167	$ 0.08
Expired	(35,178,500)	0.10	(149,391,184)	$ 0.10
Outstanding, end of year	100,962,747	0.07	87,913,167	$ 0.08

The fair value of warrants that expired during the year ended December 31, 2017 was $621,968 (December 31, 2016 - $nil).

(Expressed in Canadian dollars, unless otherwise stated)

12. RELATED PARTY TRANSACTIONS AND BALANCES

At December 31, 2017, the Company owed $6,579,663 (December 31, 2016 - $6,352,064) to related parties, of which amounts owed to officers and directors are included in accounts payable, and are as follows:

		December 31, 2017		December 31, 2016
Officers and directors for:				
Consulting and directors' fees	$	958,552	$	678,952
Reimburse expenses		30,861		102,580
Convertible notes (note 9)		95,058		111,611
Due to related parties (note 10)		5,495,192		5,458,921
	$	6,579,663	$	6,352,064

During the years ended December 31, 2017 and 2016, the Company incurred key management compensation, including the grant of 6,000,000 options to its Directors in the year ended December 31, 2017 (December 31, 2016 – 3,000,000 shares to a Director) in accordance with the Company's employee benefit plan. The options were valued at $239,764 (December 31, 2016 - shares were valued at $150,000). The following table describes the key management compensation during years ended December 31, 2017 and 2016:

		December 31, 2017		December 31, 2016
Short-term benefits paid or accrued to personal service corporations	$	386,400	$	417,000
Short-term benefits paid directly		53,000		24,000
Share-based payments		239,764		150,000
	$	679,164	$	591,000

At December 31, 2017, the Company was committed to pay termination payments to officers of the Company, in the event of termination without cause, of between two and three years of annual salary. If all termination payments are triggered, the Company would be required to pay $552,000 (December 31, 2016 - $1,092,000).

13. RETIREMENT BENEFIT OBLIGATION

The Company has a legislated obligation to provide a retirement payment to employees in the Philippines equal to 22.5 days' pay for every year of credited service at attainment of a retirement age of 60. The Company completes an actuarial valuation of the present value of the obligation annually. The last actuarial valuation of the present value of the obligation was carried out at February 13, 2017, based on obligations at December 31, 2016. The present value of the obligation, and the related current service cost and past service cost, were measured using the projected unit credit method. The principal assumptions used for the purposes of the actuarial valuation were as follows:

	December 31, 2017	December 31, 2016
Discount Rate	5.38	5.38
Expected rate of salary increase	5%	5%
Normal retirement age	60	60
Projected retirement benefit	22.5 days per year of service	22.5 days per year of service
Actuarial cost method	projected Unit Credit Method	projected Unit Credit Method
Manner of benefit payment	Lump sum	Lump sum

14. LOANS PAYABLE

(a) On December 3, 2012, the Company entered into a loan agreement for US $280,000. The loan bears interest of 8% per annum, matured March 3, 2013 and was unsecured. As at December 31, 2017, the loan remains in default and continues to accrue interest. The interest and principal of the loan totaled $516,861 as at December 31, 2017 (December 31, 2016 - $499,864).

(b) On November 4, 2015, the Company entered into a demand loan agreement for US $100,000. The loan bears interest of 15% per annum, matured on May 4, 2016 and was unsecured. The interest and principal owing on the loan on May 4, 2016, was $145,202. On May 27, 2016, the Company reached a shares-for-debt settlement with the creditor to settle the debt by issuing 2,750,000 units in full settlement of the principal and interest owing on the loan (note 11). The units consisted of a common share and warrant to purchase a common share. The warrants are exercisable at a price of $0.10 per warrant, and expire after one year.

(c) On January 11, 2016, the Company entered into an agreement with Claymore for a three-year US $6.4 million debt facility. Details of the debt facility include:

a) Term of 3 years
b) Annual interest rate of 12%
c) Four staged payments based on agreed targets which include
   - Stage 1 – US $600,000 within 6 weeks of signing the Binding Term Sheet. Completed February 24, 2016.
   - Stage 2 – US $600,000 – confirmation of sustainable production at 200 tonnes per day (“tpd”). Completed March 18, 2016.
   - Stage 3 – US $1.1 million – subject to confirmation of planned increase in production to 400 tpd.
   - Stage 4 – US $4.25 million – subject to confirmation of maintainable production at 400 tpd.
d) The Company has and will issue three-year detachable warrants on receipt of payments at each stage described above. The warrant prices for tranche 1 are the greater of $0.065 and the prevailing market price of Rizal’s shares. The warrant prices for tranches 2 through 4 are the market price as at the date on which the advance was made (note 11). On March 15, 2016, the Company also issued 5,800,000 five-year $0.10 warrants under the terms of the debt facility as finder’s fees, which is recorded as deferred financing costs and amortized over the term of the loan. The amount amortized for the year ended December 31, 2017, is $94,540 (December 31, 2016 - $80,480). The unamortized balance as at December 31, 2017, is $108,600 (December 31, 2016 - $203,140), of which $108,600 (December 31, 2016 - $94,540) is classified as a current asset.
e) Security – the debt facility shares first ranking security with Rizal’s existing secured debt holders.
f) Production royalty – Rizal will pay a 1.5% royalty once a minimum of US $500,000 has been received. The royalty remains in place until the loans have been fully repaid.

The advances were recognized initially at fair value, which was calculated based on the application of a market interest rate of 22.5%. The difference between the face value and the initial fair value of the loan has been recorded in share-based payment reserves. As at December 31, 2017, the Company had received US $2,300,000 (December 31, 2016 – US $2,300,000), which is recorded on the consolidated statement of financial position at its fair value. Total principal and interest owing as at December 31, 2017 is US $2,280,103 ($2,866,773) (December 31, 2016 - US $1,968,286 ($2,642,817)).

(d) On August 23, 2017, the Company entered into an agreement with Trade Finance Corporation for a six-month US $2 million transactional loan. The loan bears interest of 20% per annum. On December 13, 2017, the loan was restructured into a new agreement with an extra US $800,000 (due in 18 months without payments) added to the loan. This also adjusted the original term by 6 months and amended the interest rate to 15% per annum. The outstanding balance of principal and interest at December 31, 2017 was $3,469,902, of which $1,027,946 is classified as a non-current liability. Subsequent to year-end, on January 18, 2018, the term of the loan was further extended by 18 months (note 20).

(e) Throughout the year Gold Valley Holdings supplied with the Company with funding when required at an interest rate of 12% per annum. Advances under the credit facility were $1,024,682, there was $59,316 in interest accrued, and a repayment of $495,155 (which included the payment of accrued interest of $36,426) was made. The outstanding balance as at December 31, 2017 is $588,843. There is no term on this loan as at December 31, 2017.

(f) On July 27, 2017, the Company entered into an agreement with Accord Trading & Investment Ltd. to borrow US $200,000, for a term of 3 months (due October 27, 2017), and with an interest rate of 40% per annum. The loan was not repaid on October 27, 2017, and is therefore in default. The outstanding balance as at December 31, 2017 is $293,649 and consists of principal and accrued interest.

(g) On December 1, 2017, the Company entered into an agreement with Premium Mining Personnel to convert $197,640 of debt owed into 3,952,800 shares and warrants. The value of $197,640 converted is included within equity reserves as units to be issued. The warrants have an exercise price of $0.05 and expire 3 years after issue. As at December 31, 2017 the shares and warrants had not yet been approved by the TSX.

15. CAPITAL MANAGEMENT

In October 2012, the Company's Philippines affiliate, TMC, received the MGB Declaration of Mining Project Feasibility enabling the Company to commence commercial mining production at the T'Boli gold-silver mine and the Carbon-in-leach (“CIL”) plant. The Company is processing "incidental mineralized material", which it stockpiled during exploration and development of the mine at T’Boli. The Company continues to expand the T’Boli mine by building a decline to the mineralisation identified by its exploration.

The Company is continuing exploration and development of its properties (notes 5 and 8), but is not generating sufficient cash flow from operations to cover its operating costs or fund development and exploration, and continues to rely on debt and issuance of shares to generate capital. The Company considers capital to consist of shareholders’ deficiency, amounts due to related parties, loans payable and convertible notes.

The Company’s objectives of capital management are intended to safeguard its ability to meet normal operating requirements on an ongoing basis and continue the development and exploration of its resource properties. To effectively manage the Company’s capital requirements, the Company has in place a planning process to determine the funds required to ensure appropriate liquidity to meet its operating and growth objectives. The Company monitors actual expenses on all exploration projects and overhead to manage costs, commitments and exploration activities.

The Company’s policy for managing capital has not changed from prior years. As at December 31, 2017, the Company’s available capital resources, consisting of cash, totaled $500,539 (December 31, 2016 - $418,163).

(Expressed in Canadian dollars, unless otherwise stated)

16. INCOME TAX

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 26% (December 31, 2016 -26%) to loss before taxes. The reasons for the differences are as follows:

	2017	2016
Loss before income tax	$(2,483,337)	$(4,803,204)
Statutory income tax rate	26.00%	26.00%
Income tax recovery computed at statutory rates	(645,668)	(1,248,833)
Tax effect of expenses that are not deductible (taxable) for income tax purposes	63,466	557
Change in timing differences	(13,488)	503,833
Change in tax rates	(370,632)	-
Change in benefit of tax losses not recognized	991,327	(229,598)
Income tax expense	$25,005	$ (974,041)

Income tax rates in the Philippines remained at 30% (December 31, 2016 - 30%).

The tax effected items that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities at December 31, 2017 and 2016 are presented below:

	2017	2016
Deferred income tax assets		
Non-capital losses carried forward	$ 959,221	$ 800,339
Deferred income tax liabilities		
Foreign exchange on intercompany loans	(1,632,523)	(1,453,636)
Total	$ (673,302)	$ (653,297)

The Company recognizes tax benefits on losses or other deductible amounts generated in countries where the probable criteria for the recognition of deferred tax assets have been met. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2017	2016
Deferred income tax assets:		
Non-capital losses carried forward	$ 34,920,457	$ 33,160,045
Share issue costs	25,341	48,029
Resource properties	1,098,085	1,029,469
Long-term investments	671,996	671,996
Provisions and other	42,170	42,173
Total	$ 36,708,051	$ 34,951,712

(Expressed in Canadian dollars, unless otherwise stated)

The Company has accumulated non-capital losses for tax purposes of $36,701,070 that expire in various years as follows:

	Philippines	Canada	Total
2017	$ 714,538	$ -	$ 714,538
2018	675,511	-	675,511
2019	18,299	-	18,299
2020	26,267	-	26,267
2021	47,852	-	47,852
2027	-	545,447	545,447
2028	-	628,784	628,784
2029	-	820,431	820,431
2030	-	2,008,087	2,008,087
2031	-	2,666,965	2,666,965
2032	-	5,459,912	5,459,912
2033	-	10,184,205	10,184,205
2034	-	3,230,370	3,230,370
2035	-	3,117,064	3,117,064
2036	-	3,830,086	3,830,086
2037	-	2,727,252	2,727,252
	$ 1,482,467	$ 35,218,603	$ 36,701,070

17. SEGMENTED INFORMATION

The Company has one operating segment: resource property exploration and development. The Company's corporate assets are located in Canada. The Company's resource property investments are in the Philippines.

	December 31, 2017		
	Canada	**Philippines**	**Consolidated**
Current assets	$ 163,405	$ 2,089,013	$ 2,252,418
Property, plant and equipment	2,366,264	13,859,458	16,225,722
Total Assets	2,529,669	15,948,471	18,478,140
Total Liabilities	$12,284,187	$ 18,314,999	$ 30,599,186

	December 31, 2016		
	Canada	**Philippines**	**Consolidated**
Current Assets	$ 328,678	$ 1,359,056	$ 1,687,734
Deferred financing fees	108,600	-	108,600
Property, plant and equipment	-	7,666,369	7,666,369
Total Assets	437,278	9,025,425	9,462,703
Total Liabilities	$15,980,722	$ 5,769,195	$ 21,749,917

18. SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended December 31, 2017, the Company issued common shares valued at $435,783 to settle debt of $679,750 (note 11).

During the year ended December 31, 2017, the Company paid interest and fees of $219,789 (December 31, 2016 - $526,485).

Accounts payable and accrued liabilities included in property, plant and equipment at December 31, 2017 was $384,563 (December 31, 2016 - $1,291,520).

19. CONTINGENT LIABILITY

On May 27, 2016, claims were initiated against the Company by certain parties for payment of services rendered in prior years. The Company has included AU $546,000 ($530,002) in accounts payable and accrued liabilities as at December 31, 2017 and 2016, related to the amounts specified in the claims.

20. EVENTS AFTER THE REPORTING DATE

(a) On January 18, 2018, a new agreement was entered into with Trade Finance Corporation, this replaced the previous agreement. The new agreement is for a US $3.5 million credit facility with 15% interest per annum and a term of 18 months. The Company has fully drawn on this facility as at April 30, 2018.

(b) On January 19, 2018, 3,952,800 units, each consisting of one common share and one common share purchase warrant, were issued for a debt conversion agreement entered into on December 1, 2017. The warrants have an exercise price of $0.05 and expire 3 years after issue.

(c) On January 30, 2018, 3,227,000 units, each consisting of one common share and one common share purchase warrant, were issued for proceeds of $161,350. The warrants have an expiry of 3 years from the date of issuance and an exercise price of $0.05.

(d) On February 5, 2018, 19,708,100 units, each consisting of one common share and one common share purchase warrant, were issued per a conversion agreement entered into during the year ended December 31, 2017. The warrants have an exercise price of $0.05 and expire 1 year from the date of issuance.

(e) On February 14, 2018, the Company issued 3,755,100 units, each consisting of one common shares and one common share purchase warrants. This was for convertible note holders who converted at expiry on December 31, 2017. The warrants have an exercise price of $0.05 and expire 3 years from the date of issuance.

(f) On March 7, 2018, 12,063,160 units each consisting of one common share and one common share purchase warrant, were issued per a conversion agreement entered into during the year ended December 31, 2017. The warrants have an exercise price of $0.05 and expire 1 year from the date of issuance.

(g) Gold Valley Holdings provided the Company additional debt of AU $255,000 on February 13, 2018 and AU $200,000 on April 17, 2018. The credit facility continues to accrue interest at 12% per annum.